

Guildhall Gainsborough

Lincolnshire DN21 2NA

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AGENDA

This meeting will be recorded and the video archive published on our website

Governance and Audit Committee

Tuesday, 25th November, 2025 at 2.00 pm

Council Chamber - The Guildhall, Marshall's Yard, Gainsborough, DN21 2NA

Members:

Councillor Stephen Bunney (Chairman)
Councillor Mrs Angela Lawrence (Vice-Chairman)
Councillor John Barrett
Councillor Eve Bennett
Councillor Trevor Bridgwood
Councillor Christopher Darcel
Councillor David Dobbie
Councillor Paul Swift
Alison Adams
Alexio Chandiwana
Andrew Morriss

1. **Apologies for Absence**
2. **Public Participation Period**
Up to 15 minutes are allowed for public participation.
Participants are restricted to 3 minutes each.
3. **Minutes of Previous Meeting** (PAGES 3 - 6)
To confirm and sign as a correct record the Minutes of the Meeting of the Governance and Audit Committee held on 30 September 2025.
4. **Members Declarations of Interest**
Members may make any declarations of interest at this point but may also make them at any point during the meeting.
5. **Matters Arising Schedule** (PAGES 7 - 8)
Matters Arising schedule setting out current position of previously agreed actions as at 17 November 2025.

Agendas, Reports and Minutes will be provided upon request in the following formats:

Large Clear Print: Braille: Audio: Native Language

6. Public Reports for Consideration

- i) Audited Statement of Accounts 2024/25 Sign Off (PAGES 9 - 149)
- ii) Annual External Audit Report 2024/2025 (PAGES 150 - 174)
- iii) External Audit Completion Report - ISA260 (PAGES 175 - 220)
- iv) Quarter Two Review of Strategic Risks 2025/2026 (PAGES 221 - 267)
- v) Internal Governance Arrangements (PAGES 268 - 271)
- vi) Annual Governance Statement and Code of Governance (PAGES 272 - 314)
- vii) Committee Workplan (PAGES 315 - 316)
- viii) Internal Audit Progress Report (PAGES 317 - 332)

7. Exclusion of Public and Press

To resolve that under Section 100 (A)(4) of the Local Government Act 1972, the public and press be excluded from the following item of business on the grounds that it involves disclosure of exempt information as defined in paragraph 1 of Schedule 12A of the Act.

8. Exempt Reports for Consideration

- i) Procurement Exceptions (PAGES 333 - 342)

Paul Burkinshaw
Head of Paid Service
The Guildhall
Gainsborough

Monday, 17 November 2025

Public Document Pack Agenda Item 3

Governance and Audit Committee- 30 September 2025

WEST LINDSEY DISTRICT COUNCIL

MINUTES of the Meeting of the Governance and Audit Committee held in the Council Chamber - The Guildhall on 30 September 2025 commencing at 2.00 pm.

Present:

Councillor Stephen Bunney (Chairman)
Councillor Mrs Angela Lawrence (Vice-Chairman)
Councillor John Barrett
Councillor Christopher Darcel
Councillor David Dobbie
Councillor Paul Swift
Alison Adams
Andrew Morriss

In Attendance:

Paul Burkinshaw	Chief Executive
Peter Davy	Director of Finance and Assets (Section 151 Officer)
Lisa Langdon	Assistant Director People and Democratic (Monitoring Officer)
Badar Abbas	Senior Manager - KPMG
Rob Barnett	Partner - RSM
Katy Allen	Corporate Governance Officer
Natalie Kostiuk	Customer Experience Officer
Ele Snow	Senior Democratic and Civic Officer

Apologies:

Councillor Eve Bennett

22 PUBLIC PARTICIPATION PERIOD

There was no public participation.

23 MINUTES OF PREVIOUS MEETING

The minutes of the meeting held on 29 July 2025 were approved as a correct record.

24 MEMBERS DECLARATIONS OF INTEREST

There were no declarations of interest from members or officers at this juncture.

25 MATTERS ARISING SCHEDULE

The committee received the updated matters arising schedule.

A member referred to a recent council meeting where reference was made to the possible shortfall in the budget in coming years and expressed support that it had been brought to the attention of members. The Chairman indicated that this issue would be discussed at a future meeting.

With no further comments or questions, the Matters Arising Schedule, setting out the position of previously agreed actions was **NOTED**.

The Committee, at the request of the Chairman, agreed to a change in order so that Agenda Item 6 (i) - Procurement Lincolnshire Update would be considered after Item 6 (vi)

26 INTERNAL AUDIT PROGRESS REPORT Q2

The committee considered the report of the Corporate Governance Officer outlining progress with internal audits for Quarter 2.

It was noted that the programme was on track and the committee would be advised if this changed. Members were advised that officers had been very supportive and engaged with the audit process.

RESOLVED that the Governance and Audit Committee had reviewed the progress to date and the content of the report, be agreed.

27 INTERNAL AUDIT FOLLOW UP REPORT

The committee received an update on progress with identified actions. The overall conclusion was that eight of the twelve actions had been completed. The other four now had action plans for completion and would be reported back accordingly.

A member whilst acknowledging the work being undertaken on project management and wanted confirmation that projects would not slip. The Chief Executive referred to business planning as a priority and the issues would be actively addressed in the proposed timescale and there would be improved project oversight. An update could be provided at a future meeting.

RESOLVED that the Governance and Audit Committee had reviewed the progress to date and the content of the report, be agreed.

28 VALUE FOR MONEY RISK ASSESSMENT 2024/25

The committee was advised that the paper outlined the process for looking at the Value for Money assessment and there were no identified concerns and there would be regular reviews.

A member referred to previous discussions about the need for a savings board to oversee issues and asked what the present position was. In response it was explained that when government settlements were known then assessment could be made against the Medium-Term Financial Plan and other approaches would also be considered.

A councillor expressed concern at lack of funding for drainage boards and the business rates system. It was suggested that identifying savings could be problematic. It was noted that the finance team were constantly monitoring the situation. The committee noted that money from DEFRA for the food waste collections was still awaited but this was a manageable risk.

A member referred to the identified risks and an assurance was given that plans were in place and would be monitored by internal audit.

RESOLVED that the Value for Money risk assessment, be agreed.

29 PROGRESS REPORT: DISTRICT JOINT COMMITTEE

The committee received an update report on the work of the District Joint Committee and the governance arrangements were detailed. The appendix showed current appointees. The work of the committee had been successful and was progressing well.

It was noted that there were some concerns around the impact that West Lindsey could have in the process and it was hoped that this would strengthen as the committee continued its work.

RESOLVED that the progress to date and the content of the report, be noted.

Councillor Swift left the meeting at this juncture.

30 LOCAL GOVERNMENT AND SOCIAL CARE OMBUDSMAN (LGSCO) ANNUAL REVIEW LETTER REPORT 2024/25

A report was received outlining complaints referred to the ombudsman and the outcomes. Overall the picture was positive. There had been fourteen complaints of which only two went to investigation with one complaint in respect of noise problems being upheld and a recommendation on improving communication was made and implemented.

A councillor referred to the upheld case and asked about any training requirements. It was confirmed that as well as updating website information the relevant officers had also received relevant training.

RESOLVED that the progress to date and the content of the report, be noted.

Councillor Dobbie joined the meeting at this juncture.

31 PRESENTATION ITEM: PROCUREMENT LINCOLNSHIRE UPDATE

The committee received a presentation from Megan Rice, Lincolnshire County Council, providing a procurement update.

A member referred to the ISO9000 quality framework used in the private sector and asked if there was an equivalent for public authorities. It was explained that it was governed by the Procurement Act which provided a legislative framework. It was asked how performance was judged and by what criteria. In response it was clarified that feedback was sought from external stakeholders and partners. It was agreed that non-cashable items were difficult to quantify and there was also a need to look at how contracts were delivering. It was important to have multiple options for looking at performance.

A member referred to standardising contracts across district borders and whether this was possible. It was indicated that this was done when possible. It was emphasised that there was also an important role as critical friend to individual councils.

A councillor asked about taking account of the longer term implications of a contract. Confirmation was given that whole life span of the contract was assessed including factoring in all costs. Issues such as social value were considered and reported annually.

In response to a question it was noted that the service was subject to internal audit at the county council. Concern was raised that this was not shared with partner organisations and members agreed this was an issue that should be taken up by officers. A member asked about the value for money for the district in respect of costs against savings. It was clarified that ungoverned procurement was a risk and the service provided a level of expertise and an objective view of the contracts. It was agreed that the annual report should be made available to members.

Members asked about the monitoring of costs to the district council to ensure they weren't excessive or duplicating work. In response it was noted that officers carefully evaluated contracts to ensure that value for money was being achieved. The council has been part of the partnership for some 20 years and the service provided had always been good. It was suggested that no changes were needed. Members thanked officers for the assurances.

Confirmation was given that training was given to officers on how to use the system including updates as needed when there was legislative changes.

A member referred to the documentation associated with procurement and whether the complexity could deter some businesses, particularly smaller ones, from bidding. It was clarified that accessibility was important and documentation was reviewed to ensure it was clear and there was also liaison with business hubs and small business forums. As a result engagement was improving year on year.

The Chair thanked Megan Rice for her attendance and that officers would follow up on the issues raised.

RESOLVED that the update presentation, be noted.

32 COMMITTEE WORK PLAN

The Committee received the Committee Work plan outlining reports that would be coming to future meetings.

A member reiterated the potential budget risks for the Council and that this should be monitored at forthcoming meetings.

RESOLVED that the content of the report, be noted.

The meeting concluded at 3.16 pm.

Chairman

Governance & Audit Committee Matters Arising Schedule

Purpose:

To consider progress on the matters arising from previous Governance & Audit Committee meetings.

Recommendation: That Members note progress on the matters arising and request corrective action if necessary.

Status	Title	Action Required	Comments	Due Date	Allocated To
Black	Regular reporting on the performance of the Joint Committee for Devolution	Progress reports to be brought to the Governance and Audit Committee for oversight.	Update: Report was considered at the 30 September 2025 committee meeting.	30/09/25	Lisa Langdon
Black	Audit of Procurement Lincolnshire	The Committee asked for a copy of Procurement Lincolnshire's audit report.	G&A 241126: In response to a question from the Committee, the S151 Officer explained that Procurement Lincolnshire would be audited by Lincolnshire Internal Audit, and that she would seek to obtain a copy of a recent audit report to be shared with Members. Update: An LCC representative attended the Governance and Audit Committee on 30 September 2025 to give Members an update on the work of Procurement Lincolnshire.	30/09/25	Peter Davy
Green	Feedback following audit of appraisal process	Further detail to be provided regarding expected improvements in the appraisal process.	G&A 241126: At the request of Members to ensure further oversight... appraisal KPIs would be reported to Management Team... and the relevant Committee. NB: suggested route = Joint Staff Consultative Committee	30/11/25	Lisa Langdon
Green	Update on the implementation of new procurement rules and regulations	Chair of G&A requested the Internal Audit team to examine progress made in implementing procurement rules and regulations in a year's time (approximately January 2026).	G&A 250121: The Chairman requested that a further report from Internal Audit be presented to the Committee in a year's time reporting the progress made in implementing the new procurement rules and regulations.	31/01/26	Peter Davy
Green	Review specific phrasing in the Constitution	Monitoring Officer to review the phrasing in the Constitution relating to the public right to record in Committee meetings.	G&A 250121: The Chairman recommended certain sections of the Constitution be reworded to prevent misinterpretation with respect to the rights of the public in Committee meetings.	25/11/25	Lisa Langdon

Green	One-page summary of the Risk Management Strategy to be produced and shared	Corporate Governance Officer to produce one-page summary of the Risk Management Strategy to be shared with Council staff and Members.	G&A 250422: A Member of the Committee praised the document as an excellent management tool. It was suggested that a one-page summary be created for staff and Members to aid readability.	25/11/25	Katy Allen
Green	Regular project management updates	Updates on project management to be shared with the Governance and Audit Committee outlining the control environment.	G&A 250422: [The Chief Executive] highlighted that Members were only informed on the wellbeing of a project if there were financial or quality problems... It was proposed that... regular updates could be brought to the Committee outlining the control environment...with an initial update expected in November 2025.	25/11/25	Darren Mellors
Green	Development of Delivery Programme	Newly developed Delivery Programme to be shared with Members in due course, with verbal updates to be provided, in relation to both the Council's strategic priorities and Local Government Reorganisation (LGR).	G&A 250422: It was agreed that verbal progress updates would be provided through the Matters Arising item on the Committee agenda, until the Delivery Programme had been fully developed.	31/10/25	Rachael Hughes
Green Page 8	Provision of financial explanatory guidance documents	Financial explanatory guidance documents to be issued alongside financial reports to aid understanding for Councillors and members of the public.	G&A 250610: The Chairman noted that some Councillors, particularly those who expressed a lack of familiarity with financial matters, often found concepts such as materiality, triviality, and misstatements challenging. A request was made regarding the provision of explanatory documents, to ensure Councillors and members of the public had accessible guidance to allow them to fully understand the documents.	25/11/25	Comie Campbell
Green	Report detailing the Council's partnership register	Report to be compiled and brought before Committee detailing the Council's partnership register.	G&A 250610: The Chairman noted that reliance on [audit] reports from other authorities did not necessarily provide full visibility, and mechanisms for reviewing external partnerships should be strengthened. Update: A report is scheduled to be considered at the 10 March 2026 meeting.	25/11/25	Katy Allen



**Governance and Audit
Committee**

**Tuesday, 25 November
2025**

Subject: Audited Statement of Accounts 2024/25

Report by: Director of Finance and Assets (S151)

Contact Officer: Sue Leversedge
Financial Services Manager

sue.leversedge@west-lindsey.gov.uk

Purpose / Summary: The 2024/25 Statement of Accounts are
presented for Scrutiny and adoption.

RECOMMENDATION(S):

- 1) That Members review the attached Statement of Accounts and confirm that there are no concerns arising from the Financial Statements that need to be brought to the attention of the Council.**
- 2) That Members approve the Statement of Accounts for 2024/25.**
- 3) That Governance & Audit Committee permit the Section 151 Officer and the Chairman of this Committee to certify the letter of representation to our Auditor, KPMG.**

IMPLICATIONS

Legal: None Arising from this report

Financial: FIN/105/26/MT/CC

The audited Statements of Accounts 2024/25 has been prepared in accordance with proper accounting practices and the requirements of International Financial Reporting Standards (IFRS). This is intended to provide for comparable accounts across all accounting boundaries, public and private, national and international.

The Actual Outturn for 2024/25 reported a surplus of £2.057m, of which £0.931m relates to budget provision for projects which have approval for carry forward as they span financial years. This leaves a £1.126m surplus which has been transferred to reserves.

Capital Investment in the year totalled £17.398m.

In respect of Usable Reserves, the Council remains in a healthy position with balances detailed below:

- General Fund working balance totals £4.478m, (£3.402m 2023/24)
- General Fund Earmarked reserves total £19.558m, (£20.047m 2023/24)
- Capital receipts total £1.480m (£1.460m 2023/24)
- Capital Grants unapplied £3.070m (£3.577m 2023/24)

A number of financial performance ratios are contained within the report which illustrate that the Council remains in a healthy financial position.

Staffing: None arising from this report.

Equality and Diversity including Human Rights: None arising from this report.

Data Protection Implications: None arising from this report.

Climate Related Risks and Opportunities: None arising from this report.

Section 17 Crime and Disorder Considerations: None arising from this report.

Health Implications: None arising from this report

Title and Location of any Background Papers used in the preparation of this report:

Code of Practice on local authority accounting in the United Kingdom 2024/25.
Code of Practice on Local Authority Accounting in the United Kingdom – Guidance notes for practitioners 2024/25 Accounts.
The Accounts and Audit (Amendment) Regulations 2024.
Papers are located in the Financial Services section, Guildhall.

Risk Assessment:

None arising from this report

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e., is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

☐

No

X

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

X

No

☐

1 Introduction

- 1.1 The Statement of Accounts for 2024/25 (Appendix A) has been prepared under the International Financial Reporting Standards based Code of Practice on Local Authority Accounting (the Code).

Following the Accounts and Audit (Amendment) Regulations 2024 the Council's Draft Statement of Accounts (subject to audit) must be certified by the Chief Finance Officer and published before the 30 June 2025. Following completion of the external audit the Council must formally approve the accounts before the 28 February 2026.

- 1.2 The Committee is therefore presented with the Audited Statement of Accounts, which was approved for issue to the Auditor, KPMG, by the Director of Finance and Assets (S151 Chief Finance Officer) on 30 June 2025.

- 1.4 This Committee is responsible for the approval of the Statement of Accounts and any material amendments recommended by the external auditors.

- 1.5 Members of the Governance and Audit Committee have been provided with specific training on the Statement of Accounts to enable them to meet these requirements.

- 1.6 The Statement of Accounts has been combined with the Annual Governance Statement (AGS) as in previous years whereby the Council publishes one document, clearly identifying that these are separate statements.

- 1.7 The External Auditor (KPMG) commenced their audit 28th July 2025 and have now concluded their audit.

There were two material misstatements identified during the audit that have now been corrected by officers. These are as follows: -

- Classification adjustment to correctly classify balance from short-term deposit to cash at bank. Amount of adjustment £500k.
- Classification adjustments to correctly classify accrued interest on short term investments from cash and cash equivalents to trade and other receivables. Amount of adjustment £98.6k.

- 1.8 Whilst the Statement of Accounts, has been available for inspection by the electorate from 27 June 2025 to 7 August 2025 no such requests have been made.

2 Financial Performance Indicators 2024/25

- 2.1 Taking information from the main Statements within the Accounts i.e., the Income and Expenditure Account, the Movement in Reserves and the Balance Sheet, the following financial performance indicators have been derived and are provided in the table below, providing a view of the Council's financial stability and health.

RATIOS

Performance Indicators	2023/24	2024/25
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Liquidity Ratio	1.28%	1.31%
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A ratio of above 1 indicates the Council can meet its short-term obligations

Working Capital (net current assets) £000's	5.323	6.321
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The difference between current assets and current liabilities. Indicating the Council has sufficient current assets to meet its current liabilities

Working Capital (as a percentage of Actual Net Revenue Expenditure)	31.84%	39.08%
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Working Capital as a percentage of Actual Net Revenue Expenditure shows if the Council has adequate net current assets to enable continued operations should the need arise

General Fund and Earmarked Reserves as % of Actual Net Revenue Expenditure	1.41%	1.44%
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This indicator measures the level which the Council could continue to operate without using grant and tax income by utilising its reserves. It should be noted that reserves are set aside to mitigate risks and fund investments. If the use of reserves were to be used to support the revenue budget this would significantly impact on the Council's ability to deliver its corporate plan.

Total Liabilities as a % of Total Assets	42.49%	47.11%
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This indicator provides assurance the Council can meet all its liabilities from its assets

Percentage movement in Net Pension Fund Liability	15.41%	(5.74%)
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The ratio reflects the movement increase/(decrease) in pension liability. The movement reflects changes in the actuarial assumptions of such factors as expected rate of return on investments, mortality, future inflation (including pay awards and pension increases). This can have a significant impact on the balance sheet.

Pension Fund Liabilities as a % of Actual Net Revenue Expenditure	62.51%	58.92%
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Whilst the Pension Liability may not be of an immediate concern it does have an impact on the level of contributions the Council is required to make to repay the pension deficit.

Percentage change in Council Tax Base	2.08%	1.24%
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1% growth in the Tax Base generates approximately £79,837

- 2.2 The Council remains in a healthy position with good levels of reserves and the ability to meet its liabilities. The pension fund is not a concern as the deficit level has reduced significantly over the last two years.

3 The Statement of Accounts

The Audited Statement of Accounts 2024/25 is attached at Appendix A. The main elements of which are detailed below.

3.1 Expenditure Funding and Analysis (Note 7 to the accounts)

This is a statement which details the net expenditure utilised by our service Clusters which (chargeable to the General Fund) when added to the statutory accounting adjustments i.e., capital charges, pensions. This then reconciles to the Comprehensive Income and Expenditure Account.

3.2 Comprehensive Income and Expenditure Statement (CIES)

This Statement records the day-to-day expenditure incurred in providing services and includes salaries and wages, other running costs and financing costs and income due from fees and charges and government grants. This statement also shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, but such “accounting costs” do not form part of the amount required to be raised through Council Tax. In 2024/25 there was a surplus on the Provision of Services totalling £6.339m (£2.519m surplus in 2023/24).

3.3 Movement in Reserves Statement (MIRS)

This Statement shows the movement in the year on the different reserves held by the Council, analysed into ‘usable reserves’ (i.e., those that can be applied to fund expenditure or reduce local taxation) and other reserves. The (Surplus) or Deficit on the Provision of Services line shows the true economic cost of providing the Council’s services, more details of which are shown in the CIES. These are different from the statutory amounts required to be charged to the General Fund Balance for Council Tax setting.

The Councils usable reserves total £28.586m (£28.486m 2023/24).

3.4 Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that the Council may use to provide services,

subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). Usable Reserves total £28.586m (£28.486m 2023/24). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the MIRS Statement line 'Adjustments between accounting basis and funding basis under regulations.' Unusable Reserves total a surplus of £22.338m (surplus of £13.948m 2023/24) which gives a net balance sheet position of £50.924m, (usable reserves exceed unusable reserves).

3.5 Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the Council. There has been an overall increase in cash of £1.325m (increase of £2.561 2023/24).

3.6 Notes to the Accounts

The Notes to the Accounts include additional information including the accounting policies, material items of income and expense and explanations of elements contained within the Comprehensive Income and Expenditure Account and the Balance Sheet.

3.7 Other Financial Statements

The Collection Fund is a statutory fund set up under the provisions of the Local Government Finance Act 1988. It includes the transactions of the charging Authority in relation to Non-Domestic Rates and Council Tax and illustrates the way in which the fund balance is distributed to preceptors and the General Fund.

4 Going Concern

4.1 This is to confirm that in publishing the 2024/25 Statement of Accounts, Management has assessed the Going Concern for West Lindsey District Council and have not identified any material uncertainty which prevent us from applying this principle.

4.2 The main factors underpinning this assessment are.

- The Council's current financial position – the Council has delivered a balanced revenue outturn position for 2024/25 and has maintained adequate levels of reserves, which meet the minimum risk assessed level.
- The Council's projected financial position – the Council set a balanced budget for 2024/25 with the requirement to deliver ongoing efficiency savings over the medium term. The Council is developing a Programme to achieve the required savings and this is subject to ongoing review and development to ensure that required savings are delivered. The council has developed a number of financial resilience indicators which demonstrate that over the medium term the Council has enough resources to mitigate any projected deficits over the medium term.
- The Chief Finance Officer has made a formal statement on the robustness of estimates and the adequacy of reserves, as contained within the Medium-Term Financial Plan.
- The Council's cash flows are managed on a regular basis to ensure that there are enough funds to meet its financial commitments. The Council has adequate financial resources to meet its immediate financial obligations. The Council could access additional financing from the UK Debt Management Office, should it be required.
- The Council's Governance Arrangements – there is a robust governance framework in place which includes the statutory elements such as the Head of Paid Service, the Monitoring Officer, and the Section 151 officer in addition to the current political arrangements (see the AGS)
- The external regulatory and control environment – Local authorities operate in a highly legislated and controlled environment. In addition to the legal framework and central government controls, there are factors such as the role of the external auditor and compliance with best practice such as that published by CIPFA. The provisions in the Code on the

going concern requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, it would not be appropriate for their financial statements to be prepared on anything other than a going concern basis.

5 Amendments to the Statement of Accounts since 30 June 2025

- 5.1 There were two material misstatements identified during the audit that have now been corrected by officers. These are as follows: -
- Classification adjustment to correctly classify balance from short-term deposit to cash at bank. Amount of adjustment £500k.
 - Classification adjustments to correctly classify accrued interest on short term investments from cash and cash equivalents to trade and other receivables. Amount of adjustment £98.6k.
- 5.2 There are also a small number of presentational changes to the Statement of Accounts.
- 5.3 The Statement of Accounts that were originally certified by the Chief Finance Officer and published have now been updated accordingly.
- 5.5 There have been no events after the reporting period to declare.

6 Summary

- 6.1 The Statement of Accounts 2024/25 is attached at Appendix A.
- 6.2 Following the certification of the accounts on 30 June 2025 by the Director of Finance and Assets (S151 Officer) our auditors (KPMG) have carried out their final accounts audit.
- 6.3 It is recommended that Members having considered the Statement of Accounts and confirm that there are no concerns arising from the Financial Statements that need to be brought to the attention of the Council.
- 6.4 Members are requested to approve the Statement of Accounts for 2024/25 and permit the Director of Finance and Assets (S151 Officer) and the Chairman of this Committee to certify the letter of representation to KMPG now the audit has been completed.

Statement of Accounts and Annual Governance Statement 2024/25

Audited Statement



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A message from the Leader of the Council, Councillor Trevor Young (Leader of the Council for 2024/25 / at the 31st March 2025):

As Leader of West Lindsey District Council I am proud to present you West Lindsey District Council's Financial Statements for 2024/25. In a year of many challenges, the accounts not only provide details of the Council's financial position for 2024/25 but also demonstrate the robust financial management exercised by the Finance Team here at West Lindsey. This report provides me with the opportunity to highlight some of our achievements over the past year in delivering our Corporate Plan objectives which contribute to our overall vision. **West Lindsey is a great place to live, where businesses, communities can thrive and realise their potential** and in the past twelve months we have made real progress in delivering a better future for the people of West Lindsey.



We have supported local communities by providing a wide range of community grants to parish/town councils, community groups and charities. Projects we supported included improving community facilities, providing new play park equipment and delivering community events in towns and villages right across West Lindsey. During 2024/25 we delivered 138 grant awards totalling £232,377 of community investment using a mix of UK Shared Prosperity Funding and our own funds.

We continue to work with key stakeholders via the Employment and Skills Partnership to both address local challenges and facilitate opportunities identified through an Employment and Skills delivery plan - ensuring that ongoing skills intelligence and forecasting pro-actively addresses future business and workforce needs.

We are committed to ensuring the future sustainability of **Our Place** for our residents.. After successfully securing Levelling up Funding from the government the Council continues to deliver its flagship schemes in Gainsborough by awarding grants totalling £3,147,616 relating to 21 properties. Work is almost completed on Whittons Gardens and Baltic Mill and the cinema in Gainsborough due to open in summer 2025.

We continue to deliver the **Local Plan** and to support the development of local neighbourhood plans with 29 now approved.

As a Council, we have led the response, through organising Community Hubs to ensure that the lone, elderly and vulnerable are supported through the current cost of living crisis. We have provided much needed support and advice and issued grant funding on behalf of the government to local people and businesses who have seen financial hardship through increased food prices and energy costs.

We are seeing a significant impact on our own finances as our costs have increased significantly from the previous year. We continue to be faced with increased financial uncertainty in the medium term as the government has only given funding guidance for 2025/26, however a business rates reset and fair funding review will commence in spring/summer 2025 with the outcome known in the autumn which will impact the Council's financial position for 2026/27. This means although it is hoped we will have clarity over funding levels for a three-year period we are anticipating a reduction in overall funding levels which presents challenges to how we continue to deliver our aspirations for the district.

The government also announced a devolution white paper which included a desire for local government re-organisation in two tier areas such as ours. This is currently at a very early stage but we have been clear we see democracy working at its best when it is as close to residents as possible and see West Lindsey District Council in its current form the best way to deliver this.

Despite our challenges we have continued to deliver a balanced budget and promptly delivered our statement of accounts.

I would like to thank the staff of West Lindsey District Council in contributing to our continued success.

**Message from the Director of Finance and Assets (S151 Officer),
Peter Davy**

In my role as the Council's Chief Finance Officer it is my responsibility to ensure that the financial affairs of the Council are properly administered and that its financial position remains stable and robust. This is essential to ensuring the Council can provide quality services and continue to support delivery of the Corporate Plan objectives.

This Narrative Report provides a summary of our performance in year and provides an overview of the purpose of each of the Financial Statements within the accounts; summarises the material items within them and gives a holistic overview of the year in terms of both financial and non-financial performance.



It is important to note that the deadlines for the preparation of the accounts 2024/25 after consideration by the Ministry of Housing, Communities and Local Government (MHCLG) and in consultation with stakeholders, that the draft accounts must now be submitted for audit by 30 June 2025 and the backstop date for the conclusion of the audit and publication of the statement of Accounts is now 27 February 2026.

This year has seen significant progress against our Executive Business Plan which detailed the actions that we will take to support delivery of the Corporate Plan objectives.

We have seen the continuation of our Levelling Up Fund projects in Gainsborough, supported hosts of Ukrainian families and helped to get Household Support fund funding to vulnerable people. The Council has also continued to work on acquiring the former RAF Scampton site to unlock investment to drive regeneration.

West Lindsey District Council has continued its commercial approach in managing the reduced government funding whilst maintaining quality services, supporting communities and maintaining financial sustainability. The Council made a decision to continue the operation of Market Street Renewal Limited which continued to grow in 2024-25 providing retail and accommodation units in Gainsborough as part of our larger regeneration programmes. Over the last year a number of services have been supported with additional resources due to inflationary challenges and increased demand.

Within these statements you will also find reference to our subsidiary organisations and Joint Ventures which are part of our commercial and innovative approach to delivery of outcomes through commercial opportunities and working in partnership.

We have once again shown good financial stewardship over the year as reflected in these accounts and delivered a surplus from services of £0.350m in addition to corporate savings, budget carry forwards and additional income from interest receivable resulting in an overall surplus for the year to £0.914m. This compares with the accounting surplus on the provision of service of £6.089m shown in the Comprehensive Income and Expenditure Statement on page 28. These two numbers are reconciled in the Expenditure and Funding Analysis which is note 7 to the accounts, with the movement reflecting the legislative exemption from certain financial accounting practices that ensures the tax payer is not funding non cash transactions.

Our Balance Sheet position remains strong with earmarked reserves of £19.6m being set aside for significant investment and service improvement initiatives. The General Fund balance stands at £4.5m which is above our minimum requirement of £2.5m, and will provide increased opportunities for investment and development across the district and within the Authority.

Our financial strategy is reliant on significant capital investment some of which is supported by borrowing. The Capital Investment Strategy and Treasury Management Strategy are both aligned with the latest guidance and regulation from CIPFA and MHCLG. No further long term borrowing has been undertaken in 2024/25.

In terms of future financial risks, during the year the government has announced its devolution white paper which included a desire to implement local government re-organisation which has significant impacts for West Lindsey. The long awaited business rates reset and fair funding review will take place during 2025/26. We have engaged fully with the consultations and will continue to seek to influence with the Government to achieve outcomes in the best interests of West Lindsey residents.



1. The District of West Lindsey

The District covers 1,156km² (447 square miles), with the administrative centre in Gainsborough on the River Trent to the west, and the market towns of Caistor and Market Rasen to the east.

The topography of the District varies from the low Trent Valley to the west to the rolling hills in the Lincolnshire Wolds Area of Outstanding Natural Beauty in the east. There are 20 wards in the district made up of 97 parishes, of which 72 have Parish Councils and 19 smaller ones who have parish meetings. One of the main features of the district is that the population is spread across a large area. The census from 2021 gave the district a population of 95,570 at a density of 82.67 people/km².

The information provided below is based on the latest available.

There are currently 46,007 households in the district. Of these, 8 are owned by the local authority, 4,875 are owned by Private Registered Providers, 165 are owned by other public sector providers and the remaining 40,959 are privately owned.

In 2024, the average gross weekly salary for full-time workers was £677.40 per week, 7.1% lower than the national average.

Last year, 81% of pupils attained at least an RQF2 qualification, equivalent to GCSE level. This is 5.5% lower than the national average.

As of June 2024, a total of 1,685 people claimed out of work benefits, equivalent to 3% of the district's working age population and lower than the national average of 4.2%



West Lindsey is the second least densely populated local authority in the East Midlands, with an area of space equivalent to two football pitches per resident.

The average house price in West Lindsey is £229,000, compared to a national average of £295,000. For first time buyers, the average house price is £195,000, whilst the average monthly rent is £632.

The number of business counts fell for the third year in a row, down 1.2% to 3,620 in 2024 compared to 3,725 in 2023. 90% of businesses in West Lindsey are micro-businesses employing between 0-9 people.

As of June 2024, 63.6% of people were in employment, below the national average of 75.5%. A total of 13,300 people are economically inactive, or 24.9%, which is higher than the national average of 21.6%.

2. West Lindsey District Council

The Council's vision statement is as follows:

"West Lindsey is a great place to be, where people, businesses and communities can thrive and reach their potential."

To achieve this vision, our Corporate Plan priorities for 2024/25 are:

Our People

Health & Wellbeing

to reduce health inequalities and promote wellbeing across the District through the promotion of healthy lifestyles

Vulnerable Groups & Communities

to create strong and self-reliant communities and promote positive life choices for disadvantaged residents

Education & Skills

to facilitate the creation of a highly educated and skilled workforce, that meets the present and future needs of the local and wider economy

Our Place

Economy

to ensure that economic regeneration in West Lindsey is sustainable and benefits all of our communities

Housing Growth

to facilitate quality, choice and diversity in the housing market, assist in meeting housing need and demand and deliver high quality housing related services to support growth

Public Safety & Environment

to create a safer, cleaner district in which to live, work and socialise

Our Council

Finances

to remain financially sustainable

Customer

to put the customer at the centre of everything we do

Staff & Members

to maintain our position as a well-managed and well-governed Council

The Corporate Plan can be found online at www.west-lindsey.gov.uk/corporateplan

Our Services:

Our services have been reported to management and Committees in the following clusters during 2024/25:

- **Our People** – Front facing customer services – i.e. Benefits, Council Tax, Operational Services, Homelessness and Housing, Licensing, Customer Services, Food Safety
- **Our Place** – Area based services, i.e. Development Management, Economic Development, Car Parking, Asset Management, Leisure
- **Our Council** – Corporate services, i.e. Finance, Human Resources, Committee Administration, ICT, Business Improvement, Elections, Corporate Fraud

Each Theme also sets out its strategic aims and the desired outcomes to be achieved for each area of focus.

OUR COMPANIES

The Council holds share equity in the following companies:

WLDC Trading Ltd, Surestaff (Lincs) Ltd, WLDC Staffing Services Ltd, a group of companies created to enable trading commercially. The companies supply agency workers to both West Lindsey District Council (WLDC) and local businesses, supporting the creation of local jobs for local people.

Market Street Renewal – The company aims to act as a delivery vehicle capable of attracting investment to Gainsborough that might not otherwise have been available to the Council alone. The purpose of the company is to support regeneration of the Town Centre through the redevelopment of properties.

Further information can be found at Note 31.

Our Culture:

Our vision is complemented by a set of values that cut across the whole organisation. We make our values real by demonstrating them in how we behave every day. Our values are central to achieving our behaviours which underpin effective performance in the workplace. Our values are;

OUR VALUES

Customer First – to put the customer at the centre of everything we do

One Council – to act as one Council, working together to achieve our aims and deliver excellent Council services

Business Smart – in getting things done to the highest standard

Communicating Effectively – simply, clearly and concisely ensuring message is understood

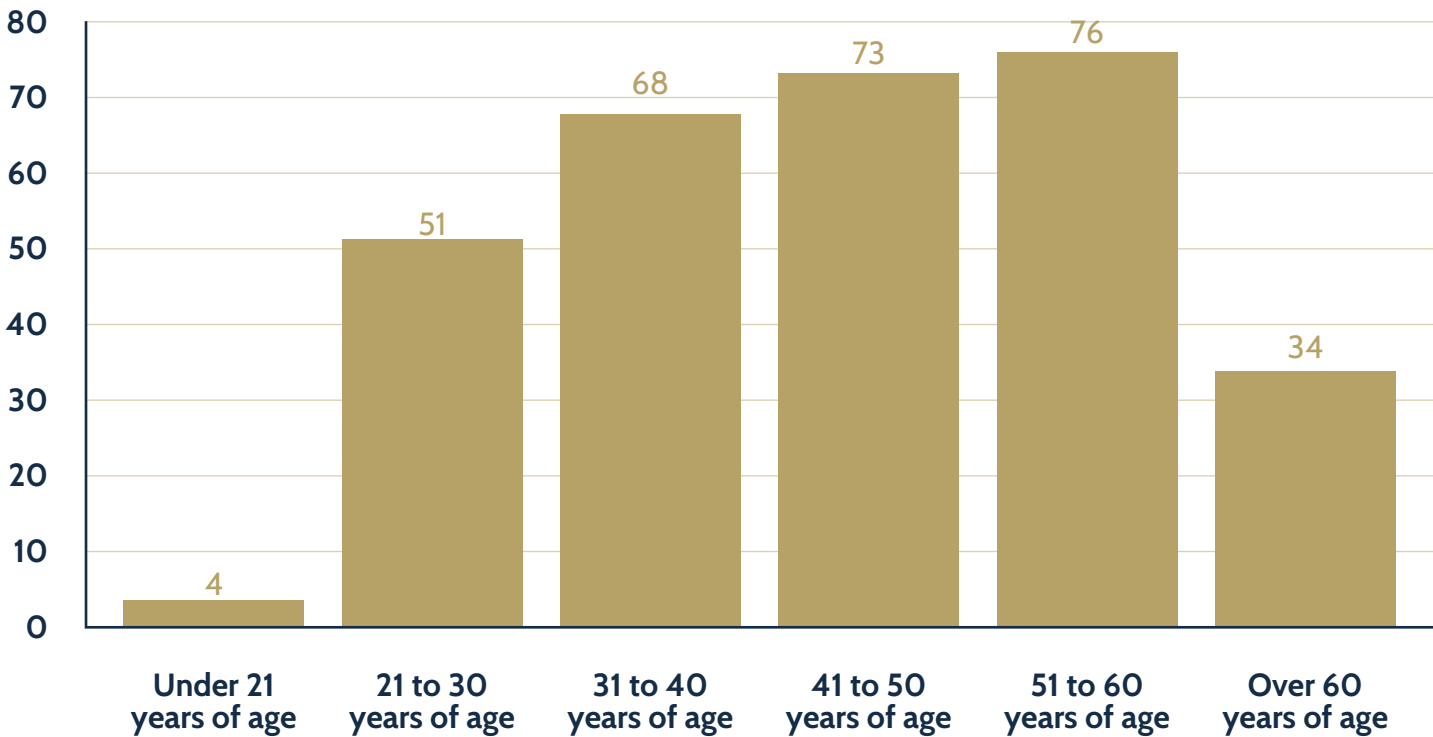
Integrity in Everything we do – accountable for our decisions and actions, open, fair, honest and trustworthy

The Council is conscious of the demographic of its employees and is keen to ensure business continuity by establishing a workforce development and training plan that will explore and support the organisational need for succession planning.

Staffing numbers as at 31 March 2025 totalled 306 and are analysed by age and gender below:
Since the commencement of government funding cuts in 2010/11 the Council has effectively managed a reduction of £2.3m in Settlement Funding. This has been achieved through sound financial management and financial strategy initiatives to reduce expenditure and increase income streams.

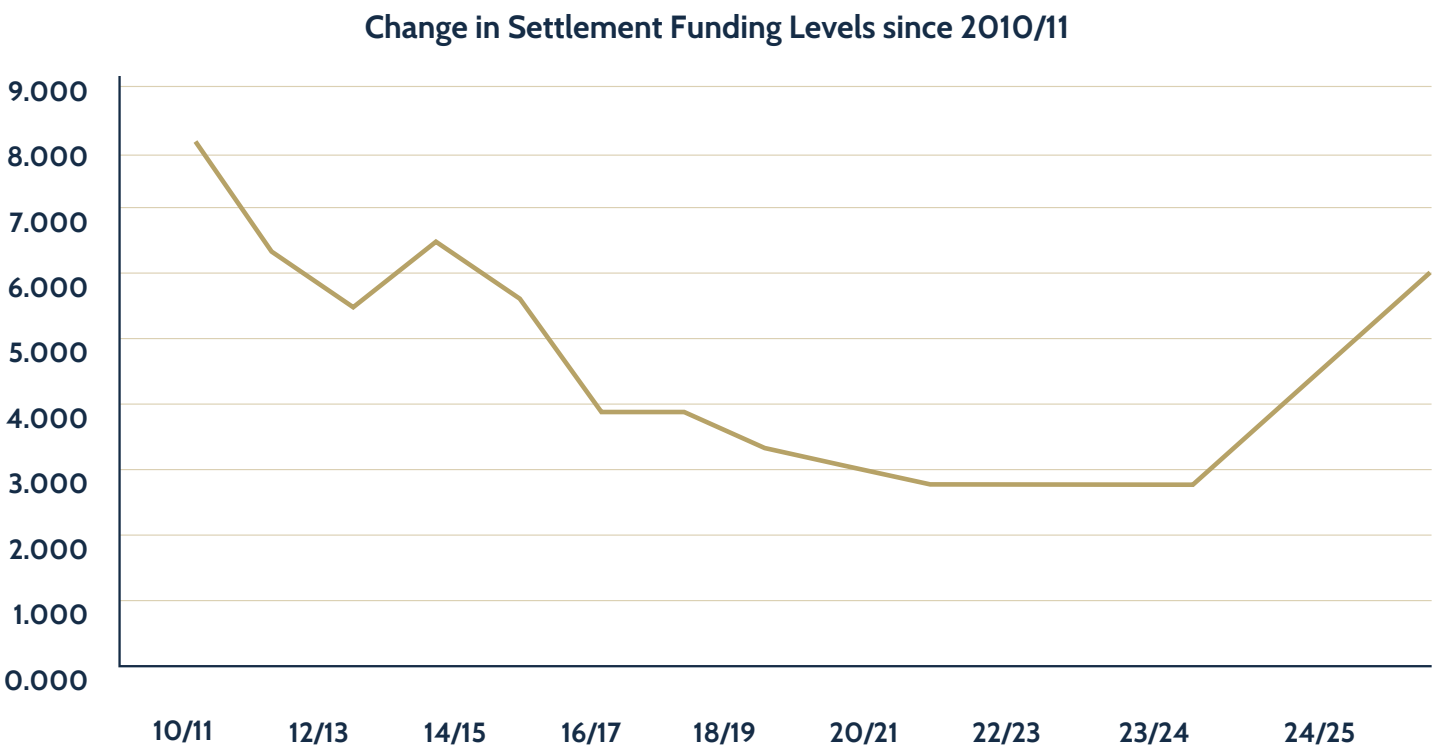
The Graph below illustrates the change in Settlement Funding Levels since 2010/11:

Number of Employees by Age Range (127 men and 179 women)



OUR EXTERNAL ECONOMIC OUTLOOK

During 2024/25 geo-political tensions have continued across the world and this has had various affects on the residents of West Lindsey and the Council itself. Costs have specifically been affected by the Russian invasion of Ukraine with fuel and utility costs rising sharply. Interest rates have begun to fall throughout 2024/25 as inflation as also fallen and therefore the Council has benefitted from its investments but has had to pay more to borrow.



For some time the Government has been consulting on a number of proposals as part of the reform of local government funding, including a Fairer Funding Methodology (distribution of funding within the Sector), Business Rates Retention of 75% (currently 50%) and a Business Rates Rest (resting the baseline back to 2013/14 levels). This government has now announced this will be implemented in 2026/27, mainly due to other government business taking priority.

We will continue to lobby for additional funding and try to influence the outcome of proposals for the benefit of West Lindsey and its residents through responses to consultations and through our networks; Local Government Association (LGA), Rural Services Network (RSN), District Council Network (DCN) . West Lindsey District Council is a key partner in the public, private and third sector and now working with the Mayor of Greater Lincolnshire.

The aim of the Industrial Strategy is to boost productivity by backing businesses to create jobs and increase the earning power of people throughout the UK with investment in skills, industries and infrastructure.

The emerging priorities for the Greater Lincolnshire Local Industrial Strategy are set out below, and based on robust evidence, for the basis of a compelling case to Government and the private sector for investment in our area.

- A rural innovation test bed for energy and water

- An adaptive ports and logistics industry driving greater connectivity
- Future proofing the agricultural food sector
- Supporting people to live well for longer in rural areas
- A high quality, inclusive visitor economy

Importantly for West Lindsey District Council, the Local Industrial Strategy will help to guide the strategic use of local funding streams and act as a gateway to future local growth funding. To this effect we have worked hard to ensure that issues of strategic economic importance to our district, as set out in the Corporate Plan, are well represented.

The Council has a number of key projects in delivery, particularly relating to the Levelling up Fund and has been successful in funding bids for the UK Shared Prosperity Fund. As other opportunities arise, the Council will look to leverage the maximum possible internal and external investment in order to achieve its priorities.



3. How the Council is governed

West Lindsey District Council has 20 wards within its area represented by 36 elected Members (Councillors) who sit on the Council. Councillors can combine into political groups.

The make-up of the groups on the council is currently:

- Liberal Democrat Administration - 18
- Opposition Group - 14
- Lincolnshire Independents - 2
- Consensus Independents - 2

The Council is managed by the Chief Executive

The appointments at the 31st March 2025 were:

Leader of the Council - Cllr Trevor Young
Deputy Leader of the Council - Cllr Lesley Rollings
Chairman of the Council - Cllr Stephen Bunney
Vice Chairman of the Council - Cllr Matthew Boles

Further information of our Senior Officers are contained in Note 26.

The Council's Constitution sets out the governance arrangements of the Council. The rules, procedures and guidance should provide assurance to our citizens that decisions made in their name have been taken correctly. The Constitution can be found on our website: www.west-lindsey.gov.uk/constitution

The Annual Governance Statement 2024/25 (included with this publication) provides details of the annual review of the effectiveness of its governance framework including the system of internal control.

The Combined Assurance Status Report 2024/25 offers a triangulated view of assurance with opinion provided by management, corporate and/or other third party assurance and Internal Audit. This has found despite all of the challenges during 2024/25, the Council has:

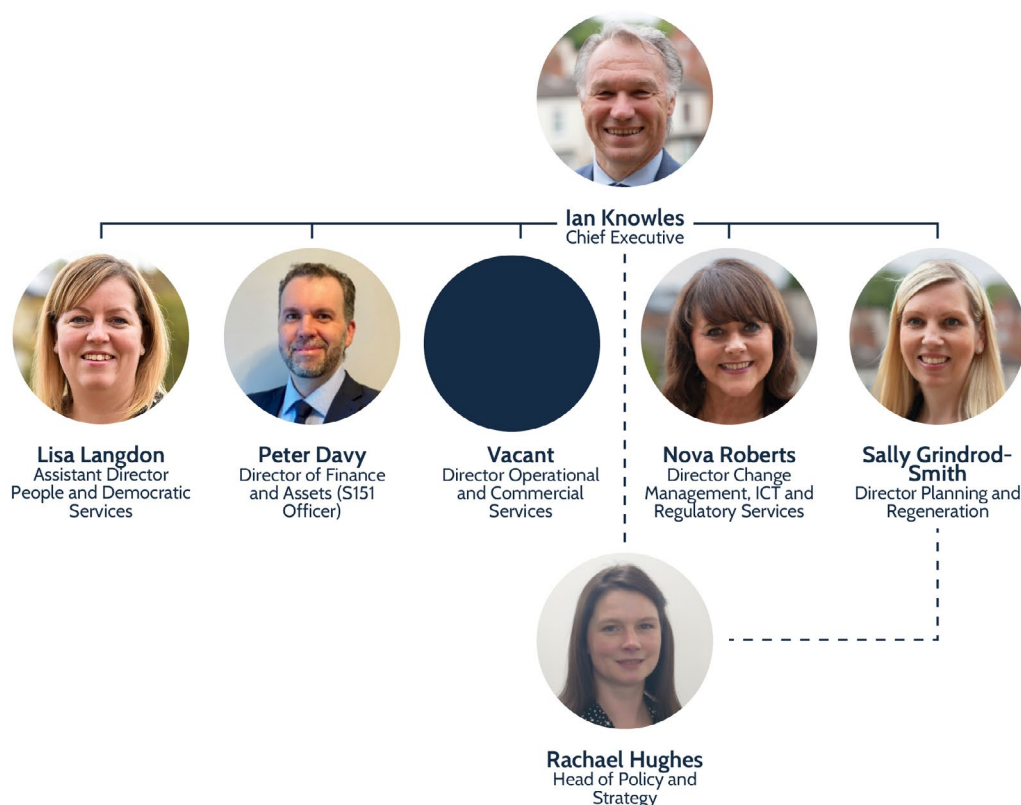
- Started to deliver the UKSPF investment plan
- Delivered a Balanced budget without use of reserves
- Continued to pursue the regeneration of the former RAF Scampton site.
- Made improvements to a number of ICT systems.
- Continued to deliver the LUF Programme across Gainsborough
- Received accolades and recognition across a number of services.

4. How we operate

The Council operates to achieve our objectives through utilising our resources (inputs) to achieve value for money (effective, efficient and economical outputs).

The Management Team under the leadership of the Chief Executive, Ian Knowles are responsible for the management of the organisation, delivery of initiatives and projects contained within the Executive Business Plan, which will support delivery of the Corporate Plan.

The Council's key services include;



Operational and Commercial Services – keeping communities clean and healthy whilst ensuring a commercial approach is undertaken in the delivery of our services.

Planning and Regeneration – keeping our communities sustainable, encouraging housing regeneration and economic growth in support of job creation.

Change Management and Regulatory Services – Keeping our organisation efficient, and keeping our people safe through enforcement and inspection activities.

People and Democratic Services – Managing our valued employees through their engagement, development and utilisation within the organisation in line with our culture, and ensuring our governance arrangements are sound.

Finance and assets – maintaining a high standard of financial management and seeking best value from our Property Assets, overseeing procurement, collecting council tax and business rates, overseeing other debt collection and administering housing benefits.

Our resources include employees, money, partners, contractors, assets etc. which are used to their best effect to deliver the desired outcomes.

5. Performance

- The Council is working to its Corporate Plan covering the period 2023-2027. It sets out the Council's vision for the District and sets out key strategic objectives which will deliver desired outcomes for communities. The Corporate Plan is explicitly aligned to the Medium-Term Financial Plan (MTFP) and Executive Business Plan which details key corporate activity which will support the achievement of the Council's aims and objectives. This ensures that the aspirations in the Corporate Plan are realistic within the context of the funding constraints placed on the Council.

The Council continued to deliver its Corporate Priorities, including the following objectives:

Our People

- Ensure housing solutions provide choice and support independence.
- Increase opportunities for participating in sport, leisure and cultural activities across the district.
- Deliver services and health improvements that enable the re-establishment of lives after crisis.
- Improve communities and transform places.
- Support our voluntary and community sector to thrive and be sustainable.
- Reduce inequalities across the district and support identified communities at risk.
- Work with key stakeholders to ensure appropriate skills training and provision is in place.
- Improve access to training and increase employment prospects for West Lindsey residents.
- Provide support in meeting the skills needs of local employers.

Our Place

- Create a thriving and dynamic economic environment in which businesses can reach their full potential.
- Diversify the economic base and support the creation of more highly skilled jobs.
- Maintain a sustainable Local Plan for Central Lincolnshire.
- Maintain housing growth to meet need and demand, using private sector solutions where appropriate.
- Improve housing standards and take appropriate enforcement action where necessary.
- A long-term plan for housing investment that maximises opportunities for affordable housing.
- Connecting our local communities and increasing the quality and provision of green space.
- Use the Council's statutory functions to reduce anti-social behaviour and increase people's feelings of safety in their local communities.
- Ensure the Council is meeting its new duties and obligations under the Environment Act, 2021.

Our Council

- Services that deliver value for money to local taxpayers.
- Delivery of a sound assurance framework.
- Climate responsibility is on a par with fiscal responsibility when making key decisions.
- Deliver high quality, customer centric services that offer an excellent customer experience.
- Modern, sustainable services that offer equality of access to all.
- The ability to understand and meet current and future need and demand based on evidence and insight.
- High performing services that demonstrate a culture of continuous learning and improvement.
- Maintain an effective, highly skilled workforce and ensure members are equipped to fulfil their role and duties.



Whittons Garden work has started



THI Market Rasen



Groundbreaking of new Savoy Cinema



RAF Ingham Heritage Centre



Saxilby Bridge refurbishment



THI Gainsborough Market Place

Financial Performance 2024/25:

The Council is funded from a variety of sources including taxation (Council Tax and Business Rates) and government grants the table below illustrates the amounts received from these sources and future estimates as detailed within the Medium-Term Financial Plan 2025/26 - 2029/30.

Funded By	Actual 2024/25	Budget 2025/26	Forecast Budget 2026/27	Forecast Budget 2027/28	Forecast Budget 2028/29	Forecast Budget 2029/30
Business Rate Retention Scheme	6,114,152	6,654,900	5,219,100	4,692,700	4,170,000	4,211,700
Council Tax	7,752,300	8,148,600	8,558,100	8,945,900	9,349,500	9,772,800
Collection Fund Surplus Council Tax	259,047	275,600	0	0	0	0
New Homes Bonus	845,263	499,400	0	0	0	0
Other Government Grants	1,251,550	2,726,300	1,215,300	723,800	632,400	638,100

The Council sets its Council Tax annually and for 2024/25 the equivalent Band D rate was £241.55 (£234.54 2023/24) generating £7.752m (£7.434m 2023/24) – this excludes income from Parish Precepts. Further information is provided in the Notes to the Collection Fund.

In addition to these sources of funding, we receive income from fees and charges for services which generates income of £4.716m and interest and investment income totals £2.843m.

Revenue:

The Council approved a revenue budget, including Council Tax charges, for 2024/25 of £18.499m (£16.739m 2023/24). There was no requirement to utilise the General Fund Balance to provide a balanced budget. The actual out-turn has realised a surplus on services of £1.126m. The Corporate Policy and Resources Committee approved that this would be transferred to earmarked reserves and the general working balance.

The following table reports the revenue actuals against a revised budget for 2024/25 as reported to Corporate Policy and Resources Committee and based on controllable costs/income. This is before any adjustments required by accounting standards that are subsequently reversed under statute, which are included in the Comprehensive Income and Expenditure Account. Note 10 provides details of the accounting adjustments;

Service Cluster	Original Budget	Revised Budget	Actual Outturn	Outturn Variance
Our Council	8,224,800	8,528,847	8,073,441	(455,406)
Our People	1,715,100	1,822,700	1,787,738	(34,962)
Our Place	4,705,100	5,049,900	5,189,496	139,596
Covid 19 Business Support Grants	0	0	1,020	1,020
Cluster Total	14,645,000	15,401,447	15,051,695	(349,752)
Interest Receivable	(658,200)	(692,200)	(1,212,675)	(520,475)
Investment Income – Property	(1,568,400)	(1,575,600)	(1,629,896)	(54,296)
Drainage Board Levies	531,900	531,900	531,852	(48)
Parish Precepts	2,700,700	2,700,700	2,700,676	(24)
Interest Payable	692,700	692,700	708,706	16,006
Repayment of Borrowing	959,300	959,300	954,044	(5,256)
Net Revenue Expenditure	17,303,000	18,018,247	17,104,402	(913,845)
Transfer to/(from) General Fund	(52,700)	(955,200)	(981,700)	(26,500)
Transfer to/(from) Earmarked Reserves	1,248,600	1,471,353	1,674,346	202,993
Amount to be from Government Grants & Council Tax	18,498,900	18,534,400	17,797,048	(737,352)
Business Rates	(5,796,700)	(5,796,700)	(6,114,152)	(317,452)
Collection Fund Surplus	(290,000)	(290,000)	(259,047)	30,953
Parish Councils	(2,700,700)	(2,700,700)	(2,700,700)	0
New Homes Bonus	(845,300)	(845,300)	(845,263)	37
Other Government Grants	(1,113,900)	(1,149,400)	(1,251,550)	(102,150)
Council Tax	(7,752,300)	(7,752,300)	(7,752,300)	0
Total Funding	(18,498,900)	(18,534,400)	(18,923,012)	(388,612)
Net	0	0	(1,125,964)	(1,125,964)

6. Service Performance

Corporate Health Performance	Actual 2023/24	Target 2024/25	Actual 2024/25
Perspective: Customer			
Volume of received complaints	176	No target set	159
Volume of received compliments	1,333	No target set	1,602
Perspective: Financial			
Budget Variance	(£191,371)	0	(£1,125,964)
Council Tax in year collection	97.73%	97.73%	97.70%
Perspective: Process			
Average time to resolve a complaint	7 days	14 days	7 days
Major Planning applications determined on time	98%	90%	87%
Non-Major planning applications determined on time	97%	94%	97%
Perspective: Quality			
Service and system availability	100%	98%	100%
Reception Visits (face to face)	40,979	No target set	45,403
Telephone calls from customers to the Customer Services Team	44,659	No target set	49,175
E-forms completed by or for customers	64,131	No target set	65,474
Emails from customer to the Customer Services Team	6,801	No target set	7,145
Staff absenteeism	0.6 days	0.6 days	0.64 days

The Council recognises the revenue impact of capital investment and monitors this closely as part of corporate monitoring processes. Business cases supporting capital investment proposals include all revenue impacts and these are assessed as part of the budget setting process to ensure that they are affordable.

Balance Sheet:

Significant movements on the balance sheet relate to:

- The annual revaluation of Property Plant and Equipment in Long Term Assets has contributed to the increase of £6.731m to £69.632m (£62.901m 2023/24).
- An increase in Short-Term Investments in Current Assets, have contributed to the increase of £1.985m to £26.655m (£24.672m 2023/24).

Resulting in a Net Assets increasing by £8.490m to total of £50.924m (£42.434m 2023/24)

The usable reserves of £28.586m (£28.486m 2023/24) held by the Authority include £19.558m of earmarked reserves (which will support the ongoing investment in the capital programme, development

of services and management of financial risks).

Debt and Investments:

The Council has previously undertaken Public Works Loan Board and other Local Authority borrowing to support its cash flows and significant capital investments (further information can be found at Note 18 and 35).

At the end of the year the Council has £21.750m of Treasury investment (£20.210m 2023/24). In addition, long term borrowing totalled £14.0m with the Public Works Loan Board.

Material Liabilities Incurred:

The majority of the employees of the Council are members of the Local Government Pension Scheme (LGPS). The liability for both statutory and discretionary pension benefits, measured on an IAS19 basis has decreased over the year. At 31st March 2025 the Council's net liability reported by the Actuary to the LGPS was £9.831m (£10.395m in 2023/24), a decrease of £0.564m. This is mainly due to changes in the actuarial financial assumptions.

At the last formal review in 2022 the Actuary assessed that the West Lindsey District Council Pension Scheme was 16 years from being a fully funded scheme.

More details of the IAS19 valuation are set out in Note 32 to the Financial Statements.

Significant provisions, contingencies and material write-offs:

No significant contingencies or material write offs were recognised in 2024/25.

Staffing Trends:

The Council continues to put considerable effort into its drive to become more efficient by reducing staffing numbers yet maintaining quality award winning services. This has been achieved by introducing a range of measures such as more flexible working, restructuring management and streamlining back office activities by the use of new technology.

The Council utilises full time or part time temporary/fixed term contract staff who provide additional resource for specific projects or service delivery.

Carbon Management Plan:

The Council is committed to reducing energy usage and carbon emissions and has in place within its Carbon Management Plan carbon reducing projects and action plans to deliver this objective. Since 2008/09 CO₂ emissions have been reduced by over 20%. The plan aims to build on this success in order to achieve an ambitious Central Government target reduction of 100% by 2050.

7. Risks and Opportunities

The Council manages all risks via a formal Approved Code of Practice. As part of the process, comprehensive strategic and service risk registers are maintained and processes are in place for risks identification and review. In addition to risk identification, mitigating actions are agreed to either terminate the risk or reduce its potential impact.

Financial risks are specifically identified and considered within the MTFP report as part of the budget setting process. These risks are then monitored by a number of methods depending upon the type of risk. For example, the risk of income targets not being achieved is monitored through monthly income monitoring and reporting is undertaken with a full review of fees and charges annually which incorporates trend analysis, benchmarking and future demand estimations.

Business Cases for projects within wider Programmes of work, also identify risks and mitigations, these are monitored through a robust process of reporting.

Key Strategic Risks:

- Information Governance – Data leakage and successful cyber-crime attempts occur leading to financial, reputational and legal consequences due to lack of robust controls, policies and processes which are not communicated to and followed by staff and Members.
- Open for Business – The achievement of the growth targets lags behind the local plan. The increase in tax base does not match ambition.
- People First – we do not deliver a customer focused approach, provide appropriate infrastructure and facilities for residents and businesses.
- Community & Residents – We do not provide leadership of place for our communities and residents to ensure their well-being isn't adversely affected.
- Workforce – We do not develop, equip and support staff to be fully effective in their roles thereby unable to adhere to our customer focussed, entrepreneurial principles, resulting in poor service, non-motivated work force and providing an unattractive offer both for residents and inward investment.
- Asset Management – Our assets are underutilised, generate lower returns than required, do not facilitate inward investment or deliver fewer social benefits than expected.
- Health and Safety – We do not adequately ensure that our staff and visitors are protected in the workplace from accidents or work-related ill-health by eliminating hazards from work activities where possible and where not, assessing and ensuring adequate control of the associated risks. This leads to an unsafe workplace and inadequate care for staff and potential legal action.
- Partnerships – We do not fulfil our role as influencer, shaper and co-ordinator of major economic, social and environmental issues that affect the District.
- Our delivery vehicles for shared estates or trading companies do not effectively deliver against their intended purpose and achieve Value for Money.
- Value for Money Services - We do not identify and implement efficient and effective, lower-cost alternative service delivery models. We do not ensure sufficient focus on the financial drivers and value for money considerations of change/improvement proposals. We do not use effective benchmarking data to inform VFM decisions and failure of partnership mechanisms to deliver VFM considerations.
- Commercial Approach – Commercial projects do not deliver anticipated benefits resulting in increased financial pressures.

- Compliance – We do not comply, or fail to correctly implement relevant, statutory legislation resulting in adverse reputational impacts and legal and financial consequences.
- Business Continuity – Council services are not maintained and priority services are not provided in the event of significant disruption or a major emergency in the District.

Key Future Risks:

- Successful delivery of our commercial and growth commitments – The Financial Strategy has plans to use a significant amount of reserves in addition to borrowing to further develop the District and to invest in a range of commercial opportunities to increase our self generated income substantially.
- Compliance with General Data Protection Regulations (GDPR), data leakage and Cyber Crime, would result in financial, legal and reputational consequences. Policies, Procedures and technology have been implemented to mitigate risk.
- The future funding of Local Government: there is an unknown risk of the impact of any Local Government Funding Reform and future changes to the Business Rates Retention. The Council has developed a Financial Strategy which aims for a sustainable future reliant on local tax revenues.

Financial Recovery:

We are managing and monitoring both our cash flows, the financial impact of covid on income and expenditure and other pressures and savings, which will be reported on a quarterly basis.



8. Future Outlook

Our Corporate Plan 2023 – 2027 sets out the current strategic objectives of the Council. It reflects the opportunities and challenges facing the district and what our residents have told us is important to them. We also express our desired outcome, which will provide our officers with clear direction. It is our aim to ensure that attention is paid to all of our communities, residents and businesses; lives are improved and our district prospers.

The following vision has been adopted by the Council:

“West Lindsey is a great place to be where people, businesses and communities can thrive and reach their potential”

In order to deliver against this vision, the Council will focus on three themes as illustrated below:



The Executive Business Plan 2025/26, which is contained within the Budget Book, is available on our website and outlines the key deliverables for the next 3 years which will contribute to the achievement of the Corporate Plan objectives.

Future Financial Resilience:

Medium Term Financial Plan	2025/26	2026/27 (£)	2027/28 (£)	2028/29 (£)	2029/30 (£)
BFWD	719,200	1,098,700	1,258,700	1,306,100	1,508,100
Establishment	449,700	468,500	503,700	517,300	526,200
Pressures	330,100	520,500	568,300	557,200	549,400
Income Loss	76,700	87,200	69,200	57,500	8,900
Savings	(234,100)	(244,000)	(251,500)	(282,100)	(274,000)
Income Gain	(181,800)	(182,100)	(192,300)	(201,800)	(229,600)
Inflation	7,900	9,300	0	(9,300)	93,900
Contribution to Reserves	620,100	126,000	126,000	126,000	126,000
Use of Reserves	0	(620,100)	0	0	0
Increase in MRP	(4,800)	2,500	2,600	2,600	(100)
Increase in Interest Receivable	(73,900)	(90,300)	(99,300)	(99,300)	(99,300)
Increase in Interest Payable	32,400	182,600	101,400	65,000	28,800
Movement in Funding:					
Council Tax Surplus	(275,600)	0	0	0	0
Council Tax Yield	(123,400)	(250,500)	(345,800)	(446,700)	(558,400)
Other Government Grants	(424,800)	(438,800)	52,700	144,100	138,400
Business Rates	(917,700)	575,500	1,159,800	1,741,000	1,699,300
Funding Gap	0	1,245,000	2,953,500	3,477,600	3,517,600

The potential funding gap for the Council from 2025/26 to 2029/30 is detailed below:

The Council has a robust budget timetable and will commence its consultation exercise in August 2025. As

demonstrated by both levels of reserves and cash-flow whilst there is a funding gap in the Medium Term the Section 151 Officer is comfortable that the Council remains a going concern.

Future Capital Expenditure Plans:

Service Cluster/ Financing	Estimate 2025/26 (£)	Estimate 2026/27 (£)	Estimate 2027/28 (£)	Estimate 2028/29 (£)	Estimate 2029/30 (£)	Total Capital Programme (£)
Our People	547,100	99,300	149,600	96,100	67,700	959,800
Our Place	1,632,400	736,200	736,200	736,200	736,200	4,577,200
Our Council	6,377,916	105,000	479,400	928,800	335,000	8,226,116
Corporate	35,200	0	0	0	0	35,200
Grand Total	8,592,616	940,500	1,365,200	1,761,100	1,138,900	13,798,316
Grants & Contributions etc	(2,076,082)	(736,200)	(736,200)	(736,200)	(736,200)	(5,020,882)
Useable Capital Receipts	(51,700)	0	0	(10,000)	0	(61,700)
Reserves	(6,066,434)	(204,300)	(629,000)	(1,014,900)	(402,700)	(8,317,334)
Section 106 Contributions	(255,400)	0	0	0	0	(255,400)
Borrowing	(143,000)	0	0	0	0	(143,000)
Total Funding	(8,592,616)	(940,500)	(1,365,200)	(1,761,100)	(1,138,900)	(13,798,316)

The Council has approved the following capital programme totalling £13.798m funding plans for the period 1 April 2025 to 31 March 2030.

For information regarding our plans for 2024/25, please refer to our Executive Business Plan and Medium Term Financial Plan 2024/25-2028/29 contained in the Budget Book which can be found on our website:

www.west-lindsey.gov.uk/my-council/contacts-facts-and-figures/council-spending/budget-book

The Financial Statements:

As required by the Code the financial statements which follow consist of the following:

Comprehensive Income and Expenditure Statement (CIES):

Consolidates the total gains and losses experienced during the year and the total income and expenditure. The surplus on the Provision of Services totalled £6.089m (surplus of £2.519m 2023/24).

Movement in Reserves Statement (MIRS):

Shows the movement in the year on the different reserves held by the Council, which are split between those that are available for the Council to spend (usable reserves) and those that have been created to reconcile the technical and statutory accounting (unusable reserves). The Council's usable reserves total £28.586m (£28.486m 2023/24).

Balance Sheet:

The Balance Sheet shows the Council's financial position at 31 March 2025. Showing assets and liabilities in the top part and below the Council's reserves (Net Worth) that match them. Our Net Assets are £50.924m (£42.434m Net Asset 2023/24), with the movement between years mainly affected by the following;

- **Valuation of Long Term property assets** - The Balance Sheet Non-Current Assets relates to property, plant and equipment and includes acquisitions and enhancements, changes in valuations, and disposals. These events have resulted in an overall carrying value of £69.632m, an increase of £6.731m from £62.901m in 2023/24. Further details are contained within Note 15 to the Statement of Accounts.
- **Liabilities** - A significant liability included within long term liabilities is the deficit on the pension fund. This amounts to £9.831m (£10.395m 2023/24) a decrease of £0.564m, this can be attributed to changes to actuarial financial assumptions. Further information on the pension's position is contained within Note 32 to the Statement of Accounts.

Reserves:

Not all reserves can be used to deliver services and this is reflected by reporting reserves in two groups – 'usable' and 'unusable' reserves. Unusable reserves are determined by technical accounting rules and are not available for use by the Council. These have increased by £8.390m to £22.338m (£13.948m 2023/24). Usable reserves have increased by £0.100m to £28.586m (£28.486m 2023/24).

The Council has adequate revenue balances to provide financial security and a safety mechanism for unforeseen events, with the General Fund Working Balance being 25.2% of Net Operating Expenditure for 2024/25, which compares to our strategy minimum of 10%. The need for adequate reserves becomes even more important in view of the financial challenges faced by Councils. Reserves mitigate risks the Council is facing in any one year and which will depend upon the robustness of the estimates within the budgets, the adequacy of budgetary control and external factors such as inflation and interest rates. Such risks may also include changes in Government policy, further funding reductions and market factors.

Capital Reserves:

Capital Receipts Reserve increases as a result of receipts from asset disposals and reduces as capital receipts are used to finance further capital investment. The reserve increased from £1.460m 2023/24 to £1.479m in 2024/25. In addition, Capital Grants Unapplied Reserve is £3.070m (£3.577m 2023/24) and relates to grant received for specific capital schemes

- **Cash Flow Statement** - The Cash Flow Statement represents the Council's movement in cash (and cash equivalents) during the year. It shows that there has been an increase in cash of £1.424m to £19.694m (£18.270m 2023/24) as cash is expended on capital investments.
- **Expenditure and Funding Analysis (EFA)** - The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's clusters.
- **Supplementary Financial Statements** - The Collection Fund represents the council taxes and business rates collected by West Lindsey District Council on behalf of those authorities responsible for services within the district, and Central Government, and the way in which these monies have been distributed among the authorities and Central Government to finance their expenditure.

1. Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this Council, that Officer is the Chief Finance Officer
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- Approve the Statement of Accounts.

2. Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the CODE).

In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable Accounting Policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the Local Authority Code of Practice
- Kept proper accounting records which were up to date
- Taken responsible steps for the prevention and detection of fraud and other irregularities

Certification of the Accounts

I certify that the Statement of Accounts for 2024/25 presents a true and fair view of the financial position of West Lindsey District Council at 31 March 2025 and its income and expenditure for the year ended 31 March 2025.

Peter Davy BA (Hons), FMAAT, FCPFA
Director of Finance and Assets (S151 Officer)
West Lindsey District Council

Date:
25/11/2025

Approval of the Accounts

In accordance with the Accounts and Audit (Amendment) Regulations 2024, I certify that the statement of Accounts was approved by the Governance and Audit Committee.

Councillor Stephen Bunney,
Chairman of Governance & Audit Committee
West Lindsey District Council

Date:
25/11/2025

Movement in Reserves Statement

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable' reserves, those created for statutory accounting purposes only. The Movement in Reserves statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/decrease line shows the statutory General Fund Balance movements in the year following those adjustments. The Council's usable reserves total £28.586m in 2024/25 (£28.486m in 2023/24). Further information can be found in **Note 7,10 and Note 11**. Unusable reserves total £22.071m deficit in 2024/25 (£13.948m deficit in 2023/24) as detailed in **Note 24**.

Movement in Reserves during 2024/25

	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Balance at 31 March 2024 carried forward	(23,449)	(1,460)	(3,577)	(28,486)	(13,948)	(42,434)
Total Comprehensive Income & Expenditure	(6,339)	0	0	(6,339)	(2,147)	(8,486)
Adjustment between accounting basis and funding basis under regulations (Note 10)	5,753	(19)	507	6,241	(6,241)	0
Net Adjustment	(2)	0	0	(2)	(2)	(4)
Net (Increase)/Decrease in 2023/24	(588)	(19)	507	(100)	(8,390)	(8,490)
Balance at 31 March 2025 carried forward	(24,037)	(1,479)	(3,070)	(28,586)	(22,338)	(50,924)

The General Fund balance of £24.037m includes earmarked reserves of £19.558m.

Movement in Reserves during 2023/24

Balance at 31 March 2023 carried forward	(24,022)	(1,117)	(3,018)	(28,157)	(15,685)	(43,842)
Total Comprehensive Income & Expenditure	(2,519)	0	0	(2,519)	3,927	1,408
Adjustment between accounting basis and funding basis under regulations (Note 10)	3,092	(343)	(559)	2,190	(2,190)	0
Net Adjustment	(0)	0	0	(0)	0	0
Net (Increase)/Decrease in 2022/23	573	(343)	(559)	(329)	1,737	1,408
Balance at 31 March 2024 carried forward	(23,449)	(1,460)	(3,577)	(28,486)	(13,948)	(42,434)

The accompanying notes form part of the financial statements.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown both in the Expenditure and Funding Analysis (EFA) (Note 7) and the Movement in Reserves Statement (MIRS). There is a surplus on the Provision of Services totalling £6.089m (surplus of £2.519m in 2023/24). Overall Comprehensive Income and Expenditure is £-8.219m (£1.408m 2023/24).

2023/24				2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
20,155	(18,179)	1,976	Our People	23,186	(21,291)	1,895
10,543	(5,012)	5,531	Our Place	17,914	(11,741)	6,173
10,001	(3,305)	6,696	Our Council	8,843	(3,263)	5,580
19	(3)	16	Covid Business Support Grants	5	(4)	1
40,718	(26,499)	14,219	Cost of Services	49,948	(36,299)	13,649
		4,192	Other Operating Expenditure (Note 12)			3,226
		(1,402)	Financing and Investment Income/Expenditure (Note 13)			(1,847)
		(19,528)	Taxation & Non Specific Grant Income/Expenditure (Note 14)			(21,367)
		(2,519)	(Surplus) or Deficit on Provision of Services			(6,339)
			Items that won't be reclassified to the (Surplus) or Deficit on the Provision of Services			
		1,532	(Surplus) or Deficit on Revaluation of Property, Plant & Equipment Assets (Note 24)			(2,627)
		2,395	Remeasurements of the net defined benefit liability/(asset) (Note 32)			480
		3,927	Items that may be reclassified to (Surplus) or Deficit on the Provision of Services			(2,147)
		0	(Surplus) or deficit on revaluation of available for sale financial assets (Note 24)			0
		3,927	Other Comprehensive Income and Expenditure			(2,147)
		1,408	Total Comprehensive Income and Expenditure			(8,486)

The accompanying notes form part of the financial statements.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31st March 2024 £'000		31st March 2025 £'000
36,354	Property, Plant & Equipment (Note 15)	43,235
22,922	Investment Properties (Note 16)	22,952
680	Intangible Assets (Note 17)	562
60	Heritage Assets	60
2,019	Long Term Investments (Note 18)	2,056
866	Long Term Debtors (Note 18)	767
62,901	Total Long Term Assets	69,632
45	Inventories	53
6,355	Short Term Debtors (Note 19)	7,007
18,270	Cash and Cash Equivalents (Note 20)	19,595
24,670	Total Current Assets	26,655
(10,000)	Short Term Borrowing (Note 18)	(10,000)
(5,862)	Short Term Creditors (Note 21)	(6,834)
(378)	Short Term Provisions (Note 22)	(568)
(830)	Grants Receipts in Advance - Revenue (Note 28)	(165)
(2,280)	Grants Receipts in Advance - Capital (Note 28)	(2,767)
(19,350)	Total Current Liabilities	(20,334)
(14,000)	Long Term Borrowing (Note 18)	(14,000)
(10,395)	Pensions Liability (Note 32)	(9,831)
(1,392)	Grants Receipts in Advance - Capital (Note 28)	(1,198)
(25,787)	Total Long Term Liabilities	(25,029)
42,434	Total Net Assets/Liabilities	50,924
(28,486)	Usable Reserves (Note 23)	(28,586)
(13,948)	Unusable Reserves (Note 24)	(22,338)
(42,434)	Total Reserves	(50,924)

The accompanying notes form part of the financial statements.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cashflows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the Council. The movement in overall cash is an increase of £1.424m (increase of £2.561m 2023/24).



31st March 2024 £'000		31st March 2025 £'000
2,519	Net Surplus or (Deficit) on the Provision of Services	6,339
1,127	Depreciation of Property, Plant and Equipment	1,315
(672)	Impairment and downward valuations	(2,318)
134	Amortisation of Intangible Assets	212
0	Increase/Decrease in Impairment provision for Bad Debts	0
(707)	Increase/(Decrease) in Creditors	(507)
(251)	Increase/(Decrease) in Debtors	(180)
11	Increase/(Decrease) in Inventories (Stock)	(8)
(789)	Movement in Pension Liability	(1,044)
1,491	Carrying amount for non-current assets and non-current Assets Held For Sale, sold or derecognised	4
183	Other non cash items charged to the net surplus or deficit on the Provision of Services	69
527	Adjustments to net surplus or deficit on the Provision of Services for non-cash movements	(2,457)
(5,109)	Adjust for items included in the net surplus or deficit on the Provision of Services that are investing/financing activities	(951)
(2,063)	Net Cash Flows from Operating Activities	2,931
(761)	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(2,440)
(10)	Purchase of short-term (not considered to be cash equivalents) and long-term Investments	(38)
(634)	Other payments for investing activities	(349)
665	Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	138
0	Proceeds from short-term (not considered to be cash equivalents) and long-term Investments	0
4,388	Other receipts from investing activities	1,595
3,648	Net Cash Flows from Investing Activities	(1,094)
5,000	Cash receipts of short and long term borrowing	20,000
(1,524)	Other payments from financing activities	(512)
(2,500)	Repayments of short and long term borrowing	(20,000)
976	Net Cash Flows from Financing Activities	(512)
2,561	Net increase or (decrease) in cash and cash equivalents	1,325
15,709	Cash and cash equivalents at the beginning of the reporting period	18,270
18,270	Cash and cash equivalents at the end of the reporting period (Note 20)	19,595

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (Amendment) Regulations 2024, which require them 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 2024/25 (The Code) and the Service Reporting Code of Practice 2024/25, supported by the International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

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

ii. 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 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 carried as inventories on the Balance Sheet.
- 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. Expenses incurred, which relate to employees, are not accrued for as they are considered to be relatively stable year on year and omitting them would not result in a material error.
- Interest receivable on investments and payable on borrowings is accounted for 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 income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount 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.

iii. Acquisitions

All operations acquired in year will be treated in line with the Council's accounting policies and if material disclosed separately on the face of the Comprehensive Income and Expenditure Statement.

iv. 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 3 months or less from the date of acquisition or as at the balance sheet date 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.

v. 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 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.

vi. Charges to Revenue for Non-Current Assets

Services and support services are debited with the following amounts to record the cost of holding fixed 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 fixed assets attributable to the service

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. 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.

vii. Council Tax and National Non-Domestic Rates (Business Rates)

Billing authorities act as agents, collecting council tax and non-domestic rates (NNDR) on behalf of the major preceptors (including government for NNDR) and, as principals, collecting council tax and NNDR for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and NNDR. 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 NNDR collected could be less or more than predicted.

The council tax and NNDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of council tax and NNDR 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 NNDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

viii. Employee Benefits

The Council accounts for employment and post-employment benefits when employees earn them and the Council is committed to providing them, even if the actual provision might be many years into the future. Employee benefits are accounted for in the following four categories:

a) Benefits Payable During Employment

Short-term employee benefits are those due to be settled payable within twelve months of the Balance Sheet date and include, wages, salaries, social security contributions, paid annual leave and paid sick leave, bonuses and non-monetary benefits, and similar payments 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 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 benefits are charged to revenue in the financial year in which the holiday absence occurs.

b) 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 and are charged on an accruals basis to the relevant service line (or in discontinued operations) in the Comprehensive Income and Expenditure Statement 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 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.

c) Post – Employment Benefits

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

d) The Local Government Pension Scheme

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

- Liabilities of the Lincolnshire 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 5.25% to 5.50% determined by reference to market yields at the end of the reporting period on high quality corporate bonds (iBoxx AA over 15 year index).

- The assets of the Lincolnshire Pension Fund attributable to the Council are included in the Balance Sheet at fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value

The assessment process takes the most recent triennial actuarial valuation and updates it to reflect current conditions.

The change in the net pension's 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 Costs – 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/asset, i.e. net interest expense for the Council – the change during the period in the net defined benefit liability/asset 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/asset at the beginning of the period taking into account any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments.

Re-measurement comprising:

Return on scheme assets – excluding amounts included in net interest on the net defined benefit liability/asset – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

Actuarial gains and losses - changes in net pension 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 Pension Reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Lincolnshire Pension Fund

Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund 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 appropriations to and from the Pension 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 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.

Further information can be found in the Lincolnshire Local Government Pension Fund Annual Report. Which is available at the following link;

<https://www.lincolnshire.gov.uk/local-democracy/finances-and-budget/>

Option: Lincolnshire Pension Fund.

or the following address;

**Treasury and Financial Strategy,
Lincolnshire County Council,
County Offices
Newland,
Lincoln, LN1 1YG**

ix. Events after the Reporting Period

Events after the balance sheet date are those events, favourable and unfavourable, that occur between the balance sheet date 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 Statement of Accounts is adjusted to reflect such events,
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is 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 Statement of Accounts.

x. 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 interest 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.

Financial liabilities are classified into two types:

- amortised cost – liabilities that are not held for trading, such as operational creditors and borrowings; and
- fair value through profit or loss – liabilities held for trading.

The Council currently only has liabilities carried at amortised cost relating to Finance Leases and borrowing, 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 lease or loan agreement.

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 cashflow 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 (ie 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 Council 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 financial instrument.

For most of the financial assets held by the Council, 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.

The Council has made no soft loans (loans at less than Market Rate) as at 31/03/2025.

Expected Credit Loss Model

The Council 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 Council.

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 a portfolio of loans to measure lifetime expected losses, this will be assessed on each individual instrument basis. This will take into account materiality, history of default, and impact sensitivity of amendments such as interest rate changes.

Financial Assets Measured at Fair Value through Profit of Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council 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 arrive in the Surplus or Deficit on the Provision of Services.

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets 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 Council 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.

Any gains and losses that arise on the de-recognition 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 (FVOCI)

The Council currently holds no financial instruments at fair value through Other Comprehensive Income.

xi. 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 acquired using 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 or 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 or Taxation and Non-Specific Grant Income (non-ring fenced 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 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.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the Council) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be utilised for infrastructure projects to support the development of the area. As a collecting and charging authority an element of the charge is credited to the Comprehensive Income and Expenditure Statement for administration costs, the income is shared with Parish Councils and Lincolnshire County Council to support agreed infrastructure schemes. Amounts will be held on the Balance Sheet until paid over to the relevant bodies.

xii. Heritage Assets – General

The Council holds Civic Regalia as a Heritage Asset

Heritage assets are recognised and measured (including the treatment of valuation gains and losses) in accordance with the Council's policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

The carrying amount 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 Accounting Policy xviv Property Plant and Equipment) in this summary of significant accounting policies.

xiii. 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, rights to use land) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. All such expenditure is accounted for on an accruals basis and capitalised as a non-current asset.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised). Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted 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.

xiv. Interests in Companies and Other Entities

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures 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, less any provision for losses. The judgement by the S151 Officer is that there is no material impact on the Statement of Accounts. Group Accounts are therefore not required for 2024/25.

xv. Inventories and long-term contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xvi. Investment Properties

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.

Rentals received in relation to investment properties are credited to the Financing and Investment Income 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.

xvii. 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. The activities undertaken by the Council in conjunction with other joint operators involve the use of the assets and the resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- its assets, including its share of any assets held jointly
- its liabilities, including its share of any liabilities incurred jointly
- its revenue from the sale of its share of the output arising from the joint operation
- its share of the revenue from the sale of the output by the joint operation
- its expenses, including its share of any expenses incurred jointly

xviii. Leases

The Council 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 both to 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 £5,000 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 (ie 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.

The written-off value of disposals is 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 therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

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.

xix. 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 accruals basis, provided that it is possible 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 (e.g. repairs and maintenance) is charged as an expense when it is incurred. Assets acquired above a de-minimis of £10,000 are capitalised.

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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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 Council). 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 Council.

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 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

- 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.

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 fair 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 CIES where they arise from the reversal of a loss previously charged to a service.

Asset Useful Economic Lives Assumed

Assets	Useful Life Range
Office/Leisure Centre	25 to 60 years
Crematorium	25 to 60 years
Depots & Stores	25 to 60 years
Shops	25 to 60 years
Public Conveniences	49 years
CCTV Systems/IT equipment/Wheeled Bins/Office Equipment/Led Lighting/Crematorium Equipment	1 to 25 years
Vehicles/Bin Lifters	1 to 7 years
Infrastructure Assets	16 to 28 years
Dwellings	54 years

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 in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line 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 commencing on the date the asset is commissioned and included in the Council's accounts. 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 with the exception of a number of leased shops, where the remaining term of the lease is used
- 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 PPE 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.

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, amortisation 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 (if any) are credited to the same line in the CIES 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 and credited to the Capital Receipts Reserve. The balance on the Capital Receipts Reserve can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

xx. Provisions, Contingent Liabilities and Contingent Assets

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. For instance, the Council may be involved in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the 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.

Contingent liabilities

A contingent liability arises when 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.

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 only 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.

xxi. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingences. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. 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 appropriated back into the General Fund Balance in the Movement in Reserves Statement 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.

xxii. 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 CIES 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.

xxiii Value Added Tax (VAT)

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

xxiv 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:

- a) In the principal market for the asset or liability, or
- b) 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 assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring fair value of a non-financial asset, the Council 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

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 Council 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

Notes to the Accounts (2): Accounting Standards that have been issued but have not been adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the code.

The following Accounting Standards and amendments have been issued but will not be adopted until the 2025/26 financial year.

a) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

b) IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible noninvestment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

Notes to the Accounts (3): Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Future Government Funding

There is a high degree of uncertainty about future levels of funding for local government. However, the Council has a robust Financial Strategy and a 5 year Financial Plan which illustrates that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision. The provisions in the Code on the going concern requirements reflect the economic and statutory environment in which local authorities operate. As the Council cannot be dissolved without statutory prescription, the accounts have been prepared on a going concern basis.

Leases

The Council has examined the leases and classified them as either operational or finance leases. In some cases the lease transaction is not always conclusive and the Council uses judgement in determining whether the lease is a financial lease arrangement that transfers substantially all the risks and rewards incidental to ownership. In reassessing the lease the Council has estimated the implied interest rate within the lease to calculate the interest and principal repayments.

Business Rates

The Council collects a net income of £19.544m (£17.255m 23/24) from Business Rates. The assumptions made about the outcome of appeals against the Valuation Office Listed Rateable Value, becomes a significant and critical judgement. Assessments are made based on previous experience of the 2005 and 2010 list and also any settled appeals against the 2017 list. The Council's share of any reduction is 40%.

Any impact on the overall position is mitigated by a safety net of 7.5% of our baseline funding which is approximately £3.007m. As the Council is in the Lincolnshire Business Rates Pool, the Pool will ensure that no partner will lose more than 7.5% of their baseline funding. However, due to a technical adjustment if the Council did enter the safety net it would only impact the general fund the year after this happens.

Notes to the Accounts (4): Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Items in the Council's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are:

Revenue Costs and Reserves

The Cost of Living Crisis during 2024/25 coupled with inflation have pushed up costs considerably, particularly in regards of fuel and energy prices. These increased revenue costs have been factored into the Council's medium term financial strategy where possible.

Business Rates

Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2024/25 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses may have been overcharged up to March 2025. The estimate has been calculated using the analysis of successful appeals to date against the 2010 and 2017 rating lists.

Property Plant and Equipment

Property assets are included on the basis of a full valuation and assessed useful lives undertaken on 31 March 2025. Where possible the valuer has avoided applying indices to calculate the 31 March valuation.

The assessment of useful lives is subject to revision and the valuation would therefore be expected to change accordingly. The carrying value of these long term assets at the end of the reporting period was £43.235m (£36.354m 2023/24).

The impact of a change in valuation or useful life as at 31 March 2025 would affect the carrying value of the asset in the balance sheet and the subsequent charge for depreciation or impairment in the CIES.

Pensions Liability

The estimation of the net liability to pay pensions depends on a number of judgements relating to the discounts used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting Actuaries is engaged by Lincolnshire County Council, the administering authority for the Local Government Pension Scheme, to provide expert advice about the assumptions to be applied. During 2024/25 the Council's Actuaries advised that the net pension liability had decreased by £0.564m to £9.831m.

A full valuation of the Pension Scheme was undertaken during 2022/23, as at 31st March 2022.

Arrears

At 31st March 2025 the Council had arrears of £3.453m (£4.689m 23/24) outstanding mainly in respect of sundry debtors, Business Rates and housing benefit overpayments debtors. A review of balances outstanding, recovery performance and future looking review has resulted in an impairment allowance of £1.595m (£1.876m 23/24) . However, if circumstances were to deteriorate then an additional loss allowance would be required and an assessment made if a lifetime credit allowance should be applied.

Fair Value

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However changes in the assumptions used could affect the fair value of the council's assets and liabilities.

With regard to fair value estimates of Surplus and Investment Properties, where Level 1 inputs are not available, the Council employs RICS qualified valuers (Wilks, Head & Eve) to identify the most appropriate valuation techniques to determine fair value. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers on a regular basis regarding all valuation matters. Information about the valuation techniques and inputs used in determining the fair value of the council's assets and liabilities is disclosed in **Note 15, 16 and 17**.

With regards assets valued at fair value, no assets are classed as level 1 in the Fair Value Hierarchy. The majority of these assets are Level 2 which utilises quoted market place prices with adjustments for location and condition. The Council has three assets valued at Level 3 of the Fair Value Hierarchy, an Aggregate Site and two oil wells. The significant unobservable inputs used in the fair value measurement include estimated cash flows from the assets and assumptions regarding rental values. Significant changes in any of the unobservable inputs or the level two assumptions would result in a significantly higher or lower fair value measurement for these assets.

Notes to the Accounts (5): Material Items of Income and Expenditure

For the purpose of this disclosure note the Council considers material items to be those greater than £850k. In 2024/25 the Council did not pay any agency related grants above this threshold.

The Statement of Accounts was authorised for issue by the Director of Finance and Assets (S151 Officer) on 30 June 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing as at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.



Notes to the Accounts (7): Expenditure and Funding Analysis

The objective of the expenditure and funding analysis is to demonstrate to council tax payers how the funding available to the Council (for example, government grants, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's service clusters. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24				2024/25		
Net Expenditure Chargeable to General Fund £'000	Adjustments (Note 7a) £'000	Net Expenditure in Income & Expenditure Statement £'000		Net Expenditure Chargeable to General Fund £'000	Adjustments (Note 7a) £'000	Net Expenditure in Income & Expenditure Statement £'000
1,964	12	1,976	Our People	1,708	187	1,895
4,890	641	5,531	Our Place	4,619	1,554	6,173
7,694	(998)	6,696	Our Council	7,393	(1,813)	5,580
16	0	16	Covid Business Support Grants	1	0	1
14,564	(345)	14,219	Net Cost of Services	13,721	(72)	13,649
(13,991)	(2,747)	(16,738)	Other Income/ Expenditure	(14,307)	(5,681)	(19,988)
573	(3,092)	(2,519)	(Surplus) or Deficit	(586)	(5,753)	(6,339)
(24,022)			Opening General Fund Balance	(23,449)		
(0)			Rounding Difference Brought Forward	(2)		
573			(Surplus) or Deficit in Year	(586)		
(23,449)			Closing General Fund Balance (31 March)	(24,037)		

This note provides a reconciliation of the main adjustments to Net Expenditure Chargeable to the General Fund Balance to arrive at the amounts in the Comprehensive Income and Expenditure Statement. The relevant transfers between reserves are explained in the Movement in Reserves Statement.

Adjustments between Funding and Accounting Basis

	2024/25			
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £'000	Net Change for Pensions' Adjustments £'000	Other Statutory Differences £'000	Total Adjustments £'000
Our People	274	(108)	21	187
Our Place	1,779	(230)	5	1,554
Our Council	(775)	(1,060)	22	(1,813)
Covid Business Support Grants	0	0	0	0
Net Cost of Services	1,278	(1,398)	48	(72)
Other Income & Expenditure	(2,473)	354	(3,562)	(5,681)
Difference*	(1,195)	(1,044)	(3,514)	(5,753)

	2023/24			
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £'000	Net Change for Pensions' Adjustments £'000	Other Statutory Differences £'000	Total Adjustments £'000
Our People	68	(63)	7	12
Our Place	820	(141)	(38)	641
Our Council	(52)	(940)	(6)	(998)
Covid Business Support Grants	0	0	0	0
Net Cost of Services	836	(1,144)	(37)	(345)
Other Income & Expenditure	(1,825)	354	(1,276)	(2,747)
Difference*	(989)	(790)	(1,313)	(3,092)

* Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services

Notes to the Expenditure and Funding Analysis:

1. Adjustments for Capital Purposes

The adjustments for capital purposes column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- **Other Operating Expenditure** - adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** - the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices..
- **Taxation and non-specific grant income and expenditure** - Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

2. Net change for the pensions' adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.
- **For Financing and investment income and expenditure** - the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement

3. Other Statutory Adjustments

Other statutory adjustments between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- **For Financing and investment income and expenditure** the other statutory adjustments column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grants income and expenditure** represents the difference between what is chargeable under statutory regulations for Council tax and NNDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Notes to the Accounts (8): Segmental Income

2023/24 Income from Services: £'000		2024/25 Income from Services: £'000
(824)	Our People	(706)
(2,129)	Our Place	(2,502)
(2,676)	Our Council	(2,968)
(5,629)	Total Income analysed on a segmental basis	(6,176)

Included within the Segmental Income note is the following material income for services provided in 2024/25.

- Our Place: £1.036m Development Control Application Fees (£0.771m in 2023/24)
- Our Council: £1.231m of income relating to Green Waste Service Charges (£1.091m in 2023/24)

Notes to the Accounts (9): Expenditure and Income Analysed by Nature

Expenditure and Income 2024/25:	Our People £'000	Our Place £'000	Our Council £'000	Covid Business Support Grants £'000	Corporate Amounts £'000	Total £'000
Employee benefits expenses	2,385	5,221	6,154	0	17	13,777
Other services expenses	16,278	3,169	3,463	5	(3,566)	19,349
Depreciation, amortisation, impairment	4,523	9,525	(775)	0	204	13,477
Interest payments	0	0	0	0	4,673	4,673
Precepts and levies	0	0	0	0	3,233	3,233
Disposal of assets	0	(1)	1	0	28	28
Total Expenditure	23,186	17,914	8,843	5	4,589	54,537
Fees, charges & other services	(706)	(2,502)	(2,968)	0	(1,987)	(8,163)
Interest & Investment income	0	0	0	0	(1,224)	(1,224)
Income from Council Tax and Non-Domestic Rates	0	0	0	0	(16,826)	(16,826)
Government Grants & contributions	(20,585)	(9,239)	(295)	(4)	(4,540)	(34,663)
Total Income	(21,291)	(11,741)	(3,263)	(4)	(24,577)	(60,876)
(Surplus) or Deficit on the Provision of Services	1,895	6,173	5,580	1	(19,988)	(6,339)

Expenditure and Income 2023/24:	Our People £'000	Our Place £'000	Our Council £'000	Covid Business Support Grants £'000	Corporate Amounts £'000	Total £'000
Employee benefits expenses	2,021	5,020	6,341	0	17	13,399
Other services expenses	16,127	2,777	3,712	19	(2,972)	19,663
Depreciation, amortisation, impairment	2,007	2,746	(52)	0	764	5,465
Interest payments	0	0	0	0	3,953	3,953
Precepts and levies	0	0	0	0	3,051	3,051
Disposal of assets	0	0	0	0	1,491	1,491
Total Expenditure	20,155	10,543	10,001	19	6,304	47,022
Fees, charges & other services	(824)	(2,129)	(2,676)	0	(2,346)	(7,975)
Interest & Investment income	0	0	0	0	(1,168)	(1,168)
Income from Council Tax and Non-Domestic Rates	0	0	0	0	(15,718)	(15,718)
Government Grants & contributions	(17,355)	(2,883)	(629)	(3)	(3,810)	(24,680)
Total Income	(18,179)	(5,012)	(3,305)	(3)	(23,042)	(49,541)
(Surplus) or Deficit on the Provision of Services	1,976	5,531	6,696	16	(16,738)	(2,519)

Notes to the Accounts (10): Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against.

- General Fund Balance**

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year.

- **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year-end.

- **Capital Grants Unapplied**

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	2024/25: Usable Reserves			
Adjustments between accounting basis & funding basis under regulations	General Fund Balance £'000	Capital Receipts Reserves £'000	Capital Grants Unapplied Account £'000	Movement in Unusable Reserves £'000
Pension Costs (transferred to (or from) the Pensions Reserve)	1,044	0	0	(1,044)
(Council Tax and NNDR (transfers to (or from) Collection Fund Adjustment Account)	163	0	0	(163)
Holiday pay transferred from the Accumulated Absences	(47)	0	0	47
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account	866	0	0	(866)
Amount by which finance costs/income in the CIES are different from finance costs/income for the year in accordance with statutory requirements	38	0	0	(38)
Total Adjustments to Revenue Resources	2,064	0	0	(2,064)
Transfer of non current asset sale proceeds from revenue to Capital Receipts Reserves	83	(83)	0	0
Repayment of Loan Principal	0	0	0	0
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	954	0	0	(954)
Voluntary provision for the repayment of debt (transfer from the capital Adjustment Account)	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	1,843	0	0	(1,843)
Total Adjustments between Revenue and Capital Resources	2,880	(83)	0	(2,797)

Use of Capital Receipts Reserves to finance capital expenditure	0	119	0	(119)
Capital grants and contributions unapplied credited to the CIES	809	0	(809)	0
Reversal of previous year grant applied to Capital Financing	0	(55)	0	55
Use of Capital Receipts Reserves to finance statutory provision on loans funded by borrowing	0	0	0	0
Application of capital grants to finance capital expenditure	0	0	1,316	(1,316)
Total Adjustments to Capital Resources	809	64	507	(1,380)
Total Adjustments	5,753	(19)	507	(6,241)

	2023/24: Usable Reserves			
Adjustments between accounting basis & funding basis under regulations	General Fund Balance £'000	Capital Receipts Reserves £'000	Capital Grants Unapplied Account £'000	Movement in Unusable Reserves £'000
Pension Costs (transferred to (or from) the Pensions Reserve)	789	0	0	(789)
Council Tax and NNDR (transfers to Collection Fund Adjustment Account)	782	0	0	(782)
Holiday pay transferred to the Accumulated Absences	38	0	0	(38)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,024)	0	0	2,024
Amount by which finance costs/income in the CIES are different from finance costs/income for the year in accordance with statutory requirements	(76)	0	0	76
Total Adjustments to Revenue Resources	(491)	0	0	491
Transfer of non current asset sale proceeds from revenue to Capital Receipts Reserves	612	(612)	0	0
Repayment of Loan Principal	0	(402)	0	402
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	1,278	0	0	(1,278)
Voluntary provision for the repayment of debt (transfer to the capital Adjustment Account)	0	0	0	0

Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	776	0	0	(776)
Total Adjustments between Revenue and Capital Resources	2,666	(1,014)	0	(1,652)
Use of Capital Receipts Reserves to finance capital expenditure	0	324	0	(324)
Capital grants and contributions unapplied credited to the CIES	917	0	(917)	0
Reversal of previous year grant applied to Capital Financing	0	(53)	0	53
Use of Capital Receipts Reserves to finance statutory provision on loans funded by borrowing	0	400	0	(400)
Application of capital grants to finance capital expenditure	0	0	358	(358)
Total Adjustments to Capital Resources	917	671	(559)	(1,029)
Total Adjustments	3,092	(343)	(559)	(2,190)

Notes to the Accounts (11): Movement in Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure in 2024/25.

	Balance at 31 March 2023 £'000	Transfer Out 2023/24 £'000	Transfer In 2023/24 £'000	Balance at 31 March 2024 £'000	Transfer Out 2024/25 £'000	Transfer In 2024/25 £'000	Balance at 31 March 2025 £'000
Contingency/Risk Reserves	4,909	(1,151)	1,952	5,710	(119)	157	5,748
Service Investment/Renewals Reserves	4,180	(1,207)	1,491	4,464	(1,693)	1,507	4,278
Strategy Reserve	10,251	(966)	588	9,873	(1,487)	1,146	9,532
Total	19,340	(3,324)	4,031	20,047	(3,299)	2,810	19,558

Contingency/Risk Reserves - To support areas of volatility (Business Rate appeals, valuations of investment properties, insurance etc.)
Service Investment/Renewals Reserve - To support service development initiatives, including IT upgrades and replacement programmes.
Strategy Reserve - To finance projects within the Corporate Plan and Financial Strategy.

Notes to the Accounts (12): Other Operating Expenditure

2023/24 £'000		2024/25 £'000
2,577	Parish Council Precepts	2,701
474	Drainage Board Levies	532
1,141	(Gains)/Losses on the disposal of non-current assets	(7)
4,192	Total	3,226

Notes to the Accounts (13): Financing and Investment Income and Expenditure

2023/24 £'000		2024/25 £'000
560	Interest payable and similar charges	766
23	Impairment losses (including reversals of impairment losses or impairment gains on financial instruments	(57)
355	Net interest on the net defined benefit liability/ (asset)	355
(1,210)	Interest receivable and similar income	(1,250)
(1,130)	Income and Expenditure in relation to investment properties and changes in their fair value	(1,661)
(1,402)	Total	(1,847)

Notes to the Accounts (14): Taxation and Non-Specific Grant Income and Expenditure

2023/24 £'000		2024/25 £'000
(10,201)	Council Tax Income	(10,712)
(5,517)	Non-Domestic Rates Income and Expenditure	(6,114)
(1,903)	Non ring-fenced Government Grants	(2,060)
(1,908)	Capital Grants and Contributions	(2,481)
(19,528)	Total	(21,367)

Notes to the Accounts (15): Property Plant and Equipment

Movements in 2024/25	Other Land/ Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Infra-structure Assets £'000	Com-munity Assets £'000	Surplus Assets £'000	Assets Under Construc-tion £'000	Total PPE £'000
Cost or Valuation at April 2024	30,557	5,433	1,292	105	1,417	565	39,369
Additions	459	1,712	9	0	0	1,077	3,257
Revaluation increase/ (decrease) recognised in the Revaluation Reserve	1,852	0	0	0	(40)	0	1,812
Revaluation increase/ (decrease) recognised in (Surplus)/Deficit on Provision of Services	2,223	0	0	0	95	0	2,318
Derecognition (Disposals)	0	(581)	0	0	0	0	(581)
Derecognition (other)	0	0	0	0	0	0	0
Other movements in cost or valuation	254	0		0	0	0	254
At 31 March 2025	35,345	6,564	1,301	105	1,472	1,642	46,429
Accumulated Depreciation & Impairment at April 2024	0	(2,811)	(204)	0	0	0	(3,015)
Depreciation charge	(555)	(698)	(58)	0	(4)	0	(1,315)
Depreciation written out to the Revaluation Reserve	555	0	0	0	4	0	559
Depreciation written out to the (Surplus)/ Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition (Disposals)	0	577	0	0	0	0	577
Derecognition (other)	0	0	0	0	0	0	0
Other Movements in Costs or valuation	0	0	0	0	0	0	0
At 31 March 2025	0	(2,932)	(262)	0	0	0	(3,194)
Net Book Value							
At 31 March 2025	35,345	3,632	1,039	105	1,472	1,642	43,235
At 31 March 2024	30,557	2,622	1,088	105	1,417	565	36,354

Movements in 2023/24	Other Land/ Buildings £'000	Vehicles, Plant, Furniture & Equip- ment £'000	Infra- structure Assets £'000	Com- munity Assets £'000	Surplus Assets £'000	Assets Under Construc- tion £'000	Total PPE £'000
Cost or Valuation at April 2023	31,540	5,921	871	105	3,195	1,278	42,910
Additions	798	87	396	0	0	236	1,517
Revaluation increase/ (decrease) recognised in the Revaluation Reserve	(683)	0	0	0	(1,313)	0	(1,996)
Revaluation increase/ (decrease) recognised in (Surplus)/Deficit on Provision of Services	844	0	0	0	(172)	0	672
Derecognition (Disposals)	(1,484)	(561)	0	0	0	0	(2,045)
Derecognition (other)	0	(15)	0	0	0	0	(15)
Other movements in cost or valuation	(458)	1	25	0	(293)	(949)	(1,674)
At 31 March 2024	30,557	5,433	1,292	105	1,417	565	39,369
Accumulated Depreciation & Impairment at April 2022	0	(2,760)	(157)	0	0	0	(2,917)
Depreciation charge	(460)	(616)	(47)	0	(4)	0	(1,127)
Depreciation written out to the Revaluation Reserve	460	0	0	0	4	0	464
Depreciation written out to the (Surplus)/ Deficit on the Provision of Services	0	0	0	0	0	0	0
Derecognition (Disposals)	0	554	0	0	0	0	554
Derecognition (other)	0	15	0	0	0	0	15
Other Movements in Costs or valuation	0	(4)	0	0	0	0	(4)
At 31 March 2024	0	(2,811)	(204)	0	0	0	(3,015)
Net Book Value							
At 31 March 2024	30,557	2,622	1,088	105	1,417	565	36,354
At 31 March 2023	31,540	3,161	714	105	3,195	1,278	39,993

The authority has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Depreciation:

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Other Land and Buildings: 25-60 years
- Vehicles, Plant, Furniture and Equipment: 1-25 years
- Infrastructure: 8-30 years
- Surplus: 49-52 years

Capital Commitments:

'At 31 March 2025, the Council has no ongoing contracts for the construction or enhancement of property, plant and equipment. The commitments at 31 March 2025 were £1.830m. Similar commitments at 31 March 2024 were £1.623m. These relate to Levelling Up Fund, Food Waste Collection, Vehicle Replacement and Disabled Facilities Grants.

Effects of Changes in Estimates:

There have been no major changes in relation to estimated asset life, residual asset values, depreciation method or disposal costs in 2024/25 that would have a material effect.

Revaluations:

The Council carries out a full revaluation of its property portfolio periodically. The last full revaluation was carried out on 31 March 2025. In the intervening years a valuation review is carried out. Valuations were carried out as at 31 March 2025 by appointed valuers, Wilks, Head and Eve LLP in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS). Valuations of vehicles, plant, furniture and equipment are based on depreciated replacement cost with an annual impairment review.

	Other Land & Buildings £'000	Vehicles, Plant & Equipment £'000	Surplus Assets £'000	Other PPE Assets £'000	Total £'000
Carried at Historical Cost	0	3,632	0	2,786	6,418
Valued at Current Value *	35,345	0	0	0	35,345
Valued at Fair Value *	0	0	1,472	0	1,472
Total Cost or Valuation	35,345	3,632	1,472	2,786	43,235

* as of 31 March 2025

The significant assumptions applied in estimating the current values are:

- no allowance has been made for liability of taxation upon disposal;
- the instant build approach has been used for Depreciated Replacement Cost valuations;
- valuations have been provided at gross cost and do not include an allowance for purchasers cost;
- that good title can be shown and all valid planning permissions and statutory approvals are in place;
- that the property is connected and has a right to use mains services and that sewers, main services and roads giving access to it have been adopted;
- that an inspection of those parts not inspected would not reveal defects that would affect the valuation;
- that the testing of electrical or other services would not reveal defects that would cause the valuation to alter;
- that there are no deleterious or hazardous materials or existing or potential environmental factors that would affect the valuation.

Assets Valued at Fair Value:

With regard to assets valued at fair value, no assets within the portfolio are classed at Level 1 in the fair value hierarchy i.e. unadjusted prices in active markets for identical assets. For the remaining assets the majority are surplus assets classed at Level 2 i.e. quoted prices that are observable for the asset with

2023/24: £'000	Level 2 Significant Observable Inputs	2024/25: £'000
1,417	Surplus Assets	1,472
1,417	Fair Value as at 31 March	1,472

adjustments being made based on perhaps location and condition..

The valuations have been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions for these asset types are such that the level of observable inputs is significant leading to the properties being categorised at Level 2 in the fair value hierarchy. Level 3 inputs comprise unobservable inputs for an asset used to measure fair value in circumstances where market data is not available as there is little, if any, market activity for the asset at the measurement date.

There are no assets that are assessed at Level 3 i.e. where unobservable inputs have been used to measure fair value.

Details of 'Right Of Use Assets' (ROUA) can be found at Note 31 - Leases



2023/24: £'000	Movement in Fair Value of Investment Properties	2024/25: £'000
22,405	Balance at the start of the year	22,922
937	Other Movements	0
0	Subsequent Expenditure	0
(420)	Net gain/(loss) from fair value adjustments	30
22,922	Fair Value as at 31 March	22,952

Gains or losses arising from changes in the fair value of the investment property are recognised in the Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line. The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2023/24: £'000	Income and Expenditure	2024/25: £'000
(1,586)	Rental Income from Investment Property	(1,656)
36	Direct operating expenses arising from Investment Property	25
(1,550)	Net (Gain)/Loss	(1,631)

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

Fair Value Hierarchy:

The fair value of the Council's investment property is measured annually at each reporting date. All valuations are carried out by the Council's external valuers Wilks, Head & Eve in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the chief financial officer on a regular basis regarding all valuation matters.

As at 31 March 2025, the Council holds nine properties classed as investment properties. All nine properties are categorised within Level 2 of the fair value hierarchy i.e. based on observable inputs for the asset. There have been no transfers from or to any of the other hierarchy groups during the year. Accounting policy xvi includes details of how assets based on fair value are valued. For assets within Level 2 observable inputs for the asset either directly or indirectly are used.

Details of the Councils investment properties and information about the fair value hierarchy as at 31 March are as follows:

2023/24: £'000	Level 2 Significant Observable Inputs	2024/25: £'000
2,112	Retail (4 Properties)	1,880
2,575	Hotel	2,773
2,524	Leisure	2,524
9,780	Manufacturing (2 properties)	9,843
5,931	Commercial Unit	5,932
22,922	Fair Value as at 31 March	22,952

Details of 'Right Of Use Assets' (ROUA) can be found at Note 31 - Leases

Notes to the Accounts (17): Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include purchased licenses. The Council has no internally generated software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful life assigned to the major software suites used by the Council is seven years. The carrying amount of intangible assets is amortised on a straight-line basis.

2023/24: £'000	Movement on Intangible Assets	2024/25: £'000
1,245	Gross carrying amounts	1,220
(500)	Accumulated amortisation	(540)
745	Net carrying amount at start of year	680
69	Purchases	32
(94)	Other disposals	0
(134)	Amortisation for the period	(150)
94	Other changes	0
680	Net carrying amount at end of year	562
1,220	Gross carrying amounts	1,252
(540)	Accumulated amortisation	(690)
680	Total	562

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets	Non-Current Investments £'000		Non-Current Debtors £'000		Current Investments £'000		Current Debtors £'000		Total £'000	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
Fair Value (Profit or Loss)	1,961	1,998	0	0	0	0	0	0	1,961	1,998
Amortised Cost	58	58	866	767	18,270	19,595	5,805	5,150	24,999	25,570
Total Financial Assets	2,019	2,056	866	767	18,270	19,595	5,805	5,150	26,960	27,568
Non-Financial Assets	22,922	22,952	0	0	0	0	550	1,857	23,472	24,809
Total	24,941	25,008	866	767	18,270	19,595	6,355	7,007	50,432	52,377

Financial Liabilities	Non-Current Borrowings £'000		Non-Current Creditors £'000		Current Borrowings £'000		Current Creditors £'000		Total £'000	
	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025
Amortised Cost	14,000	14,000	1,392	1,198	10,000	10,000	7,609	9,312	33,001	34,510
Total Financial Liabilities	14,000	14,000	1,392	1,198	10,000	10,000	7,609	9,312	33,001	34,510
Non-Financial Liabilities	0	0	0	1,198	0	0	1,363	454	1,363	454
Total	14,000	14,000	1,392	1,198	10,000	10,000	8,972	9,766	34,364	34,964

Material Soft Loans Made by the Council:

The Council has not made any soft loans, employee car loans, or reclassifications during the financial year.

Financial Instruments Designated at Fair Value through Profit or Loss:

The Council has invested £2m (£2m in 2023/24) in Pooled Investment Property Funds (CCLA Property Fund) which are measured at Fair Value on the Balance Sheet at £1.998m (£1.961m 2023/24) based on their quoted price in an active market for identical shares. Gains and Losses are reflected in the CIES in Financing Income and Expenditure and due to a statutory override (the Department for Levelling Up, Housing and Communities agreed a temporary statutory override commencing in 2019/20 to allow Local Authorities a period of 5 years to adjust their portfolio holdings) in year gains and losses are transferred via the MIRS to the Pooled Investment Adjustment Account. The cumulative losses held total £0.002m. As an investment fund, prices can go down as well as up.

Fair Value of Equity Instruments designated at Fair Value through Other Comprehensive Income:

The Council does not have any Equity Instruments designated at fair value through Other Comprehensive Income.

Income, Expense, Gains and Losses:

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2023/24			2024/25	
Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000		Surplus or Deficit on the Provision of Services £'000	Other Comprehensive Income and Expenditure £'000
76	0	Financial assets measured at fair value through the profit or loss	(38)	0
(2)	0	Financial assets measured at amortised cost	(52)	0
74	0	Total Net (Gains)/Losses	(90)	0
(124)	0	Financial assets measured at fair value through the profit or loss	(113)	0
(1,163)	0	Financial assets measured at amortised cost	(1,100)	0
(1,287)	0	Total Interest Revenue	(1,213)	0
594	0	Financial Liabilities measured at amortised cost	761	0
594	0	Total Interest	761	0
23	0	Financial assets measured at fair value through the profit or loss	15	0
5	0	Financial liabilities measured at amortised cost	4	0
28	0	Total Fee Expense	19	0

Fair Values of Financial Assets:

Some of the Councils financial assets are measured at fair value on a recurring basis and are described in the following table, including valuation technique use to measure them.

Recurring Fair Value Measurements	Input Level in Fair Value Hierarchy	Valuation Technique used to measure Fair Value	As at 31 March 2024 £'000	As at 31 March 2025 £'000
Fair Value through Profit or Loss - CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	1,961	1,998
Total			1,961	1,998

Transfers between Levels of the Fair Value Hierarchy:

There has been no transfers between input levels during the year.

Changes in Valuation Technique:

There has been no change in the valuation technique used during the year for financial instruments.

The Fair Values of Financial Assets and Liabilities that are not measured at Fair Value (but for which Fair Value Disclosures are Required):

Except for the financial assets carried at fair value (described in the above table), all other financial liabilities and financial assets held by the Council are carried in the Balance Sheet at amortised cost and have been assessed as Level 2. The fair values are calculated as follows:

2023/24			2024/25	
Carrying Amount £'000	Fair Value £'000		Carrying Amount £'000	Fair Value £'000
724	674	Loans and Receivables (Long Term Debtors)	703	703
0	0	Finance Lease Liabilities	0	0
(10,161)	(10,161)	Non PWLB Borrowing	(10,091)	(10,000)
(14,063)	(10,324)	PWLB Borrowing	(14,062)	(9,424)

Fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

For loans receivable and leases - agreed at market rates. Fair Value is therefore calculated on the net present value of future cash flows over their remaining term and assuming no early repayment or impairment is recognised.

For loans borrowed from the PWLB fair value is calculated under PWLB debt redemption procedures by applying the premature repayment calculation. The PWLB would raise a penalty charge for early redemption (a premium) for additional interest that will not now be paid which would result in an exit price being £9.424m.

The authority has a continuing ability to borrow at concessionary rates (0.2 base points below standard rate) from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £14.000m would be valued at £8.379m.

Debtors and creditors and receipts in advance are carried at cost (invoiced or billed amount) as this is a fair approximation of their value.

Notes to the Accounts (19): Debtors

2023/24: £'000		2024/25: £'000
763	Central Government Bodies	1,463
577	Other Local Authorities	1,242
1,681	Other Entities and Individuals	1,570
1,754	Trade Receivables	1,107
(967)	Less: Provision for Expected Credit Loss	(866)
3,808	Total	4,516

The Provision for Expected Credit Loss is made up as follows:

2023/24: £'000		2024/25: £'000
(615)	Other Entities and Individuals	(729)
(352)	Trade Receivables	(137)
(967)	Total	(866)

Debtors for Local Taxation (Council Tax/Business Rates) of £2.491m (£2.547m 2023/24) have been excluded from the table above.

Details of Related Parties can be found at Note 29.

Notes to the Accounts (20): Cash and Cash Equivalents

Cash comprises of cash in hand and bank deposits and may include bank overdrafts.

Balances classified as Cash Equivalents fit the definition of short term, highly liquid investments that are readily convertible to know amounts of cash and which are subject to insignificant risk of change in value.

The net balance of Cash and Cash Equivalents is made up of the following elements at the Balance Sheet date:

2023/24: £'000		2024/25: £'000
5	Cash held by the Council	8
554	Bank Current Accounts	309
17,711	Short-term Deposits	19,278
18,270	Total	19,595

Notes to the Accounts (21): Creditors

2023/24: £'000		2024/25: £'000
1,191	Central Government Bodies	1,900
190	Other Local Authorities	375
1,821	Other Entities and Individuals	1,812
1,297	Trade	2,293
4,499	Total	6,380

Creditors for Local Taxation (Council Tax/Business Rates) of £0.454m (£1.363m 2023/24) are excluded from the table above.

Details of Related Parties can be found at Note 29.

Notes to the Accounts (22): Provisions

	Injury/Damage Compensation Claims £'000	Business Rates £'000	Other Provisions £'000	Total £'000
Balance at 1 April 2024	(9)	(198)	(172)	(379)
Additional provisions made in year	(13)	(376)	(60)	(449)
Unused amounts reversed in year	0	0	0	0
Amounts used in year	0	260	0	260
Balance at 31 March 2025	(22)	(314)	(232)	(568)

Long Term Provisions:

There are no long term provisions.

Short Term Provisions:

Cost of employee's accrued leave £0.219m and Business Rates appeals £0.314m. These provisions should be settled within the next financial year.

Notes to the Accounts (23): Usable Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and also in **Note 10 & 11**.

2023/24: £'000	Summary	2024/25: £'000
(9,374)	Revaluation Reserve	(11,840)
(14,351)	Capital Adjustment Account	(19,611)
(210)	Deferred Capital Receipts Reserve	(154)
42	Pooled Investment Funds (statutory override)	2
10,395	Pensions Reserve	9,831
(622)	Collection Fund Adjustment Account	(785)
172	Accumulated Absences Account	219
(13,948)	Total Unusable Reserves	(22,338)

Revaluation Reserve:

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2023/24: £'000	Revaluation Reserve	2024/25: £'000
(11,030)	Balance at 1 April	(9,375)
(94)	Upward revaluations of assets	(2,890)
1,626	Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on the Provision of Services	263
1,532	(Surplus) or Deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	(2,627)
108	Difference between fair value depreciation and historical cost depreciation	162
15	Accumulated gains on assets sold or scrapped	0
123	Amount written off to the Capital Adjustment Account	162
(9,375)	Balance at 31 March	(11,840)

Capital Adjustment Account:

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and subsequent costs.

The account also contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the authority.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 10 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

2023/24: £'000	Capital Adjustment Account	2024/25: £'000
(13,518)	Balance at 1 April	(14,351)
Reversal of items relating to capital expenditure debited or credited to the CIES		
1,127	Charges for depreciation and impairment of non-current assets	1,315
(673)	Revaluation losses on Property, Plant and Equipment	(2,317)
134	Amortisation of intangible assets	150
4,114	Revenue expenditure funded from capital under statute	14,127
(7)	Credit loss on Loans funded by Capital	5
1,491	Amounts of non-current assets written off on disposal or sale as part of the (gain)/loss on disposal to the CIES	4
6,185		13,284
(123)	Adjusting amounts written out of the Revaluation Reserve	(162)
6,062	Net written out amount of the cost of non-current assets consumed in the year	13,122
Capital Financing Applied in the year		
(324)	Use of Capital Receipts Reserve to finance new capital expenditure	(119)
(4,580)	Capital grants and contributions credited to the CIES that have been applied to capital Financing	(13,958)
(358)	Applications of grants to capital financing from the Capital Grant Unapplied Account	(1,316)

(1,278)	Statutory provision for the financing of capital investment charged against the General Fund balance	(954)
0	Voluntary provision for the financing of capital investment charged against the General Fund Balance	0
(400)	Statutory provision charged against Capital Receipts Reserve for the repayment of loans funded by borrowing	0
402	Loan Principal Repaid	0
(776)	Capital expenditure charged against the General Fund balance	(2,005)
(7,314)		(18,352)
420	Movement in market value of investment properties debited or credited to the Comprehensive Income & Expenditure Statement	(30)
(14,351)	Balance at 31 March	(19,611)

Deferred Capital Receipts Reserve:

The Council has awarded a leisure centre management contract which contains an embedded lease. The Deferred Capital Receipts Reserve offsets the outstanding debt included in long and short term debtors for the interest in the equipment acquired by the lessee. The balance is reduced each year, when payments are received, and recognised as a capital receipt.

2023/24: £'000	Deferred Capital Receipts Reserve	2024/25: £'000
(263)	Balance at 1 April	(210)
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
53	Transfer to the capital receipts reserve upon receipt of cash	56
(210)	Balance at 31 March	(154)

Pooled Investment Funds Adjustment Account:

The Pooled Investment Funds Adjustment Account holds the Fair Value adjustments of Investments re-classified as Fair Value through the Profit and Loss (IFRS 9). There is a 5 year statutory override in place to prevent the fair value movement having an adverse effect on the CIES and General Fund. This unusable reserve will hold the fair value gains and losses until the investment is no longer held or the statutory override ends. .

2023/24: £'000	Pooled Investment Funds Adjustment Account	2024/25: £'000
(37)	Balance at 1 April	42
79	Fair Value Adjustment	(40)
42	Balance at 31 March	2

Pensions Reserve:

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

The Council accounts for post employment-benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory accounting requirements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2023/24: £'000	Pension Reserve	2024/25: £'000
8,793	Balance at 1 April	10,395
2,395	Remeasurement of the net defined benefit liability/(asset)	480
2,031	Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of services in the CIES	2,031
(2,824)	Employee pensions contributions and direct payments to pensioners payable in year	(3,075)
10,395	Balance at 31 March	9,831

Collection Fund Adjustment Account:

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers and Non Domestic Rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2023/24: £'000	Collection Fund Adjustment Account	2024/25: £'000
160	Balance at 1 April	(622)
(782)	Amount by which Council Tax and Non-Domestic rating income credited to the CIES is different from Council Tax and Non-Domestic rating income calculated for the year in accordance with statutory requirements	(163)
(622)	Balance at 31 March	(785)

Accumulated Absences Account:

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2023/24: £'000	Accumulated Absences Account	2024/25: £'000
210	Balance at 1 April	172
(210)	Settlement or cancellation of accrual made at the end of the preceding year	(172)
172	Amounts accrued at the end of the current year	219
(38)	Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	47
172	Balance at 31 March	219

Notes to the Accounts (25): Members' Allowances

The following amounts were paid to Members of the Council during the year.

2023/24: £'000	Members' Allowance	2024/25: £'000
232	Basic Allowance	243
66	Special Responsibility Allowances	65
16	Expenses	14
314	Total Expenditure	322

Notes to the Accounts (26): Officers' Remuneration

The remuneration paid to the Council's senior employees is as follows:

Post Title	Salary including fees/allowances (£)		Compensation for loss of office (£)		Pensions Contribution (£)		Total (£)	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/25	2024/25
Chief Executive	136,919	141,353	0	0	32,176	33,686	169,095	175,039
Director Operational & Commercial Services (left October 2024)	85,597	52,610	0	0	20,115	12,352	105,712	64,962
Director Planning & regeneration	85,597	91,511	0	0	20,115	21,251	105,712	112,762
Assistant Director Homes & Communities (left June 2023)	8,350	0	0	0	1,962	0	10,312	0
Director Change Management & Regulatory Services	85,597	90,429	0	0	20,115	21,251	105,712	111,680
Director of Corporate Services (s151) (left February 2025)	94,652	86,852	0	0	22,243	20,307	116,895	107,159
Interim Director Finance and Assets (s151) (started Feb 2025)	0	12,612	0	0	0	3,033	0	15,645
Assistant Director People & Democratic Services (started November 2023)	29,116	76,651	-	-	6,842	17,971	35,958	94,622

There were no taxable expenses allowances, other payments or bonus payments made to senior members of staff in 2023/24 or 2024/25.

The number of Council's employees (including senior officers disclosed in the table above) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions but including redundancy payments for loss of office) were paid the following amounts:

Employees 2023/24	Remuneration Band	Employees 2024/25
5	£50,000 to £54,999	13
2	£55,000 to £59,999	1
2	£60,000 to £64,999	3
0	£65,000 to £69,999	0
0	£70,000 to £74,999	0
0	£75,000 to £79,999	1
0	£80,000 to £84,999	0
3	£85,000 to £89,999	1
1	£90,000 to £94,999	2
0	£95,000 to £99,999	0
0	£100,000 to £104,999	0
0	£105,000 to £109,999	0
0	£110,000 to £114,999	0
0	£115,000 to £119,999	0
0	£120,000 to £124,999	0
0	£125,000 to £129,999	0
1	£130,000 to £134,999	0
0	£135,000 to £139,999	0
0	£140,000 to £145,999	1
14	Total	22

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies for the Council in 2024/25 are set out in the table below:

Exit Package Cost band (including special payments)	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total number of Exit Packages by Cost Band		Total cost of Exit Packages in each band (£)	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£0- £20,000	0	4	5	1	5	5	23,803	16,721
£20,001 -£40,00	0	1	0	0	0	0	0	0
£40,001 -£60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £120,000	0	0	0	1	0	1	0	111,157
Total	0	5	5	2	5	6	23,803	127,878

There are 6 exits packages made during 2024/25 (5 in 2023/24). The £111,157 detailed above was recognised as expenditure in the CIES but was recovered from the Local Authority agreeing the departure and therefore also recognised as income in the CIES.

There are 7 exits packages made during 2024/25 (5 in 2023/24). The £92,222 detailed above was recognised as expenditure in the CIES but was recovered from the Local Authority agreeing the departure and therefore also recognised as income in the CIES.

Notes to the Accounts (27): External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and for non-audit services provided by the Council's external auditors. The appointed auditors were KPMG LLP for 2023/24 and 2024/25.

2023/24 £'000	External Audit Costs	2024/25 £'000
174	Fees payable to the External Audit with regard to external audit services carried out by the appointed auditor for the year *	164
43	Fees payable to the External Audit for the certification of grant claims and returns for the year.	31
217	Total	195

* This includes £17.8k of fee variations for the 2023/24 external audit (£9.5k ISA-315r and £8.3k audit overruns)

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

2023/24 £'000	Credited to Taxation and non Specific Grant Income:	2024/25 £'000
5,251	Business Rates Retention Scheme	5,804
561	Non-Ring Fenced Grants - New Homes Bonus	845
1,342	Non-Ring Fenced Grants - Other Grant and Contributions	1,215
3	Covid-19 Related Grants	4
54	Capital Grants & Contributions - Townscape Heritage (THI)	0
47	Capital Grants & Contributions - S106 Burton Waters, Beal Homes	0
0	Capital Grants and Contributions - Food Waste Grant Scheme	594
28	Capital Grants and Contributions – UK Shared Prosperity Fund	66
12	Capital Grants & Contributions - PCC Safer Streets Fund	0
490	Capital Grants & Contributions - Thonock & Somerby Repayment	0
850	Capital Grants & Contributions - Levelling Up Fund	1,050
427	Capital Grants & Contributions - Other	771
9,065	Total Non-Specific Grant Income	10,349
	Credited to Services, Revenue Related	
13,499	Dept of Work & Pensions - Housing Benefit Allowance	13,269
216	Dept of Work & Pensions - Housing Benefits Administration Grants	213
894	Disabled Facilities Grants	1,008
0	Levelling Up Fund	5,949
50	Government Covid 19 Grants	0
0	Home Upgrade Grant	3,204
0	UK Shared Prosperity Fund/REPF	2,190
0	Townscape Heritage THI	608
725	Lincolnshire County Council - Household Support Fund	442
5,482	Other Grants & Contributions	3,235
20,866	Total Credited to Service	30,118

Liabilities:

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that require the monies or property to be returned to the giver. The balances are included as liabilities on the Balance Sheet and at year end are as follows.

2023/24: £'000	Capital Grants Receipts in advance	2024/25: £'000
728	S106 Agreements	392
70	Lincolnshire County Council - GLLEP LOTS & Cinema	70
1,490	Levelling Up Fund - Thriving Gainsborough	0
60	UK Shared Prosperity Fund	5
0	Food Waste Collection	429
0	Local Authority Housing Fund	549
597	HIF Southern SUE Funding	737
715	Notts City Council - Green Homes Grant (HUG)	1,771
12	Townscape Heritage Initiative	12
	Revenue Grants Receipts in advance	
298	Notts City Council - Green Homes Grant (HUG)	107
0	NKDC Acquia Subscription	1
29	PCC Safer Streets Fund	29
300	UK Shared Prosperity Fund	0
	Electrification of depots	25
2	Levelling Up Fund - Thriving Gainsborough	0
194	PCC Elections Funding	0
7	Business Support grant recovery	3
4,502	Total	4,130

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers of the accounts to assess the extent to which there exists the possibility that the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

All Members and senior officers have been required to complete a related party declaration identifying the organisations with which they (and/or their closest family members) have influence and/or control, and which may have a related party interest with the Council.

UK Central Government:

The UK Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax Bills and Housing Benefits). Grants received from Government Departments are set out in the analysis in **Note 28**.

Details of Business Rates (NNDR) income for 2024/25 along with debtors and creditors at 31st March 2025 are disclosed in the Collection Fund.

Councillors:

Councillors have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in **Note 25**.

During 2024/25, 14 current Councillors, and 4 spouses/family members (1 being of an Officer), along with a declared related party interest with regard to being either a director or partner or having an interest in a company or organisations. The Council paid levies and additional drainage costs of £0.527m to five Internal Drainage Boards where Councillors represented the Council, specifically; Witham 3rd IDB (3 councillors, £0.298m), Upper Witham IDB (1 councillor, £0.072m), Scunthorpe and Gainsborough (2 councillors, £0.071m), Trent Valley (1 councillor, £0.063m) and Ancholme (1 councillor, £0.023m). In addition, the Council paid no grants to voluntary organisations in which current councillors have a position on the governing body. The relevant councillors did not take part in any discussion or decision relating to the grants. The Register of Members' Interest is available to be viewed on the Council's website. The Council acted as an agent for Central Government issuing Covid-19 Grants, £nil was paid to organisations where Councillors had declared a related party interest.

Senior Officers:

All senior officers of the Council and the closest members of their families have the potential to significantly influence the policies of the Council although this is limited by the Council's scheme of delegation. An employee of The Council is the Secretary of WLDC Staffing Services Ltd, Surestaff Limited and WLDC Trading Limited. The Director of Planning, Regeneration & Communities is a Director to Market Street Renewal Ltd (100% owned by WLDC).

Other Public Bodies (Subject to Common Control by UK Central Government):

The Council has determined that material transactions have occurred with the following parties:

- Lincolnshire County Council - Pension Fund as disclosed in **Note 32**, preceptor as disclosed in the Collection Fund, A number of Members of the Council are also elected Members of Lincolnshire County Council.
- Lincolnshire Police & Crime Commissioner - preceptors as disclosed in the Collection Fund Note.

- Parish Councils - a number of Members of the Council have been elected as Parish or Town Councillors - Parish Precepts are disclosed in Note 12 (81 Parish and Town Council Precepts were made during 2024/25 totalling £2,700,678).

The Council has representation on the Central Lincolnshire Joint Strategic Planning Committee. Voting rights on the Committee are shared equally with the Council holding a 25% share. During 2024/25 the Council contributed £98,900 (£98,900 2023/24).

Elected Members also had an interest and represented the organisations below which the Council made the following payments to in 2024/25:-

- Lindsey Citizens Advice Bureau £60,200
- Environmental Agency (RTCC) £14,609
- The Conservation Volunteers (West Lindsey British Trust for Conservation Volunteers (BTCV) £45,000
- Scunthorpe and Gainsborough Water £70,638
- Association For Public Service Excellence (APSE) £10,603

Entities Controlled or Significantly Influenced by the Council:

In 2016/17 the Council acquired Surestaff (Lincs) Ltd and created a Teckal Company (WLDC Staffing Services Ltd that provides services solely to the Council) along with a holding company WLDC Trading Ltd all classed as subsidiaries in relation to the Council under group accounts, the Council being 100% shareholder of this group of companies. Surestaff (Lincs) Ltd and WLDC Staffing Services Ltd were established to provide temporary operational workers but not key management personnel to the Council. The director of the companies is Sally Grindrod-Smith, who is also the Director of Planning, Regeneration & Communities for the Council. The Company secretary is Peter Davy who is also the Director of Finance and Assets (S151 Officer) for the Council.

The Council had the following transactions with each of the companies:

2023/24: £	Surestaff Lincs Ltd	2024/25: £
14,588	Council Received	3,156
0	Council Paid Out	0
30,000	Loans Balance Brought Forward	10,000
0	Loans Issued in the financial year	0
(20,000)	Less Loans Repaid in the financial year	(5,000)
10,000	Loans Outstanding 31 March	5,000
	WLDC Staffing Services Ltd	
17,980	Council Received	0
818,835	Council Paid Out	813,653
7,000	Loans Balance Brought Forward	0
0	Loans Issued in the financial year	0
(7,000)	Less Loans Repaid in the financial year	0
0	Loans Outstanding 31 March	0

WLDC Trading Ltd was created as a holding company for the purpose of governance. West Lindsey District Council is the sole shareholder and WLDC Trading Ltd holds 1 share WLDC Staffing Services Ltd and 200 shares in Surestaff Lincs Ltd.

Group Accounts have not been produced for 2024/25 incorporating the financial position of Surestaff (Lincs) Ltd and WLDC Staffing Services Ltd.

In 2024/25, West Lindsey District Council became a 100% shareholder of Market Street Renewal Limited. Sally Grindrod-Smith, Director of Planning and Regeneration at West Lindsey District Council, is a Director. The company was primarily set up for the development and renovation of Market Street in Gainsborough.

2023/24: £	Market Street Renewal Limited (MSRL)	2024/25: £
0	Council Received	0
0	Council Paid Out	0
400	MSRL Share Capital	20,000
335,000	Loans Balance Brought Forward	670,500
335,500	Loans Issued in the financial year	0
0	Less Loans Repaid in the financial year	0
670.500	Loans Outstanding 31 March	670,500
0	Grants Issued	0

Group Accounts for this Joint Venture would be incorporated into the accounts using the equity method which means a proportionate share of the balance sheet for the company along with the profit and loss would be brought into the Council Accounts. The Council judged that the preparation of Group Accounts is not necessary under the Code of Practice and is of no material benefit to the users of the Statements of Accounts in understanding the Council position.



The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement on the CFR is analysed in the second part of this note.

2023/24: £'000		2024/25: £'000
39,436	Opening Capital Financing Requirement Capital Investment	37,023
538	Property, Plant and Equipment	2,180
236	Assets Under Construction	1,077
69	Intangible Assets	31
0	Investment Properties	0
0	Long Term Shares Investment	0
346	Long Term Loan	0
0	Adjustment for non-capital loans	0
4,114	Revenue Expenditure Funded from Capital Under Statute	14,126
	Sources of Finance	
(324)	Capital Receipts	(119)
(4,938)	Government Grants and Contributions	(15,274)
0	Reversal of previous year grant applied capital financing	0
	Sums set aside from revenue	
(776)	Direct revenue contributions	(2,005)
(1,678)	Minimum Revenue Provision	(954)
0	Voluntary Revenue Provision	0
37,023	Closing Capital Financing Requirements	36,085
	Explanation of Movements in Year	
(2,413)	Increase/(Decrease) in underlying need to borrow (unsupported by Government financial assistance)	(954)
0	Assets Acquired under Finance Leases	16
(2,413)	Increase/(Decrease) in Capital Financing Requirement	(938)

West Lindsey District Council as Lessee:

The authority's lease contracts comprise of operational land and buildings and equipment. Most are individually immaterial: however, material leases include:

The Council acquired eight shops, in 1989 on long term leases (125 years) with all rents payable at minimal/nominal amount.

The Council acquired an administrative building in 2013 on a long lease (83 years) with rent payable at minimal/nominal amount.

The Council acquired an Investment Property during 2017/18 for £2.49m on long term lease (219 years) with future lease payments at minimal/nominal amount. This property is sub-let under an operating lease for a period of 25 years (10.3 years remaining).

The Council acquired a further Investment Property in 2018/19 for £2.52m - the overflow car park element of the purchase acquired on long term lease (135 years) with future lease payments at minimal/nominal amount. This property is sub-let under an operating lease for a period of 35 years (13.7 years remaining).

The Council entered into a finance lease agreement for printers commencing in 2024 for 5 years.

Right-of-use assets

This table shows the change in the value of right-to-use assets held under leases by the authority:

	Land and buildings £'000	Other land and buildings £'000	Vehicles, plant and equipment £'000	Total £'000
Balance at 1 April 2024	2,696	444	0	3,140
Additions	0	0	15	15
Revaluations	198	298	0	486
Depreciation and amortisation	0	(10)	(2)	(2)
Disposals	0	0	0	0
Balance at 31 March 2025	2,894	732	13	3,639

Transactions under leases

The authority incurred the following expenses and cash flows in relation to leases:

2023/24 £'000		2024/25 £'000
	Comprehensive income and expenditure statement	
0	Interest expense on lease liabilities	0
10	Expenses relating to short-term leases	1
0	Expenses relating to exempt leases of low-value items	0
0	Variable lease payments not included in the measure of lease liabilities	0

(419)	Income from subletting right-of-use assets	(398)
0	Gains or losses arising from sale and leaseback transactions	0

	Cash flow statement	
10	Minimum lease payments	1

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

2023/24: £'000		2024/25: £'000
2	Not later than one year	3
0	Later than one year and not later than five years	10
4	Later than five years	4
6	Total	17

The lease liabilities detailed above are included as part of short term provisions on the Balance Sheet of £568k

West Lindsey District Council as Lessor:

The authority leases out property and equipment under operating leases for the following purposes:

- * for the provision of community services, such as sports facilities, tourism services and community centres
- * for economic development purposes to provide suitable affordable accommodation for local businesses.

The Council leased out three properties on finance leases in the 1980's with remaining terms in excess of 60 years. A premium was paid on commencement of the lease term, for each property with annual rents payable on a peppercorn basis. The total existing use value of the three properties at 31 March 2025 was £0m (£0m as at 31 March 2024). The properties are themselves held by the Council on long leases. Based on the materiality of the values, the peppercorn rents and the length of the lease terms the Council has not assessed any gross investment in the leases.

Within the leisure centre management contract for the sites at Market Rasen (commencement 2020) and Gainsborough (commencement 2018) there is an embedded finance lease of gym equipment. The lease term is 8 years for each site, representing the estimated useful economic life of the asset. The gross investment in the lease is made up of the minimum lease payments expected to be received over the remaining term. There is no residual value anticipated for the gym equipment when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the equipment acquired by the lessee and finance income that will be earned by the authority in future years while the debtor remains outstanding.

Transactions under leases

The authority incurred the following gains and losses as a lesser during the year:

2023/24 £'000		2024/25 £'000
0	Selling (gain) or loss	0
(9)	Finance income on the net investment in the lease	(7)
0	Income relating to variable lease payments not included in the measurement of the net investment in the lease	0

Operating leases

2023/24 £'000		2024/25 £'000
(2,146)	Total lease income	(2,183)
0	Share of lease income relating to variable lease payments that do not depend of an index or a rate	0

Net investment in finance leases

The authority experienced the following changes in the carrying amount of its net investment in finance leases during the year:

2023/24 £'000		2024/25 £'000
263	Net investment at 1 April	210
0	New leases entered into	0
(53)	Payments by lessees	(55)
0	Lease modifications	0
0	Impact of changes in unguaranteed residual values	0
0	Movements in impairments loss allowances	0
210	Net Investment at 31 March	154

Maturity analysis of lease receivables

The lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts):

	Finance leases		Operating leases	
	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
Less than one year	63	63	1,852	1,895
One to two years	63	63	1,765	1,801
Two to three years	63	20	1,667	1,555
Three to four years	20	20	1,439	1,360

Four to five years	20	0	1,279	1,324
More than five years	0	0	5,697	5,404
Total undiscounted receivables	229	166	13,699	13,339

The total undiscounted receivables for finance leases reconcile to the net investment in leases as follows:

2023/24 £'000		2024/25 £'000
229	Total undiscounted lease receivables	166
(19)	Unearned finance income	(12)
0	Discounted amount of unguaranteed residual values	0
210	Net Investment in Leases	154

The Local Government Pension Scheme (LGPS) is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008. It is contracted out of the State Second Pension.

The Pension Fund is administered by Lincolnshire County Council who contracted the day to day administration of the fund to West Yorkshire Pension Fund (WYPF). Lincolnshire County Council continue to undertake the investment of the pension fund assets.

The key risk to the Council is the future payments that need to be made to pensioners under the defined benefit scheme and making sure these are adequately funded. Therefore, a professional Actuary is engaged by the County Council to assess the likely asset returns and future liabilities of the Council's sub fund within the overall Lincolnshire Pension Fund. The current Actuary is Barnett Waddingham. The following notes are based on the assumptions and reports received from the Actuary as at 31 March 2024. A full revaluation exercise is undertaken every 3 years, and this exercise was undertaken as at 31 March 2022, the next triennial review being due 31 March 2025. The 2022 Valuation assessed that the Council has a 85.2% funded scheme.

The Council can also make discretionary enhancements in accordance with its agreed policies. The additional costs resulting from historically awarding such discretions are included in the tables below.

Participation in Pension Schemes:

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. The Council participates in two post-employment schemes:

- The Local Government Pension Scheme, administered locally by Lincolnshire County Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The Lincolnshire Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the Pensions Committee of Lincolnshire County Council. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the Fund are appointed by the Committee and are detailed in Pension Fund Annual Report and Accounts, which can be found on the Pension Fund website: www.lincolnshire.gov.uk/pensions

The principle risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Discretionary Post-retirement Benefits:

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There's no plan assets built up to meet these pension liabilities, therefore the Council is required to meet the costs of any early retirements awarded.

Transactions Relating to Post-employment Benefits:

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the CIES and the General Fund Balance via the Movement in Reserves Statement (MIRS) during the year:

2023/24: £'000	Local Government Pension Scheme	2024/25: £'000
	Comprehensive Income/Expenditure Statement - Cost of Services	
1,625	Current Service Cost	1,612
51	Administration Expenses	64
355	Net Interest Expense	355
2,031	Total Post-employment Benefits charged to the (Surplus) or Deficit on the Provision of Services	2,031
Other Post-employment Benefits charged to the Comprehensive Income/Expenditure Statement - Remeasurement of the net defined benefit liability comprising		
3,269	Return on plan assets (excluding the amount included in the net interest expense)	(848)
1,058	Actuarial Gains/(Losses) arising on changes in demographic assumptions	193
1,728	Actuarial Gains/(Losses) arising on changes in financial assumptions	9,691
(521)	Experience Gains/(Losses) on defined benefit obligation	164
(7,929)	Changes in effect of Asset Ceiling	(9,680)
(2,395)	Total Charged to Other Comprehensive Income and Expenditure	(480)
(364)	Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	1,551
	Movement in Reserves Statement	
(2,031)	Reversal of net charges made to the (Surplus) or Deficit for Provision of Services for post-employment benefits in accordance with the Code.	(2,031)
2,732	Employers' contributions payable to the scheme	2,984
91	Retirement benefits payable to pensioners	91
792	Net Movement in Reserves Statement (Note 10)	1,044

Pensions Assets and Liabilities Recognised in the Balance Sheet:

The amount included in the Balance Sheet arising from the Councils obligation in respect of its defined benefit scheme is as follows:

2023/24: £'000	Balance Sheet	2024/25 £'000
(71,401)	Present value of the defined benefit obligation - Funded	(63,578)
69,790	Fair value of plan assets (bid value)	72,509
(1,611)	Deficit / (Surplus)	8,931
(855)	Present value of the defined benefit obligation - Unfunded	(749)
(7,929)	Impact of asset ceiling	(18,013)
(10,395)	Net liability arising from the defined benefit obligation	(9,831)

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:

2023/24: £'000	Reconciliation of Fair Value of Scheme (Plan) Assets	2024/25: £'000
62,208	Opening fair value of scheme assets at 1 April	69,790
3,018	Interest Income	3,557
	Remeasurement (Gains)/Losses	
3,269	The return on plan assets, excluding the amount included in the net interest expense	(848)
2,732	Employer Contributions	2,984
597	Contributions paid by scheme participants	636
(1,983)	Benefits paid	(3,546)
(51)	Administration Expenses	(64)
69,790	Closing fair value of scheme assets at 31 March	72,509

Reconciliation of present value of the scheme liabilities (defined benefit obligation):

Funded Liabilities 2023/24 £'000	Reconciliation of present value of the scheme liabilities (defined benefit obligation)	Funded Liabilities 2024/25 £'000
71,001	Opening present value of scheme liabilities at 1 April	72,256
1,625	Current service cost	1,534
3,373	Interest cost	3,508
597	Contributions from scheme participants	636
	Remeasurement (Gains)/Losses	
(1,058)	Actuarial (Gains)/Losses arising on changes in demographic assumptions	(193)
(1,728)	Actuarial (Gains)/Losses arising on changes in financial assumptions	(9,691)
518	Experience (Gains)/Losses on defined benefit obligation	(164)
0	Past service costs	78
(2,072)	Benefits paid	(3,637)
72,256	Closing present value of scheme liabilities at 31 March	64,327

Year to 31 March 2024 £'000	Reconciliation of asset ceiling	Year to 31 March 2025 £'000
0	Opening impact of asset ceiling	7,929
0	Interest on impact of asset ceiling	404
7,929	Actuarial losses/(gains)	9,680
7,929	Closing impact of asset ceiling	18,013

The asset ceiling is the present value of any economic benefit available to the council in the form of refunds or reduced future employer contributions. Actuary has calculated the asset ceiling using interpretation of IFRIC14. The potential economic benefit from the reduction in future contributions has been calculated as nil. Since this is less than the unadjusted net asset of £8,931k, the initial impact of the asset ceiling is £8,931k. The council is currently paying deficit contributions towards a funding deficit which constitutes an onerous funding commitment. Hence, there is an additional liability of £9,082k to be recognised.

Local Government Pension Scheme Asset Categories:

Fair Value of Scheme Assets 2023/24: £'000	Percentage of Total Assets 2023/24: £'000	Local Government Pension Scheme Asset Categories	Fair Value of Scheme Assets 2024/25: £'000	Percentage of Total Assets 2024/25: £'000
		Real Estate		
4,747	7	UK Property	5,132	7
		Investment Funds & Unit Trusts		
34,897	49	Equities	34,310	47
9,569	14	Bonds	10,514	15
2,802	4	Infrastructure	3,353	5
16,003	23	Other	16,701	23
		Cash & Cash Equivalents		
1,772	3	All	2,499	3
69,790	100	Total Assets	72,509	100

Basis for Estimating Assets and Liabilities:

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been provided by Barnett Waddingham, an independent firm of actuaries, estimates for the Lincolnshire County Council Fund being based on the latest formal valuation of the scheme as at 31 March 2022.



Significant Assumptions used by the Actuary:

The significant assumptions used by the actuary have been:

2023/24:	Local Government Pension Scheme	2024/25:
	Mortality Assumptions (years)	
19.5	Longevity at 65 for current pensioners - Men	19.5
22.7	Longevity at 65 for current pensioners - Women	22.7
20.8	Longevity at 65 for future pensioners - Men	20.8
24.1	Longevity at 65 for future pensioners - Women	24.1
	Financial Assumptions (%)	
2.9	Rate of Inflation	3.2
3.9	Rate of increase in salaries	3.9
2.9	Rate of increase in pensions	2.9
4.9	Rate for discounting scheme liabilities	5.8
	Take up option to convert pension into maximum retirement lump sum - within HMRC limits (%)	
50	Pre April 2008 service - Maximum additional tax-free cash	50
50	Post April 2008 service - Maximum tax-free cash	50

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that only the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

In June 2023, the High Court handed down a decision in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. In July 2024, the Court of Appeal dismissed the appeal brought by Virgin Media Ltd against aspects of the June 2023 decision. The conclusions reached by the court in this case may have implications for other UK defined benefit plans. Lincolnshire County Council are monitoring developments in terms of whether there is expected to be any impact on LGPS Funds and will consider if there are any implications for the Lincolnshire Pension Fund. As a result, West Lindsey District Council does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. These may affect the value of the liabilities in respect of accrued benefits and therefore an allowance may need to be included in an employer's report. An allowance for the McCloud remedy will have been made in the liabilities which is consistent with the method adopted at the last actuarial valuation.

Sensitivity Analysis - Change in Assumptions at 31 March 2025	Approx. Increase to Employer Liability (%)	Approx. Monetary Amount - £'000
0.1% decrease in Real Discount Rate	1.40	900
1 Year increase in Member Life Expectancy	4.01	2,577
0.1% increase in Salary Increase Rate	0.13	83
0.1% in the Pension Increase Rate (CPI)	1.31	841

The Lincolnshire County Council fund has approved a Funding Strategy Statement (FSS), the purpose of the FSS is:

- to establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
- to support the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
- to take a prudent longer-term view of funding those liabilities

The objectives of the Fund's funding policy include the following:

- to ensure the long-term solvency of the Fund using a prudent long term view. This will ensure that sufficient funds are available to meet all members'/dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund, by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (NB this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations.

Impact on the Council's Cash Flows:

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 15 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025.

The scheme will need to take account of the notional changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The Council expects to pay £3.100m in contributions in 2025/26.

Notes to the Accounts (33): Contingent Liabilities

Grant Claims:

The Council submits grant claims for substantial amounts each year. From time to time interpretation of legislation may be a matter of professional and technical judgement. In this context it may lead to possible grant qualifications by external auditors. It is not possible to produce a reliable forecast for the cost of any grant qualifications.

The Council also acts as the Accountable Body for a range of grant funding that is or has been paid for the benefit of third parties. In the role of Accountable Body, the Council has to agree to the repayment of grant should there be a breach of the terms and conditions of the grant.

Whilst every effort is taken to administer the grants to minimise any risk of financial loss to the Council, this risk cannot be eliminated. However, it is not possible to make a reliable forecast of any grant claw back arising from Accountable Body status.

Notes to the Accounts (34): Contingent Assets

Right to Buy Sharing Agreement:

As with other agreed stock transfers, the Council has entered into an agreement with ACIS relating to any future sales of the transferred housing stock to existing tenants.

The Council will receive capital receipts each year up to 2028 for any properties sold. The value of the receipt is calculated using a formula that takes the net income forgone from the total proceeds from the sale of dwellings. It is therefore difficult to ascertain how much the Council might receive each year (during 2024/25 the Council received £0.055m from 3 property sales).



Key Risks:

The Council's activities expose it to a variety of financial risks. The key risks are:

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council
- Liquidity risk - the possibility that the Council might not have funds available to meet its commitment to make payments.
- Re-financing risk - the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous rates or terms.
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in measures as interest rate movements and stock market movements.

Overall procedures for managing risk:

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by officers in the Financial Services team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies (Treasury Management Practices – TMPs) covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash.

Credit Risk:

Credit risk arises from deposits with banks and financial institutions, as well as any credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

The Council uses creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counter parties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counter parties from only the most creditworthy countries
- Banks 1 - good credit quality, the Council will only use banks which :-
 - are UK banks: and/or
 - are non-UK and domiciled in a country which has a minimum sovereign Long Term rating of AA and have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
 - Short Term F1
 - Long term A
- Banks 2 – Part nationalised UK banks – Royal Bank of Scotland. (These banks can be included if it continues to be part nationalised or it meets the ratings in Banks 1 above).

- Banks 3 – The Councils own banker for transactional purposes. If the bank falls below the above criteria, although in this case balances will be minimised in both monetary size and time.
- Bank subsidiary and treasury operation – The Council will use these where the parent bank has provided an appropriate guarantee or has the necessary ratings outlined above.
- Building Societies – The Council will use all societies which meet the ratings for banks outlined above
- Money Market Funds – AAA
- Enhanced Money Market Funds - AAA
- UK Government (including gilts, treasury bonds and the DMADF)
- Local authorities, parish Councils etc.
- Supranational institutions
- Local Authority Property Asset Fund
- Corporate Bond Funds
- Covered Bonds

A limit of £2m per counter party will be applied to the use of Non-Specified investments largely determined by the long term investment limits. Except for Local Authority Property Asset Fund which will have a limit of £4m.

The full Investment Strategy for 2024/25 was approved by Full Council on 4 March 2024 and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions of £7.5m (£7.5m 2023/24) cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of recoverability applies to all of the Council's deposits.

Amounts Arising from Expected Credit Loss:

The changes in the loss allowance for each class of financial instrument i.e. investments at amortised cost, trade receivables etc:

Asset Class (amortised cost)	12 Month expected credit loss (£'000)	Lifetime expected credit losses - not credit impaired (£'000)	Lifetime expected credit losses - credit impaired (£'000)	Lifetime credit losses - simplified approach (£'000)	Total £'000
Opening Balance at 1 April 2024	0	(15)	(283)	(684)	(982)
Individual financial assets transferred to lifetime expected credit losses credit impaired	0	0	0	0	0
Amounts Written off	0	0	277	0	277
Changes in models/risk parameters	0	15	(56)	112	71
Other Changes	0	0	0	0	0
At 31 March 2025	0	0	(62)	(572)	(634)

Credit risk exposure:

The Council has the following exposure to credit risk at 31 March 2025:

	Credit Risk Rating	Gross Carrying amount (£'000)	
		31 March 2024	31 March 2025
12-Month expected credit losses	AAA - Very Low AA - Very Low Very Low	16,710 1,000 500	19,280 0 500
Significant increase in credit risk since initial recognition	Very High High Medium Low Very Low	10 0 13 671 0	5 0 0 698 0
Credit-impaired at 31 March	Standards Debtors - High Risk	283	62
Simplified Approach	Standard Debtors - Medium Risk Benefit Debtors - Medium Risk	1,027 952	181 837
At 31 March		21,166	21,563

Excludes statutory debtors Council Tax and NNDR.

The Council initiates a legal charge on property where, for instance, clients can not afford to pay immediately, usually in cases where the Council has carried out works carried out to buildings in default of the owner. The total collateral at 31 March 2025 was £0.119m (£0.120m 31 March 2024).

Liquidity Risk:

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. Therefore, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority will be bound to replenish a proportion of its borrowing at a time of unfavourable interest rates.

The maturity analysis of the Council's financial assets is as follows:

31 March 2024 £'000	Maturity Analysis of Financial Assets	31 March 2025 £'000
24,075	Less than 1 year	24,745
0	Between 1 and 2 years	0
0	Between 2 and 3 years	0
2,885	More than 3 years	2,823
26,960	Total	27,568

Refinancing and Maturity Risk:

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk.

The Council approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of the council's financial liabilities is as follows:

31 March 2024 £'000	Maturity Analysis of Financial Liabilities	31 March 2025 £'000
17,606	Less than 1 year	19,312
1,392	Between 1 and 2 years	1,198
3,000	Between 2 and 5 years	3,000
2,500	Between 5 and 25 years	2,500
8,500	Between 25 and 50 years	8,500
32,998	Total	34,510

Market Risk:

Interest Rate Risk:

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charged to the Surplus or Deficit on the Provision of Services will rise
- Borrowing at fixed rates - the fair value of the liabilities borrowings will fall
- Investments at variable rates - the interest income credited to the Surplus or Deficit on the Provision of Services will rise
- Investments at fixed rates - the fair value of the assets will fall

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balances. Movements in the fair value of fixed rate investments that have quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk.

The Council's approved treasury and investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

At 31 March 2025, if all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£'000
Increase in interest receivable on variable rate investments	4
Increase in interest receivable on variable rate investments	(16)
Impact on Surplus or Deficit on the Provision of Service	(12)
Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)	1,045

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the **Note 19 – Fair Value of Assets and Liabilities** carried at Amortised Cost.

Price Risk:

The Council, excluding the Pension Fund, does not generally invest in equity shares or marketable bonds.

However, the Council holds £2m in the CCLA property fund that has a carrying value as at 31 March 2025 of £1.998m. However, any movements in price will not impact on the General Fund Balance as regulations are currently in force to remove the impact of the fair value movements on the tax payer.

Foreign Exchange Risk:

The Council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Notes to the Accounts (36): Cash Flow Statement - Operating Activities

The cash flow for operating activities include the following items:

2023/24: £'000		2024/25: £'000
1,261	Interest received	1,266
(450)	Interest paid	(606)
811	Total	660

Notes to the Accounts (37): Reconciliation of Liabilities arising from Financing Activities

					Non-cash changes					
Reconciliation	As at 1 April £'000		Financing Cash Flows £'000		Acquisition £'000		Other £'000		As at 31 March £'000	
	23/24	24/25	23/24	24/25	23/24	24/25	23/24	24/25	23/24	24/25
Long-term borrowings	16,500	14,000	(2,500)	0	0	0	0	0	14,000	14,000
Short-term borrowings: Lease Liabilities	0	0	0	0	0	0	0	0	0	0
Other Short Term borrowing	5,000	10,000	5,000	0	0	0	0	0	10,000	10,000
Total liabilities from financing activities	21,500	24,000	2,500	0	0	0	0	0	24,000	24,000

Notes to the Accounts (38): Agency Services

In accordance with the Code, the collection and distribution of National Non-Domestic Rates (NNDR) and Council Tax is deemed to be an agency arrangement. The costs of collection of NNDR and the surplus or deficit on the Collection Fund for the year, are shown in the Collection Fund Statement.

The Council acted as an Agency of the Government in the distribution of grants in relation to Business Support Grants. During the year no grants have been received or issued to Businesses. Which means there is a nil balance remaining as at 31 March 2025.

Notes to the Accounts (39): Group Accounts

The Council judged that the preparation of Group Accounts is not necessary under the Code of Practice and is of no material benefit to users of the Statement of Accounts in understanding the Council's financial position. Details of entities controlled or significantly influenced by the Council can be found in Note 29.

Notes to the Accounts (40): Trust Funds

The Council acts as a custodian for funds of Hemswell Resident Company Ltd whose purpose is to supply estate management and other services to a private estate at Hemswell Cliff. The funds are held as a bare trust known as the Reserve Account with West Lindsey District Council acting as Trustee and Hemswell Resident Company Ltd as beneficiary. The Council takes no decision on the funds use, however is contracted to provide services to the Company. The fund is currently £0.033m which is held as cash with a corresponding creditor liability on our balance sheet.

The Collection Fund:

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Business Rates (NNDR).

The Council has a statutory requirement to operate a Collection Fund as a separate account to the General Fund. The purpose of the Collection Fund therefore is to isolate the income and expenditure relating to Council Tax and Business Rates. The administrative costs associated with the collection process are charged to the General Fund.

In 2013/14, the Local Government finance regime was revised with the introduction of the retained business rates scheme. The main aim of the scheme is to give Council's a greater incentive to grow businesses in the district. It does, however, also increase the financial risk due to non-collection and the volatility of the Business Rates tax base.

The scheme allows the Council to retain a proportion of the total Business Rates received. In 2024/25 the Council's Share was 40%, Lincolnshire County Council 10% and Central Government 50%.

Business Rates Surpluses and Deficits declared by West Lindsey District Council in relation to Collection Fund are apportioned to the relevant bodies in the subsequent financial year in their respective proportions.

The Code of Practice followed by Local Authorities in England stipulates that the Collection Fund Income and Expenditure Account is included in the Council's accounts. The Collection Fund Balance Sheet meanwhile is incorporated into the Council's Balance Sheet.

Details of Related Parties can be found at Note 29

2023/24				2024/25		
Council Tax £'000	Business Rates £'000	Total £'000		Council Tax £'000	Business Rates £'000	Total £'000
68,266	0	68,266	Net Council Tax Receivable (Note 1)	72,783	0	72,783
207	0	207	Section 13A 1C Transfer from General Fund	33	0	33
0	17,255	17,255	Net Business Rates Receivable (Note 2)	0	19,544	19,544
0	1,266	1,266	Transitional Protection Payments receivable	0	620	620
68,473	18,521	86,994	Total Income	72,816	20,164	92,980
			Expenditure - WLDC			
10,011	7,125	17,136	Precepts, Demands & Shares	10,453	7,369	17,822
290	(669)	(379)	Distributed Surplus/(Deficit)	290	116	406
			Expenditure - LCC			

47,660	1,781	49,441	Precepts, Demands & Shares	50,666	1,842	52,508
1,370	(167)	1,203	Distributed Surplus/(Deficit)	1,381	29	1,410

			Expenditure - Lincs PCC			
9,231	0	9,231	Precepts, Demands & Shares	9,763	0	9,763
264	0	264	Distributed Surplus/(Deficit)	268	0	268
			Expenditure - Central Gov			
0	8,906	8,906	Precepts, Demands & Shares	0	9,211	9,211
0	(836)	(836)	Distributed Surplus/(Deficit)	0	145	145
0	108	108	Cost of Collection Allowance	0	108	108
0	0	0	Write offs of uncollectable amounts	0	0	0
298	492	790	Increase/(Decrease) in Impairment Allowance	177	239	416
0	(708)	(708)	Increase/(Decrease) in Provision for Appeals	0	291	291
0	0	0	Transitional Protection Payments	0	0	0
0	264	264	Disregarded Amounts	0	330	330
0	0	0	Prior Year Adjustments	0	0	0
69,124	16,296	85,420	Total Expenditure	72,998	19,680	92,678
2,688	(1,424)	1,264	Surplus or (Deficit) b/fwd 1 April	2,037	801	2,838
(651)	2,225	1,574	Surplus or (Deficit) arising during the year (Note 3)	(182)	484	302

'Council tax income derives from charges raised according to the value of residential properties that have been classified into eight Valuation Bands (A to H). Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Lincolnshire County Council, Lincolnshire Police and Crime Commissioner and West Lindsey District Council together with each Parish requirement. This is then divided by the Council Tax base i.e. the number of properties in each valuation band for 2024/25 this was converted to an equivalent number of Band D dwellings and adjusted for discounts. The basic amount of Council Tax for a Band D property excluding an average parish charge is £2,124.44 (£2,029.41, 2023/24) and is multiplied by the ratio specified for the particular band to give an individual amount due.

'The Council Tax Base for 2024/25 was 32,093.99 (31,696.76 2023/24). This increase between financial years is as a result of the reduction in long term empty properties, and new properties added to the rating list. The tax base for 2024/25 was approved by the Council meeting in January 2024 and was calculated as follows:

Valuation Band	No of Dwellings on Valuation List		Equivalent Dwellings after discounts, exemptions/reliefs and Local Council Tax Support Scheme		Ratio to Band D	Number of Band D Equivalent Dwellings	
	2023/24	2024/25	2023/24	2024/25		2023/24	2024/25
Disabled	0	0	24	27	5/9	13	15
Band A	16,894	17,082	11,041	11,139	6/9	7,361	7,426
Band B	8,435	8,543	6,992	7,066	7/9	5,438	5,496
Band C	7,973	8,085	6,978	7,066	8/9	6,202	6,281
Band D	6,105	6,203	5,600	5,680	9/9	5,600	5,680
Band E	3,821	3,887	3,566	3,629	11/9	4,358	4,435
Band F	1,619	1,657	1,529	1,564	13/9	2,210	2,259
Band G	536	544	505	509	15/9	842	848
Band H	66	66	55	57	18/9	110	114
Total	45,449	46,067	36,290	36,737		32,134	32,554
Deduction for non-collection, new build, demolition and other adjustments						(546)	(553)
Band D Equivalent for Council Tax Base						31,588	32,001
Band D Equivalent for Contributions in Lieu						109	93
Council Tax Base (Band D equivalent)						31,697	32,094

Business Rates (NNDR) are determined on a national basis by Central Government which sets an annual non-domestic rating multiplier amounting to 54.6p in 2024/25 (51.2p in 2023/24). The non-domestic rate multiplier for small businesses is 49.9p in 2024/25 (49.9p in 2023/24). Subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by this multiplier. Local rateable values totalled £53.587m at 31 December 2023 and were used to calculate the Business Rates Retention scheme amounts for 2024/25 (£54.050m in 2023/24). The Local rateable values totalled £54.297m at 31 March 2025. (£49.670m at 31 March 2024).

The introduction of the Business Rates Retention Scheme in 2013/14 resulted in local authorities retaining a proportion of the total collectible rates due rather than paying the whole Business Rates to the central pool (WLDC 40%, Lincolnshire County Council 10% and Central Government 50%).

The business rates shares payable for 2024/25 were estimated before the start of the financial year as £1.842m (£1.781m 2023/24) to Lincolnshire County Council, £9.211m (£8.906m 2023/24) to Central Government with £7.369m (£7.125m 2023/24) retained by West Lindsey District Council. These sums have been paid in 2024/25 and charged to the Collection Fund in year.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all Authorities receive their baseline amount. Tariffs due from Authorities are payable to Central Government or if the authority is part of a Business Rates Pool, to the administering authority. The tariff is used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect the Council paid a tariff of £3.976m in 2024/25 (£3.873m 2023/24) to the Lincolnshire Business Rates Pool.

The total income from business rate payers collected in 2024/25 was £19.544 m (£17.255m 2023/24).

In addition to the tariff, a 'safety net' figure is calculated at 92.5% for 2024/25 (92.5% for 2023/24) of baseline amount which ensures that authorities are protected to this level of Business Rates income. The safety net figure for the Council is £3.007m (£2.901m 2023/24). The comparison of business rate income to the safety net uses the total income collected from business rate payers and adjusts for losses in collection, losses on appeal, transitional protection payments, the cost of collection and the revision to Small Business Rate Relief.

The year-end surplus or deficit on the Council Tax Collection Fund is to be distributed between billing and precepting authorities on the basis of estimates made on the year end balance. The calculation is made on the 15 January each year and was taken into consideration when setting the Council Tax 2024/25. In 2024/25 the Council received £0.290m (£0.289m in 2023/24), its share of the 2023/24 Council Tax estimated surplus and this amount is reflected in the CIES, Taxation and Other Grant Income.

The actual cumulative Collection Fund surplus of £3.140m at 31 March 2025 (£2.838m surplus 31 March 2024). This is made up of NNDR surplus of £1.285m (£0.801m at 31 March 2024) and Council Tax Surplus of £1.855m (£2.037m 31 March 2024) There has been an increase in the provision for appeals in 2024/25 with the total provision at £0.786m. (£0.494m 2023/24)

For the purpose of these accounts the accumulated surplus/(deficit) is attributed in relevant amounts for both Council Tax and Business Rates to the precepting bodies' (debtor)/creditor accounts and the billing authority (WLDC) as follows:

2023/24			2024/25		
Council Tax £'000	Business Rates £'000		Council Tax £'000	Business Rates £'000	Total £'000
305	321	West Lindsey District Council	274	128	402
1,451	80	Lincolnshire County Council	1,326	642	1,968
281	0	Lincolnshire Police and Crime Commissioner	255	0	255
0	400	Central Government	0	515	515
2,037	801	Balance at 31 March	1,855	1,285	3,140

Audit Report 2024/25 to be shown here when the audit is completed

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ACCOUNTING POLICIES

Those principles, basis, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- Recognising
- Selecting measurement bases for, and
- Presenting assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or loss is to be recognised, the basis on which it is to be measured, and where in the revenue account or Balance Sheet it is to be presented.

ACCRUALS

Sums included in the final accounts of the Council to cover income or expenditure attributable to the accounting period for which payments have not been received/made in the financial year. Local authorities accrue for both revenue and capital expenditure.

AMORTISATION

The measure of the consumption or other reduction in the useful life of an intangible asset, charged annually to service revenue accounts.

AUTHORISED LIMIT

This represents the legislative limit on the Council's external debt under the Local Government Act 2003.

BALANCES

Surplus of income over expenditure that may be used to finance expenditure. Balances can be earmarked in the accounts for specific purposes. Those that are not, represent resources set aside for such purposes as general contingencies and cash flow management.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at a specific date at the end of an accounting period.

BILLING AUTHORITIES

Those authorities that set the Council Tax and collect the Council Tax and Non-Domestic Rates.

BUSINESS RATES/NATIONAL NON DOMESTIC RATES (NNDR)

See National Non Domestic Rates (NNDR).

CAPITAL ADJUSTMENT ACCOUNT

The Capital Adjustment Account contains the amounts which are required by statute to be set aside from capital receipts and revenue for the repayment of external loans, as well as amounts of revenue, usable capital receipts and contributions which have been used to fund capital expenditure and to repay borrowing (Minimum Revenue Provision). It also accumulates depreciation impairment and write off of

fixed assets on disposal.

CAPITAL CHARGES

Annual charges to service revenue accounts to reflect the cost of fixed assets used in the provision of services, an example being depreciation.

CAPITAL EXPENDITURE

Spending that produces or enhances an asset, like land, buildings, roads, vehicles, plant and machinery. Definitions are set out in Section 40 of the Local Government and Housing Act 1989. Any expenditure that does not fall within the definition must be charged to a revenue account.

CAPITAL PROGRAMME

The capital projects a Council proposes to undertake over a set period of time. The usual period covered by a capital programme is five years.

CAPITAL RECEIPTS

The proceeds from the sale of fixed assets such as land and buildings. Capital receipts can be used to repay any outstanding debt on fixed assets or to finance new capital expenditure within rules set down by Government. Capital receipts cannot, however, be used to finance revenue expenditure.

CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY (CIPFA)

The professional accountancy body concerned with local authorities and the public sector.

COLLECTION FUND

The Collection Fund is a statutory fund set up under the provisions of the National Local Government Finance Act 1988. It includes the transactions of the charging Council in relation to Non-Domestic Rates and Council Tax and illustrates the way in which the fund balance is distributed to Central Government, preceptors and the General Fund.

COMMUNITY ASSETS

These are fixed assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings not used in the direct provision of services.

CONTINGENT LIABILITIES

Potential losses for which a future event will establish whether a liability exists and for which it is inappropriate to set up a provision in the accounts.

CONSTRUCTION CONTRACTS

A contractual obligation for the construction or enhancement of Property, Plant and Equipment.

COUNCIL TAX

The main source of local taxation to local authorities. Council Tax is levied on households within its area by the billing Council and the proceeds are paid into its Collection Fund for distribution to precepting authorities and for use by its own General Fund.

COUNCIL TAX BASE

The Council Tax Base of an area is equal to the number of band “D” equivalent properties. It is calculated by counting the number of properties in each of the eight Council Tax bands and then converting this into an equivalent number of band “D” properties (e.g. a band “H” property pays twice as much Council Tax as a band “D” property and therefore is equivalent to two band “D” properties). For the purpose of calculating Formula Grant, the Government assumes a 100% collection rate. For the purpose of calculations made by a local Council of the basic amount of Council Tax for its area for each financial year, the Council makes an estimate of its collection rate and reflects this in the tax base.

CREDIT RISK EXPOSURE

The value of the position exposed to default. Credit Risk is the risk that a financial loss will be incurred if a counterparty to a transaction does not fulfil its financial obligations in a timely manner.

CURRENT EXPENDITURE

Expenditure on running costs such as that in respect of employees, premises and supplies and services.

DEFERRED CREDITS/DEFERRED CAPITAL RECEIPTS

These transactions arise when fixed assets are sold and the amounts owed by the purchasers are repaid over a number of years, e.g. mortgages or finance leases out. The balance is reduced by the amount repayable in any financial year.

DEPRECIATION

Charges reflecting the wearing out, consumption or other reduction in the useful life of a fixed asset.

DLUHC

Department for Levelling up, Housing and Communities.

EARMARKED RESERVES

These are reserves set aside for a specific purpose or a particular service or type of expenditure.

EMOLUMENTS

All sums paid to or receivable by an employee and any sums due by way of expenses allowance (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employee or employer are excluded.

EXPECTED CREDIT LOSS

The utilisation of historic, current and forward-looking information to assess the expected impairment of a financial instrument that are possible with 12 months of the reporting date or lifetime of the financial instrument.

EXTERNAL AUDIT

The independent examination of the activities and accounts of local authorities to ensure that the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure that the Council has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

FAIR VALUE

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 as the measurement date.

FEES AND CHARGES

Income raised by charging users of services for the facilities. For example, Councils usually make charges for the use of leisure facilities, car parks and the collection of trade refuse etc.

FINANCE LEASE

Arrangement whereby the lessee is treated as owner of the leased asset and is required to include such assets within fixed assets on the Balance Sheet.

FINANCIAL INSTRUMENT

Contracts which give rise to a financial asset of one organisation and a financial liability.

FINANCIAL INSTRUMENT ADJUSTMENT ACCOUNT

An account that holds the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Account and the accumulated financing costs required in accordance with regulations to be charged to the General Fund Balance.

FINANCIAL REPORTING STANDARDS (FRS)

A statement of accounting practice issued by the Accounting Standards Board.

FINANCIAL YEAR

The Council's financial year commences on 1 April and ends on 31 March the following year.

FIXED ASSET

Tangible asset that yields benefits to the Council and the services it provides for a period of more than one year.

GENERAL FUND

The main revenue fund of a billing Council. Day to day spending on services is met from this Fund.

GROSS EXPENDITURE

The total cost of providing Council services before taking into account income from government grants and fees and charges for services.

HERITAGE ASSETS

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

IMPAIRMENT

Impairment occurs when that value of an asset has reduced. This can be either as a result of a general fall in prices or by a clear consumption of economic benefits such as by physical damage to the asset. Examples of factors which may cause such a reduction in value include evidence of obsolescence or physical damage to the asset.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Accounting standards adopted from 1 April 2010 for Local Government entities.

INFRASTRUCTURE ASSETS

Expenditure on works of construction or improvement but which have no tangible value, such as construction of or improvement to highways.

INTERNAL AUDIT

An independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control as a contribution to the proper economic, efficient and effective use of resources. Every Council is required to maintain an adequate and efficient internal audit. A review of the effectiveness of the internal audit function of a Council has to be considered and approved by the Council's Members each year.

INTANGIBLE ASSETS

Capital expenditure which does not result in the creation of a tangible fixed asset but which gives the Council a controllable access to future economic benefits, e.g. software licences.

INVESTMENTS

Deposits with approved institutions.

LONG TERM DEBTORS

Amounts due to the Council more than one year after the Balance Sheet date.

MINIMUM REVENUE PROVISION (MRP)

The minimum annual provision from revenue towards a reduction in a Council's overall borrowing requirement.

MAIN ACCOUNT STATEMENTS

- Comprehensive Income and Expenditure Statement (CIES)

A financial statement which records the day to day activity of the Council

- Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on the different reserves held by the Council.

- The Balance Sheet

This statement shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council.

- Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Council during the reporting period.

NATIONAL NON-DOMESTIC RATE (NNDR)/BUSINESS RATES

Business rates is the common term used for national non domestic rates (NNDR) which is the levy on business property. It is based on a national rate in the pound applied to the 'rateable value' of the property. The Government determines a national rate poundage each year which is applicable to all Local Authorities. Local Authorities collect the non-domestic rate but the proceeds are apportioned on a % basis (currently 50% Central Government, 40% Council, 10% County Council).

NET EXPENDITURE

Gross expenditure less gross income.

NON-OPERATIONAL ASSET

Fixed assets held by the Council but not directly used or consumed in the delivery of its services. This would include properties and land that are Held For Sale or Surplus.

OPERATIONAL ASSET

Fixed assets held by the Council and used or consumed in the delivery of its services.

OPERATING LEASE

An arrangement whereby the risks and rewards of ownership of the leased asset remain with the leasing company, or lessor.

OPERATIONAL BOUNDARY

This reflects the maximum anticipated level of external debt consistent with budgets and forecast cash flows.

PENSION FUND

An employees' pension fund maintained by a Council, or a group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing Council, the employee and investment income.

PRECEPT

The levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf.

PRECEPTING AUTHORITIES

Those authorities that are not billing authorities (i.e. do not collect Council Tax or NDR) and precept upon the billing Council, which then collects it on their behalf. Lincolnshire County Council, Lincolnshire Police Authority/Police and Crime Commissioner, Lincolnshire Fire and Rescue Authority and Parish Councils all precept upon West Lindsey District Council.

PROVISIONS

Sums set aside to meet future expenditure where a specific liability is known to exist but that cannot be measured accurately.

RELATED PARTIES

Two or more parties are related parties when at any one time in the financial period:

- One party has direct or indirect control of the other party;
- The parties are subject to common control from the same source;

- One party has influence over the financial or operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests;
- The parties, in entering a transaction are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.
- Examples of related parties of a Council include:
 - UK Central Government;
 - Local authorities and other bodies precepting or levying demands on the Council Tax;
 - Its subsidiary and associated companies;
 - Its joint ventures and joint venture partners;
 - Its Members;
 - Its Senior Officers.
- For individuals identified as related parties, the following are also presumed to be related parties:
 - Members of close family, or the same household;
 - Partnerships, companies, trusts and other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

REPORTING STANDARDS

The Code of Practice prescribes the accounting treatment and disclosures for all normal transactions of a local authority. It is based on International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Public Sector Accounting Standards (IPSAS) and International Financial Reporting Interpretations Committee (IFRIC) plus UK Generally Accepted Accounting Practice (GAAP) and Financial Reporting Standards (FRS) including Statements of Standard Accounting Practice (SSAP).

REVALUATION RESERVE

This records unrealised revaluation gains arising since 1st April 2007 from holding assets. It also records any reductions in the value of assets subject to the limit of any previous increases in the value of the same asset. It should be noted that this reserve and the Capital Adjustment Account are matched by fixed assets within the Balance Sheet. They are not resources available to the Council and are therefore termed 'Unusable'.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE (REFCUS)

Expenditure of a capital nature for which there is no tangible asset acquired by the Council. This would include capital grants or renovation grants to private persons.

REVENUE SUPPORT GRANT (RSG)

This funding is the Government Grant provided by the Department of Communities and Local Government (DCLG) that is based on the Government's assessment as to what should be spent on local services. The amount provided by the DCLG is fixed at the beginning of each financial year, and is announced as part of the Comprehensive Spending Review.

SEGMENTAL

An analysis of income or expenditure over the Council's reporting service clusters.

SOFT LOANS

A "soft loan" is where a loan has been made for policy reasons, rather than as a financial instrument. These loans may be interest free or at rates below prevailing market rates. Commonly, such loans are made to local organisations that undertake activities that the Council considers will have benefit to the local population.

STATEMENT OF ACCOUNTS

Local authorities are required to prepare, in accordance with proper practices, a Statement of Accounts in respect of each financial year, which contains prescribed financial statements and associated notes. Members of the Council must publish and issue the Statements for Audit by 31 May and approve the Statements by 31 July following the end of the financial year.

STATEMENT OF RECOMMENDED PRACTICE (CODE)

The accounts have been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice.

TOTAL COST

The total cost of a service or activity includes all costs that relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and depreciation charges. This includes an appropriate share of all support services and overheads that need to be apportioned.

TRADING OPERATIONS

Services provided to users on a basis such as quoted price or schedule of rates and within a competitive environment.

UKSPF

United Kingdom Shared Prosperity Fund.

USABLE CAPITAL RECEIPTS

Amounts available to finance capital expenditure in future years.

USABLE RESERVES

Amounts set aside in the accounts for future purposes that fall outside the definition of provisions. They include general balances and reserves that have been earmarked for specific purposes. Expenditure is not charged directly to a reserve, but to the appropriate service revenue account.

UNUSABLE RESERVES

Represent gains and losses yet to be realised and which are not available to support services.

Executive Summary:

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.

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 audits of accounts and funding arrangements, 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 External Audit function is undertaken by KPMG LLP, this provides an opinion of the Financial Statements and the Value for Money Opinion. Any weaknesses identified by the external auditor are highlighted in the Auditors Annual Report. The Council received an unqualified audit opinion on its 2024/25 accounts and Value for Money opinion and no significant recommendations.

1. Scope of Responsibility

West Lindsey District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, incorporating the system of internal control. This includes arrangements for the management of risk. The Council has a Local Code of Governance which details these arrangements and is structured around the seven Principles of Good Governance, which are as follows:

1. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social and environmental benefits.
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and strong public financial management.
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The Accounts and Audit (England) Regulations 2015 require every council to agree and publish an Annual Governance Statement. Further, we have followed the CIPFA (Chartered Institute of Public Finance and Accountancy)/ SOLACE guidance entitled: Delivering Good Governance in Local Government Framework (2016), in producing this AGS. A review of compliance against these seven principles is provided at section 5 of this Statement.

2. The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It also comprises the activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate services that represent value for money.

The system of internal control is an important part of that 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 quarterly.

The governance framework has been in place at the Council for the year ended 31st March 2025, and up to the date of approval of this Statement.

3. Financial Management Code

Strong financial management is an essential part of ensuring public sector finances are sustainable. The CIPFA Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities and assurance that authorities are managing resources effectively. The FM Code identifies risks to financial sustainability and introduced a framework of assurance.

Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the management team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

The council has undertaken an assessment of compliance with the principles of the FM Code. This assessment has confirmed the council's compliance.

4. The Governance Framework and Annual Review of Effectiveness

The Council consists of 36 seats and their allocation is broken down below. Currently no single political party holds a majority.

Group	Number of members
Liberal Democrat Administration	18
The Opposition Group	14
Lincolnshire Independents	2
Unaligned Independent	2

West Lindsey District Council operates a committee model of Governance under the Localism Act 2011. This has ensured that there is a more democratic approach to decision making with no elected member having any individual executive power to make decisions and requiring committees to be politically proportionate. The Council's Constitution sets out how the Council operates.

The Council uses its Constitution as a basis from which decision making, delegations and matters relating to the ability to meet legislative and statutory requirements are considered.

The Council is working to its Corporate Plan covering the period 2023-2027. It sets out the Council's vision for the District and sets out key strategic objectives which will deliver desired outcomes for communities. The Corporate Plan is explicitly aligned to the Medium-Term Financial Plan (MTFP) which details key corporate activity which will support the achievement of the Council's aims and objectives. This ensures that the aspirations in the Corporate Plan are realistic within the context of the funding constraints placed on the Council.

In June 2023, the Council adopted "Moving Forward Together: "Our Vision for West Lindsey" a new Corporate Plan which sets out priorities for Our People, Our Place and Our Council over the next four years. The Vision is supported by an ambitious Executive Business Plan, which includes delivery of major projects, programmes and initiatives that support delivery of strategic priorities. Over the past year, we have:

Our People:

- Continued to support local communities including almost £100k of funding to improve community facilities at Hemswell Cliff, opening a new cycle park and play area in Keelby, refurbishing the Saxilby footbridge, .
- Appointed a Sports & Physical Activity Development Officer who is leading on the development of a Sports and Physical Activity Strategy which will deliver and promote a sports development programme across the district.
- Hosted sporting events including the inaugural North Lincolnshire Women's Classic Cycle Race, an elite women's race which is the National B season opener for women in the UK.
- Progressed plans to improve access to healthcare across the district, including setting up a working group with the ICB and other health partners to ensure progress continues.
- Continued to deliver our Cultural Strategy for the district, including a highly successful events programme which delivered popular events to local communities such as the Illuminate Festival, the Christmas Lights Festival, GO Festival, WordFest and the Heritage Skills Fair.
- Supported the opening of a new Banking Hub in Market Rasen, bringing much needed banking services back to the town and regenerating a historic building in the process.
- Held a Young Traders Market, supporting young entrepreneurs to showcase their talents at Gainsborough Market.

Our Place:

- Collaborated in an Economic Impact Assessment in relation to the STEP Fusion Programme which highlighted the transformative benefits the Programme will bring to West Lindsey in respect of significant economic growth, jobs and investment over a period of 45 years.
- Moved further towards completion of projects within the Thriving Gainsborough Programme, funded by the Levelling Up Fund, including the flagship cinema site, redevelopment of Baltic Mill and Whittons Gardens, all of which are due to be completed by Summer 2025.
- Restored historic shop fronts in Gainsborough town centre and created high quality residential units above the shops through the Townscape Heritage Initiative.
- Continued to use UK Shared Prosperity Funding to support businesses and local communities across the district.

Our Council:

- Submitted our interim plan to government outlining the Council's initial proposals for Local Government Reorganisation in Lincolnshire.
- Collaborated with Lincolnshire Districts to ensure the creation of the District Joint Committee to enable to District Council's voice to be heard at the Greater Lincolnshire Combined County Mayoral Authority.

- Refreshed the Whistleblowing Policy and provided a training and awareness session to team managers.
- Refreshed the Council's Environment & Sustainability Strategy, alongside an updated action plan and a renewed commitment to becoming carbon net zero by 2050. This includes work to progress the installation of solar panels on Council owned buildings such as Gainsborough Leisure Centre following a successful trial of solar panels at the Caenby Corner Waste Depot.
- Launched a new commercial Food Waste Collection Service for businesses across the District to help local businesses meet new government regulations on recycling of food waste.
- Launched a successful 'Big Bin Hire Service', providing residents with a convenient solution for managing excess waste.
- Council services were finalists in a number of national awards including the Central Lincolnshire Local Plan, which was recognised as one of the best in England; Lea Fields Crematorium, which won a bronze award for outstanding environmental sustainability practices. The Council was also shortlisted for three Destination Lincolnshire Awards, as well as winning national awards for excellence in delivering our Waste Services.
- Continued to transform and modernise our services, including the implementation of a new Planning System to improve the way the Council processes planning applications; and the roll-out of a QR code on Council bins across the district to make it easier for customers to report damaged or overflowing bins to the Council.

The Constitution of the Council establishes the roles and responsibilities of the Full Council, Policy Committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements.

The Constitution was subject to an external healthcheck review which found that it is a legally compliant document, and recommended it could benefit from some changes to reflect good practice and legislative updates. Reports have proceeded through Governance and Audit Committee and Full Council which have resulted in changes being made to some Articles and Committees in accordance with the advice received.

The Constitution also contains rules of procedures (standing orders and financial regulations) that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Chief Financial Officer and Monitoring Officer are described, together with their contributions to provide robust assurance on governance and to ensure that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by the post-holders' membership of the Council's Management Team.

The council has developed, communicated and embedded codes of conduct, defining the standards of behaviour for both Members and staff. Officer training needs have been identified through development appraisals and reviews, enabling individuals to undertake their present roles effectively and have the opportunity to develop to meet their own and the Council's current and future needs.

Two of the Council's statutory officers, (the Section 151 Officer and the Head of paid Service), resigned from the organisation in 2024/25. The Section 151 Officer post has been appointed to on a permanent basis and that process is now complete. The Chief Executive recruitment process took place in 2024/25 with the new Chief Executive starting with the organisation in October 2025.

A peer challenge was carried out in January 2025 and the report has been published on the Council's website. The key findings were that the Council is constantly learning and improving, has a positive relationship with its partner organisations and committed and enthusiastic staff. The report found the Council supports, works with and celebrates the diversity of its communities and staff in various ways and that the work for and with its communities and partner organisations is driven by the corporate plan. The report noted that council's most immediate, challenging issues are its changing Management Team and the implications of possible local government reorganisation in Lincolnshire. It was noted that the

council appears to be managing its finances well through good financial governance and a comprehensive planning and monitoring approach with built in contingencies and reserves but the council has identified budget gaps from 2026/27 which the council needs to address. The report noted that internal and external auditors have not identified any significant weaknesses. There were a number of recommendations made to the Council which were:

1. Review your management structure as a priority
2. Prioritise the filling of your new management structure-especially your Head of Paid Service and Section 151 Officer
3. Continue discussion with the peer team and the LGA on the best way to resolve the identified councillor/officer relationships
4. Refresh your business planning
5. Develop plans to address the gap in your medium-term financial plan
6. Design and implement a new continuous improvement/change programme
7. Review the number and frequency of your meetings
8. Develop internal communications to address issues raised throughout the findings

The Council is developing an action plan to address the recommendations of the peer challenge and will be inviting the LGA peer team to visit the Council again once this plan has been implemented.

The Internal Audit Plan 2024/25 was agreed by the Governance and Audit Committee.

The Annual Internal Report for 2024-25 will be presented to the Governance and Audit Committee in June 2025. The report stated that for the twelve months ending 31 March 2025 the organisation has an adequate and effective framework for risk management, governance and internal control. The internal Auditors have identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

The substantial assurance awards in areas such as purchasing and creditors, project and programme management, and customer experience strategy demonstrate the strength of commitment to deliver strong internal financial controls and excellent customer experience. Following a limited assurance in procurement being received, the Council has taken steps to improve this and these are detailed in Section 6 of this statement.

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework and including the system of internal control.

The review is informed by:

1. The Combined Assurance report – made up from:
 - a. Feedback from senior managers within the authority who have responsibility for the development and maintenance of the governance environment and its effectiveness within their areas.
 - b. The findings from the Annual Internal Audit work plan
 - c. Third Party assessment e.g., peer review, external consultancy
2. The Annual Review of Comments, Compliments and Complaints
3. The Annual Monitoring Officer Report and Review of the Constitution
4. The Annual Review of the Effectiveness of Internal Audit
5. Reviews of Whistleblowing
6. Independent Fraud Risk Assessment.
7. The Head of Internal Audit's Annual Report
8. Review of Strategic Risks
9. Comments made by external auditors and other review agencies.

These reviews have been considered by the Governance and Audit Committee as well as a draft version of this AGS. As a result, the arrangements are deemed as being fit for purpose.

5. Review of compliance against the principles detailed within the Council's Local Code of Governance

The governance framework is consistent with the principles provided by the CIPFA/SOLACE framework for good governance, and these principles are detailed and considered within the Council's Local Code of Governance. Each principle is considered below and a RAG rating provided:

Principle A: behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

The Council is compliant with this principle having strong financial regulations in place and making the relevant changes to its Contract procedure rules to comply with new legislation, including providing training to staff regarding procurement requirements.

Legal implications are considered in all reports and clear terms of reference are provided online for Committees. Training has been provided to District and Town and parish Councillors on the application of the Standards regime.

Compliance with this principle is deemed green

Principle B: Ensuring openness and comprehensive stakeholder engagement

The Council complies with this principle by webcasting Council meetings (unless exempt), publishing agendas and minutes, allowing public questions at the full Council meeting and having clear Freedom of Information processes in place. 7 public consultations were carried out in the year 2024/25 and a refreshed Consultation strategy was adopted. The Council has strong relationships with public and private sector, for example the Central Lincolnshire Joint Strategic Partnership.

Compliance with this principle is deemed as green

The Council received one limited assurance internal audit review in 2024-25, the action plan arising from this audit has been included in the areas for improvement in Section 6.

Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefit

The Council is compliant with principle as it has a Corporate Plan and Medium Term Financial Plan. The strategic risk register is considered by the Management Team and also by the Governance and Audit Committee. The operational risk register is regularly reviewed by managers across the organisation.

Compliance with this principle is deemed amber due to the Council intending to take a holistic review of all strategic risks.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

The Council complies with this principle by having a detailed performance management framework which ensure reports are provided to Management Team and Committee to ensure member oversight. Performance improvement plans are put in place if required. The Council has memberships with the LGA, LLG, Solace, and CIPFA to ensure good practice, high standards and up to date information from the local government sector is obtained. The Council operates a Programme Board framework and produces a state of the district report.

The Council is undertaking a review of its internal governance framework with the intention of aligning this with the work being carried out to refresh the Corporate Plan, therefore compliance with this principle is deemed as amber

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

The Council complies with this principle by providing training as required to officers, apprenticeship schemes, corporate inductions and member induction and training. It is recognised following the feedback from the LGA peer review that a refresh of the senior structure is needed to ensure capacity and resilience

for the organisation, especially as moves towards local government reorganisation. Officer briefings are provided to elected members on strategic issues such as RAF Scampton and local government reorganisation. Wider management team meetings and staff corporate updates are held regularly to ensure information is distributed to the wider organisation.

The Council is in the process of reviewing its senior officer structure and therefore this principle is deemed as amber

Principle F: Managing risk and performance through robust control and strong financial management.

The Council is well managed financially as outlined within the recent LGA peer review findings and also in the recent external audit of the Council's 2024/25 accounts. The Council has also recently received a positive value for money assessment. There is adherence to the Constitution, which is regularly scrutinised by the Council's governance and audit committee who receive training prior to scrutinising the Council's annual accounts and treasury management strategy. Regular meetings of the statutory officers are held to ensure high standards of governance and financial management are maintained. Budget monitoring is carried out by team managers during the year so the Council is fully aware of its financial position each month. There is also a full programme of internal audits, the results of which are reported to the Council's governance and audit committee and follow up actions implemented. The Council is in a strong financial position with a good level of reserves and is currently looking to balance the medium term financial plan once the government's fair funding review is complete.

Compliance with this principle is deemed as green

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Council complies with this principle by ensuring internal and external auditors are appointed, meet with the senior management and report directly to the Governance and Audit Committee. The Council has Information governance and RIPA policies in place, and the progress and delivery framework reports regularly to the Committee. The Council's website provides much information and details all reports, agendas, minutes and forthcoming meetings.

Compliance with this principle is deemed as green

6. Significant Governance Issues

The Council received one limited assurance internal audit review in 2024-25, which related to the Council's procurement provision. The Audit highlighted that the Council's contract and procurement rules needed updating, that the Council needed to ensure adequate resources are in place, and document management needed improving. Following this the Council has updated its rules and policies in accordance with the legislative requirements, updated its constitution, provided training sessions to staff and strengthened the relationship with Procurement Lincolnshire. A further Audit of the Council's procurement processes was carried out in February 2025 resulting in a reasonable audit assurance opinion.

7. Governance Risks - Areas for Improvement during 2025-26 (year ahead)

Whilst we are satisfied with the effectiveness of the corporate governance arrangements and systems of internal control, as part of our continued efforts to improve governance, the following issues have been identified as risks or areas for improvement as part of the 2025-26 Annual Governance Statement process.

An action plan will be implemented to ensure activity takes place to monitor the following risks and monitor improvements required:

- Loss of key staff – ensure that processes are fully documented, succession plans are in place where appropriate, identify activities which are overly reliant on one individual.
- Financial settlement – continue to update the MTFS as we gain greater certainty on the level of

funding for future years.

- Local Government Reorganisation – continue to work with elected members, partner organisations and central government to ensure West Lindsey District Council is well prepared for future reorganisation.
- The Greater Lincolnshire Mayoral County Combined Authority – This organisation is still relatively new, holding its inaugural meeting in March 2025. Whilst the Council has ensured District Representation at this Authority through the District Joint Committee mechanisms, the Council needs to continue to work with members of the Combined Authority and the District Joint Committee to ensure the interests of West Lindsey District Council and its residents are represented in these forums.

8. Approval of the Annual Governance Statement 2024-25

The council is satisfied that appropriate and effective governance arrangements have been in place for 2024-25.

Signed by:

Paul Burkinshaw
Chief Executive,
West Lindsey District Council

Date:
25/11/2025

Councillor Jackie Brockway
Leader,
West Lindsey District Council

Date:
25/11/2025

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Agenda Item 6b



Governance and Audit Committee
Tuesday, 25 November 2025

Subject: Annual External Audit Report 2024/2025

Report by:	Director of Finance and Assets (Section 151 Officer)
Contact Officer:	Sue Leversedge Financial Services Manager (Deputy S151) sue.leversedge@west-lindsey.gov.uk
Purpose / Summary:	To present to Members with the Annual External Audit report summarising all external work carried out pertaining to 2024/25 financial statements and other returns.

RECOMMENDATION(S):

That Members of the Committee note the findings from the Annual Audit Report provided by the External Auditors and endorse the findings

IMPLICATIONS

Legal:

The External Auditors as part of their contract with PSAA are required to provide an Annual Audit Report to those charged with governance summarising their work for the year.

Financial:

There are no financial implications arising from this report

Staffing:

There are no staffing implications arising from this report.

Equality and Diversity including Human Rights:

There are no implications arising from this report.

Data Protection Implications:

There are no implications arising from this report.

Climate Related Risks and Opportunities:

No specific or direct climate related risks and opportunities.

Section 17 Crime and Disorder Considerations:

There are no implications arising from this report.

Health Implications:

There are no implications arising from this report

Title and Location of any Background Papers used in the preparation of this report :

The Council's External Auditors KPMG LLP will also present their audit opinion on the statement of accounts at the Governance and Audit Committee on the 25 November 2025.

Risk Assessment:

None.

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

☐

No

X

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

☐

No

X

1. Executive Summary

1.1 The report to those charged with Governance is attached at Appendix A, the main messages include:

- An unqualified audit opinion on the 2024/25 Statement of Accounts
- That no significant weaknesses in Value for Money arrangements were identified and one recommendation arose from the work done.
- No questions or objections in respect of the Council's financial statements were received by the auditors under the Local Government and Accountability Act 2014. The report will be presented by Debra Chamberlain from KPMG LLP.
- The Auditor's Annual Report is attached at Appendix A

Auditor's Annual Report for West Lindsey District Council

Year-ended 31 March 2025

—

17 November 2025

Contents



Key Contacts

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b) Governance	
c) Improving economy, efficiency and effectiveness	

Our audit report will be made solely to the members of West Lindsey District Council (the ‘Council’), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Council, as a body, those matters we are required to state to them in an auditor’s report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of the Council, as a body, for our audit work, for our auditor’s report, for this Auditor’s Annual Report, or for the opinions we have formed.

External auditors do not act as a substitute for the Council’s own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.



01

Executive Summary

Executive Summary

Purpose of the Auditor’s Annual Report

This Auditor’s Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of West Lindsey District Council (the ‘Council’). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office (the ‘Code of Audit Practice’) and is required to be published by the Council alongside the annual report and accounts.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014 (the Act). Our responsibilities under the Act, the Code of Audit Practice and International Standards on Auditing (UK) (‘ISAs (UK)’) include the following:



Financial Statements - To provide an opinion as to whether the financial statements give a true and fair view of the financial position of the Council and of its income and expenditure during the year and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2024/25 (‘the CIPFA Code’).



Other information (such as the narrative report) - To consider, whether based on our audit work, the other information in the Statement of Accounts is materially misstated or inconsistent with the financial statements or our audit knowledge of the Council.



Value for money - To report if we have identified any significant weaknesses in the arrangements that have been made by the Council to secure economy, efficiency and effectiveness in its use of resources. We are also required to provide a summary of our findings in the commentary in this report.



Other powers - We may exercise other powers we have under the Act. These include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

In addition to the above, we respond to any valid objections received from electors.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities.

Financial statements	We issued an unmodified opinion on the Council’s financial statements on [Date]. This means that we believe the financial statements give a true and fair view of the financial performance and position of the Council. We have provided further details of the key risks we identified and our response on pages 8-11.
Other information	We did not identify any material inconsistencies between the content of the other information, the financial statements and our knowledge of the Council.
Value for money	We identified no significant weaknesses in respect of the arrangements the Council has put in place to secure economy, efficiency, and effectiveness in the use of its resources. Further details are set out on page 13.
Whole of Government Accounts	We are required to perform procedures and report to the National Audit Office in respect of the Council’s consolidation return to HM Treasury in order to prepare the Whole of Government Accounts. As the National Audit Office has not yet concluded its audit of the Whole of Government Accounts for the 31 March 2025 financial year, we are unable to confirm that we have concluded our work in this area.
Other powers	See overleaf.



Executive Summary



There are several actions we can take as part of our wider powers under the Act:

Public interest reports

We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.

If we issue a Public Interest Report, the Council is required to consider it and to bring it to the attention of the public.

We have not issued a Public Interest Report this year.

Judicial review/Declaration by the courts

We may apply to the courts for a judicial review in relation to an action the Council is taking. We may also apply to the courts for a declaration that an item of expenditure the Council has incurred is unlawful.

We have not applied to the courts.

Recommendations

We can make recommendations to the Council. These fall into two categories:

1. We can make a statutory recommendation under Schedule 7 of the Act. If we do this, the Council must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State.
2. We can also make other recommendations. If we do this, the Council does not need to take any action, however should the Council provide us with a response, we will include it within this report.

We made no recommendations under Schedule 7 of the Act.

We have not raised any other recommendations.

Advisory notice

We may issue an advisory notice if we believe that the Council has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency.

If we issue an advisory notice, the Council is required to stop the course of action for 21 days, consider the notice at a general meeting, and then notify us of the action it intends to take and why.

We have not issued an advisory notice this year.

In addition to these powers, we can make performance improvement observations to make helpful suggestions to the Council. Where we raise observations, we report these to management and the Governance and Audit Committee. The Council is not required to take any action to these; however, it is good practice to do so, and we have included any responses that the Council has given us.

02

Audit of the financial statements

Audit of the financial statements



KPMG provides an independent opinion on whether the Council's financial statements:

- Give a true and fair view of the financial position of the Council as at 31 March 2025 and of its income and expenditure for the year then ended; and
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We conduct our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We also fulfil our ethical responsibilities under, and ensure we are independent of the Council in accordance with, UK ethical requirements including the FRC Ethical Standard. We are required to ensure that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Our audit opinion on the financial statements

We have issued an unqualified opinion on the Council's financial statements on [Date].

The full audit report is included in the Council's Annual Report and Accounts for 2024/25 which can be obtained from the Council's website.

Further information on our audit of the financial statements is set out overleaf.

Audit of the financial statements: West Lindsey District Council



The table below summarises the key financial statement audit risks that we identified as part of our risk assessment and how we responded to these through our audit.

Valuation of land and buildings

The council adopts a revaluation policy in relation to freehold and long leasehold land and buildings, with a full valuation occurring as at 31st March each financial year. Valuations are inherently judgemental and there is a risk of error that the assumptions are not appropriate or correctly applied.

Our procedures

- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We evaluated the design of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We challenged key assumptions within the valuation as part of our judgement;
- We agreed the calculations performed of the movements in value and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code; and
- We reviewed the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised.

Our findings

- We assessed the valuation of land and building estimate as overall balanced and judgements applied as neutral.
- We identified one unadjusted audit misstatement were three properties, which have a combined book value of c.£0.8m, were incorrectly classified as non-specialised land/buildings under Existing Use Value (EUV) instead of investment properties under Fair Value (FV). We have assessed that the impact of reclassification would not have a material impact on the value of the properties due to the similar valuation assumptions that would be used to prepare the valuations.
- We recommended improvements to floor area plan maintenance process; however, this issue has not been assessed as material.
- Auditing Standards requires auditors to identify a management review control (MRC) where there is a significant audit risk. There is a significant threshold that needs to be met in order to have a satisfactory MRC in place – particularly around the precision of the control. We note that although the Council has processes in place to help ensure that the valuation of land and buildings is based on best estimate, supported by reasonable assumptions, these processes do not meet the required threshold of an MRC. Management have confirmed that they are comfortable with the current arrangements of employing an external expert to provide their valuations, and rely on their professionalism and skills to provide an accurate valuation.

Audit of the financial statements: West Lindsey District Council



Valuation of investment property

The council engages an external valuer to perform a valuation of investment property. There is a risk that these valuations are not reflective of the fair value of the property.

Our procedures

- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We evaluated the design of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We challenged the appropriateness of the valuation; including any material movements from the previous revaluations. We challenged key assumptions within the valuation as part of our judgement;
- We agreed the calculations performed of the movements in value and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code; and
- We reviewed the valuation report prepared by the Council's valuers to confirm the appropriateness of the methodology utilised.

Our findings

- We assessed the valuation of investment property estimate as overall balanced and judgements applied as neutral.
- We did not identify any material misstatement relating to this risk.
- We recommended improvements to floor area plan maintenance process; however issue has not been assessed as material.
- Auditing Standards requires auditors to identify a management review control (MRC) where there is a significant audit risk. There is a significant threshold that needs to be met in order to have a satisfactory MRC in place – particularly around the precision of the control. We note that although the Council has processes in place to help ensure that the valuation of investment properties is based on best estimate, supported by reasonable assumptions, these processes do not meet the required threshold of an MRC. Management have confirmed that they are comfortable with the current arrangements of employing an external expert to provide their valuations, and rely on their professionalism and skills to provide an accurate valuation.

Audit of the financial statements: West Lindsey District Council



Valuation of post retirement benefit obligations

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 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.

Our procedures

- We evaluated the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- We performed inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- We agreed the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- We evaluated 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;
- We challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- We confirmed that the accounting treatment and entries applied by the Council are in line with IFRS and the CIPFA Code of Practice;
- Considered the adequacy of the Council's disclosures in respect of the sensitivity of the deficit or surplus to these assumptions;
- We assessed the level of surplus that should be recognised by the Council; and
- We assessed the impact of any special events.

Our findings

- We assessed the pension obligation estimate as overall balanced and judgements applied as neutral.
- We did not identify any material misstatement relating to this risk.
- Auditing Standards requires auditors to identify a management review control (MRC) where there is a significant audit risk. There is a significant threshold that needs to be met in order to have a satisfactory MRC in place – particularly around the precision of the control. We note that although the Council has processes in place to help ensure that the valuation of pension obligation is based on best estimate, supported by reasonable assumptions, these processes do not meet the required threshold of an MRC. Management have confirmed that they are comfortable with the current arrangements of employing an external expert to provide their valuations, and rely on their professionalism and skills to provide an accurate valuation.

Audit of the financial statements: West Lindsey District Council



Management override of controls

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.

Our procedures

- We evaluated the design and implementation of controls over journal entries;
- We assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates indicate a possible bias; and
- We analysed all journals through the year and focused our testing on those with a higher risk.

Our findings

- We have identified 2 journal entries and other adjustments meeting our high-risk criteria – our examination did not identify unauthorised, unsupported or inappropriate entries.
- We have not identified any instances of management override of controls.
- We have not identified any material misstatements relating to this risk.
- We have evaluated key accounting estimates and have not identified any indicators of management bias. Please see commentary on previous pages.

03

Value for Money

Value for Money

Introduction

We are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or ‘value for money’. We consider whether there are sufficient arrangements in place for the Council for the following criteria, as defined by the Code of Audit Practice:



Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance: How the Council ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

We do not act as a substitute for the Council’s own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We are also not required to consider whether all aspects of the Council’s arrangements are operating effectively, or whether the Council has achieved value for money during the year.

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor’s Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council.

Summary of findings

Our work in relation to value for money is complete.

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	15	18	20
Identified risks of significant weakness?	✗ No	✗ No	✗ No
Actual significant weakness identified?	✗ No	✗ No	✗ No
2023-24 Findings	No significant risks identified.	No significant risks identified.	No significant risks identified.
Direction of travel	↔	↔	↔



Value for Money

National context

We use issues affecting Councils nationally to set the scene for our work. We assess if the issues below apply to this Council.

Local Government Reorganisation

The Government has announced proposals to restructure local government throughout England. County and District councils (and, in some cases, existing Unitary authorities) will be abolished and replaced with new, larger Unitary authorities, which will (in many cases) work together with peers in a regional or sub-regional Combined Authority. Authorities which are unaffected by these proposals may still see changes in local police and fire authorities and in the Councils they already work in collaboration with.

Restructuring has, in some cases, resulted in differing views on how services should be provided in their regions – with little consensus on how previously separate organisations will be knitted together. Councils will need to ensure that investment decisions are in the long-term interest of their regions, and that appropriate governance is in place to support decision making.

Financial performance

Over recent years, Councils have been expected to do more with less. Central government grants have been reduced, and the nature of central government support has become more uncertain in timing and amount. This has caused Councils to cut services and change the way that services are delivered in order to remain financially viable.

Whilst the Government has indicated an intention to restore multi-year funding settlements, giving Councils greater certainty and ability to make longer-term investment decisions, the Government has also proposed linking grant funding to deprivation. For some authorities this presents a significant funding opportunity, whereas for others this reinforces existing financial sustainability concerns and creates new financial planning uncertainties.

Local context

- West Lindsey District Council is the local authority for the West Lindsey district of Lincolnshire, headquartered in Gainsborough. The Council serves approximately 95,000 residents across the district.
- For Local Government Reorganisation (LGR), the Council has actively engaged with partners across Greater Lincolnshire; however, it has not had sight of other councils' final proposals, limiting its ability to undertake an objective assessment of available options. As a result, the Council has resolved to maintain its current position of not formally supporting any proposal at this stage.
- In May 2025, the Council confirmed the appointment of a permanent Section 151 Officer, following an interim arrangement in place from February to May 2025. Also, in July 2025, the Council appointed a new Chief Executive, who formally commenced duties in September 2025. During the transition period (July to September 2025), the role was covered by an Interim Head of Paid Service. These appointments ensured that the Council met all statutory obligations associated with these key roles.
- On 8 September 2025, the Council appointed a new Leader and Deputy Leader, ensuring continuity and strengthening governance after the removal of former office holders. These changes have restored organisational stability and reinforced leadership capacity to drive the Council's strategic priorities.
- For 2024/25 budget, the Council's actual outturn position was positive at c.£16.2m i.e. an underspend of c.£1.8m if compared with the revised budget of £18m.
- The Council's General Fund increased by £588k during the year, with reserves of £24m as at year-end. Of these reserves - £19.5m, are earmarked and the remainder of £4.5m are above the minimum general fund range of £2.0 - £2.5m, as set by the Corporate Policy and Resources Committee (CPRC).
- As part of its Capital Plan the Council spent £17.4m against a revised budget of c.£23m, resulting in an underspend of c.£5.6m. This was largely driven by delayed projects.
- There were no adverse inspectorate findings in the year.
- We have not identified any issues from our media review
- We have not identified any issues arising from quality of services provided by the Council.

Financial Sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Council ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Council plans to bridge its funding gaps and identifies achievable savings;
- How the Council plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Council ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Council identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Budget setting

The Council's budget-setting process commences in June with an initial meeting between the Business Support Team Leader and Finance Business Partners (FBPs) to agree the timetable, responsibilities, and key actions. This establishes the framework for subsequent reviews and approvals. FBPs undertake a detailed review of controllable budgets, identifying potential savings and income opportunities. Working papers are prepared ahead of discussions with budget managers. Throughout the process, monthly leader panels provide updates, and 'Pressure List' reports are presented to the Management Team (MT).

Draft budgets for the first year and projections for years two to five, alongside 'Fees and Charges', 'Review of Reserves', and the 'Medium Term Financial Plan' (MTFP), are presented to MT, Prosperous Communities Committee (PCC), and CPRC. These reports drive informed decision-making and ensure transparency prior to Council approval.

Final entries, including council tax and government settlement figures, are incorporated into the MTFP. Budgets are reviewed by FBPs and budget managers before submission to Directors for approval. A formal challenge process is undertaken through MT, PCC, and CPRC, focusing on assumptions, pressures, and key funding areas.

The full Council approved the 2024/25 budget on 4 March 2024 as part of the 'Executive Business Plan 2024/25–2026/27' and the 'Medium Term Financial Plan 2024/25–2028/29'.

Budget monitoring

The Council's budget monitoring process is governed by the Financial Procedure Rules within its constitution. The Chief Finance Officer (CFO) sets the format, frequency, and reporting requirements, presenting quarterly reports to the CPRC. Directors and Assistant Directors are accountable for managing their budgets and must notify the CFO and Management Team of any variations exceeding £10,000, along with proposed corrective actions. Regular monitoring reports compiled by the CFO include recommendations to ensure financial control and compliance.

Quarterly reports provide actual and revised forecasts for revenue, capital, treasury, and staffing budgets, supported by an executive summary highlighting key positions, risks, and significant movements over £10,000. These reports also include commentary on major budget items and trends across service clusters. Variances from quarterly budget monitoring reports are assessed for their impact on the MTFP, which is updated as part of the subsequent year's budgeting cycle.

Consistency between financial and operational plans

The budget setting report is submitted to the MT, Committees, and the Council in conjunction with other pivotal strategies and operational plans for the entity, including the Executive Business Plan (three years), Capital Programme, Treasury Management Strategy, Council Tax Revenue Budget, Fees and Charges, Pay Policy, and MTFP. These documents are developed, challenged, and formally approved simultaneously to ensure that all operational activities of the Council are harmoniously aligned with the financial plans before the commencement of the financial year.

Financial Sustainability

Budget outturn

For 2024/25, the Council's initial budget for net revenue expenditure was £17.3m, later revised to £18m. The Council's actual outturn position was positive at c.£16.2m i.e. an underspend of c.£1.8m if compared with the revised budget. After taking into account carry forwards to future years, the Council's net contribution to reserves for the year amounted to £1.1m, compared to the breakeven position set in the initial budget.

Efficiency plan

We have observed that the Council does not have a formalised process for identifying and developing savings plans, monitoring the progress of savings initiatives, and taking corrective actions when necessary. This approach has been shaped by the Council's historically stable financial position and adequate reserves, which have mitigated short-term liquidity concerns. While the Council has a strong track record of delivering financial plans and maintaining healthy reserves, the absence of structured savings arrangements presents a potential future risk—particularly from 2026/27 onwards, when General Fund reserves are projected to be insufficient to cover anticipated funding gaps. Although this is not considered a weakness at present, alternative strategies should be explored to mitigate risks arising from increased spending pressures or static reserves. A Performance Improvement Observation has been raised in this context.

2025/26 Budget

The Council's Net Revenue Expenditure budget for 2025/26 has been set at approximately £21.15m. Total reserves are projected at £20.6m, an upward movement £0.8m from the prior year. These reserves include non-earmarked General Fund (GF) working balance of £2.2m. CPRC has established a minimum working balance for the GF within the range of £2.0m to £2.5m. According to the Q2 Budget and Treasury Monitoring Report (November 2025), the forecast outturn position indicates a net contribution of £0.177m to GF reserves.

Financial sustainability risk

The Council maintains a strategic risk register and reports quarterly to the Governance and Audit Committee. A key risk (CO1) relates to achieving a sustainable balanced budget, assessed as medium with a score of 8. The risk is being managed through measures such as the Medium Term Financial Plan, commercial trading and investment initiatives, annual business planning, and regular budget monitoring. While the 2025/26 budget is balanced largely due to a one-off business rates surplus, officers are now focused on addressing future budget gaps within the Medium Term Financial Plan.

Key financial and performance metrics:	2024-25	2023-24
Planned net revenue expenditure	£17.3m	£16.9m
Actual net revenue expenditure	£16.2	£16.7m
Usable reserves	£28.6m	£28.5m
Gross debt compared to the capital financing requirement	0.66:1 (CFR: £36m)	0.65:1 (CFR: £37m)
Year-end borrowings	£24m	£24m
Year-end cash and cash equivalents position	£19.7m	£18.2m

Gross debt compared to the capital financing requirement: Authorities are expected to have less debt than the capital financing requirement (i.e. a ratio of under 1 : 1) except in the short term, else borrowing levels may not be considered prudent.



Financial Sustainability



Medium Term Financial Plan (MTFP)

- The latest Medium Term Financial Plan, agreed on 3 March 2025, by the Council shows funding gaps of nil, £1.2m, £2.9m, £3.5m and £3.5m in the periods 2025/26 to 2029/30 respectively. The Council's projected reserves are anticipated to remain within the range of £20 to £21m, inclusive of a GF working balance maintained at £2m throughout the same period.

Reserves

Reserve	2024/25 (£m)	2023/24 (£m)
General Fund	4.4	3.3
General Fund Earmarked	19.6	20
Total General Fund Balance	24.0	23.3

The Council's usable reserves total £28.6m as at 31 March 2025, including £24m in GF reserves, which saw a modest increase during the year.

Conclusion

Based on the procedures performed, we have not identified any significant weaknesses in relation to the Council's arrangements to maintain financial sustainability.

Governance



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

We have considered the following in our work:

- how the Council monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

Risk management

The Council operates under a comprehensive risk management framework, last ratified in September 2019, which categorises risks across strategic, operational, contractual, programme, fraud, information, and partnership areas. It defines the Council's risk appetite as "Creative and Aware," reflecting a willingness to take calculated risks to achieve strategic objectives. The framework sets out processes for identifying emerging risks, maintaining a central risk register, assigning ownership, and applying response strategies such as avoid, tolerate, transfer, treat, or terminate. Risks are scored for inherent and target levels, with mitigation actions reviewed regularly.

Monitoring and governance are embedded at multiple levels. Strategic risks are reviewed quarterly by the Management Team and reported to the Governance & Audit Committee (G&A), while service-level risks are managed through monthly team meetings. The Corporate Governance Team oversees the central register to ensure consistency. Roles and responsibilities are clearly allocated, with the Council holding ultimate accountability and G&A providing oversight. Additional assurance is provided through the Overview and Scrutiny Committee and an Independent Member acting as 'Risk Champion,' supported by senior officers including the S151 Officer and Monitoring Officer.

Governance Structure

The governance structure is outlined in the Council's Constitution, ensuring clarity and efficiency. The Council is supported by the Overview and Scrutiny Committee, which aids in making key decisions. For regulatory functions, the Planning Committee, Licensing Regulatory Committee, and G&A Committee play pivotal roles in maintaining effective governance. Additionally, the CPRC and the PCC oversee the Council's policy functions. These committees collectively embody a robust governance framework.

Anti-fraud controls

The Council has implemented the "Prevention of Financial Crime Policy, Anti-Fraud and Corruption Policy, and an Anti-Bribery Policy." This policy defines various types of fraud and outlines the arrangements in place to prevent, detect, and investigate fraudulent activities. This policy also specifies the actions and responsibilities of different functions in the event of fraud. The policy was last updated in March 2019. A Performance Improvement Observation has been raised in this context.

The Chief Finance Officer prepares an Annual Counter Fraud Report, which is presented to the G&A Committee. The committee members review the findings of the report, and follow-up actions or recommendations are assigned to the Chief Finance Officer for implementation. The Council also receives assurance on anti-fraud controls through the work of internal audit.

Financial Plan 2024/25 and outturn

For detailed information on the establishment and approval of the 2024-25 financial plan, as well as outturn of the budget, please refer to page 15. We have confirmed that appropriate arrangements are in place for annual budgeting process.

Compliance with laws and regulations

The Council's Monitoring Officer is assigned the responsibility of ensuring compliance with all relevant legal requirements. According to the Constitution, the Monitoring Officer, in consultation with the S151 Officer, is obligated to report to the Council if they believe that any proposal, decision, or omission would result in unlawfulness or maladministration. Such a report will effectively halt the implementation of the proposal or decision until it has been duly considered. Management inquiries have confirmed that there have been no breaches of legislation or regulatory standards that have led to an investigation by any legal or regulatory body during the year.

Governance

Standards of behaviour

The 'Officer Code of Conduct' sets standards for staff behaviour, covering anti-fraud, anti-corruption, gifts and hospitality, and requiring disclosure of relationships with contractors. It also provides safeguards against harassment and ensures confidentiality. However, several related policies, including the Code of Conduct (last reviewed in 2020) and disciplinary policies, are overdue for review despite a two-year cycle. The Council maintains an updated Whistleblowing Policy, approved in July 2025, supported by regular briefings from the Monitoring Officer to promote awareness and proper reporting. A Performance Improvement Observation has been raised in this context.

Decision making process

The Council has established arrangements to ensure scrutiny, challenge, and transparency in decision-making. During 2024–25, an internal audit of procurement provision resulted in a limited assurance opinion, highlighting the need to update the Council's Contract & Procurement Procedure Rules (CPPR), strengthen resources, and improve document management. In response, the Council updated its rules and policies in line with legislative requirements, revised its Constitution, delivered staff training, and enhanced collaboration with Procurement Lincolnshire. A follow-up audit in February 2025 provided reasonable assurance, reflecting these improvements.

The CPPR, ensures compliance with the Public Contract Regulations 2015 and the Council's own procedural rules as outlined in the Constitution. These rules govern all contractual arrangements made by or on behalf of the Council, including the execution of works, delivery of services, and the supply of goods. Further, key decision-making is subject to discussion and scrutiny at executive team level and relevant sub-committees such as CPRC, followed by formal approval by the Council.

	2024-25	2023-24
Control deficiencies reported in the Annual Governance Statement	One 'Limited Assurance' issued by Internal Audit with respect to procurement process. Follow-up review concluded as 'Reasonable Assurance' after implementation of recommendations.	None.
Head of Internal Audit Opinion	Opinion not applicable. Under the Combined Assurance framework, Internal Audit considered 27 actions, comprising 8 medium-priority and 19 low-priority actions. The Council has demonstrated reasonable progress in implementing agreed management actions.	Substantial assurance
Local Government Ombudsman findings	No significant findings	No significant findings

In January 2025, the LGA peer review recommended that the Council prioritise reviewing and filling its management structure, citing risks to capacity and resilience if statutory roles were unfilled. Since year-end, the Council appointed a substantive Section 151 Officer in May and a substantive Chief Executive Officer in July, fulfilling key statutory responsibilities. Political leadership was also stabilised with the appointment of a new Leader and Deputy Leader in September. While no weaknesses were identified for 2024/25, any further disruption could materially impact governance in 2025/26 and beyond.

Conclusion

Based on the procedures performed, we have not identified any significant weaknesses associated with the Council's governance arrangements.



Improving economy, efficiency and effectiveness



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

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Council evaluates the services it provides to assess performance and identify areas for improvement;
- how the Council ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Council commissions or procures services, how it assesses whether it is realising the expected benefits.

Performance of services

The Council has embedded processes to leverage cost and performance data to strengthen service management and delivery, ensuring value for money. In line with the Performance Management Policy, the CPRC oversees the performance framework, while the PCC provides wider visibility and transparency. Forecast outturn positions for both revenue and capital budgets are reported quarterly through the governance cycle to MT and CPRC. Revenue reports highlight significant variances with explanations and mitigating actions, while capital expenditure is monitored against budget with narrative on forecast variances, feeding into Quarterly Budget Monitoring Reports.

Additionally, the Change Management team issues a quarterly Progress & Delivery Report to MT and Committees (PCC and CPRC), assessing service performance against internal indicators, including financial measures. The Q4 2024/25 report confirms that the Council's approved performance framework comprises 54 KPIs across five portfolios, with 41 KPIs exceeding targets, 6 within tolerance, and 7 below target. Performance Improvement Plans are implemented for measures falling below target for two or more consecutive periods, reinforcing accountability and continuous improvement.

Benchmarking

The Council uses benchmarking data during its annual review of fees and charges for the upcoming financial year, as part of the budget setting process. This data, along with market conditions, helps determine appropriate service charge levels. Additionally, the Council collaborates with the Association of Public Service Excellence (APSE) to benchmark its service delivery efficiency against other public bodies. At the end of each year, the Council submits its service delivery data to APSE, which then issues benchmarking reports. These reports provide insights for the Council to reflect on and improve its service delivery.

Partnerships

The Council works collaboratively with partners to develop organisational and system-wide plans, promoting shared ownership and coordinated delivery. Notable achievements include the co-development of the housing strategy with registered providers, enabling needs-led accommodation projects such as bespoke housing for older people and individuals with learning difficulties. Partnership performance is monitored through the Council's performance management framework, which aligns with its transformation agenda and continuous improvement programmes. The Council also plays a strategic role in regional growth initiatives as a member of the Central Lincolnshire Joint Strategic Planning Committee and a key partner in the Greater Lincolnshire Local Enterprise Partnership, supporting economic development and job creation.

Outsourced services

The Council did not engage in any significant outsourced contracts for its services during the 2024/25 fiscal year.

Conclusion

Based on the procedures performed, we have not identified a significant weakness associated with arrangements around improving economy, efficiency and effectiveness.



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**Governance and Audit
Committee**

**Tuesday, 25th November
2025**

**Subject: Report to those charged with Governance - EXTERNAL AUDIT
COMPLETION REPORT - ISA 260**

Report by:	Presented by: Debra Chamberlain, Director, KPMG LLP (UK)
Contact Officer:	Sue Leversedge Financial Services Manager sue.leversedge@west-lindsey.gov.uk Comie Campbell Finance Consultant comie.cmpbell@west-lindsey.gov.uk
Purpose / Summary:	To present to those charged with governance, the External Audit report on the quality of the Statement of Accounts and Annual Governance Statement 2024/25.

RECOMMENDATION(S):

1. That members accept the content of this report.

IMPLICATIONS

Legal: None from this report

Financial : FIN/104/26/MT/CC

Our External Auditor, KPMG has been appointed from 1 April 2024 as part of the Public Sector Audit Appointments (PSAA) contract awards.

The fee for the audit was £146,642 for 2024/25.

Staffing : None from this report

Equality and Diversity including Human Rights :

None from this report

Data Protection Implications: None

Data is shared for audit purposes

Climate Related Risks and Opportunities:

None from this report

Section 17 Crime and Disorder Considerations:

None from this report

Health Implications:

None from this report

Title and Location of any Background Papers used in the preparation of this report:

Risk Assessment :

None from this report

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

☐

No

X

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

x

No

☐

1. Background

1.1 The Report to those charged with Governance is attached at Appendix A which shows an unqualified audit opinion on the 2024/25 Statement of Accounts.

1.2 There were two material misstatements identified during the audit that have now been corrected by officers. These are as follows: -

- Classification adjustment to correctly classify balance from short-term deposit to cash at bank. Amount of adjustment £500k.
- Classification adjustments to correctly classify accrued interest on short term investments from cash and cash equivalents to trade and other receivables. Amount of adjustment £98.6k.

1.3 There were a further two misstatements identified that were not required to be corrected in the accounts. These are as follows: -

- Two sites and one property recorded as non specialised land and buildings and valued at year end using EUV methodology. Classification should have been investment properties and valued on FV basis, given that a material difference on valuation was not anticipated no adjustment was required.
- An unadjusted prepaid expenditure balance for expense amount during the year of £3.6k, due to sampling extrapolation across the untested population was required resulting in a projected understatement of £323k. No adjustment was required.

1.4 There were also a small number of presentational changes to the Statement of Accounts.

1.5 The report will be presented by Debra Chamberlain, Director, KPMG LLP (UK).

West Lindsey District Council

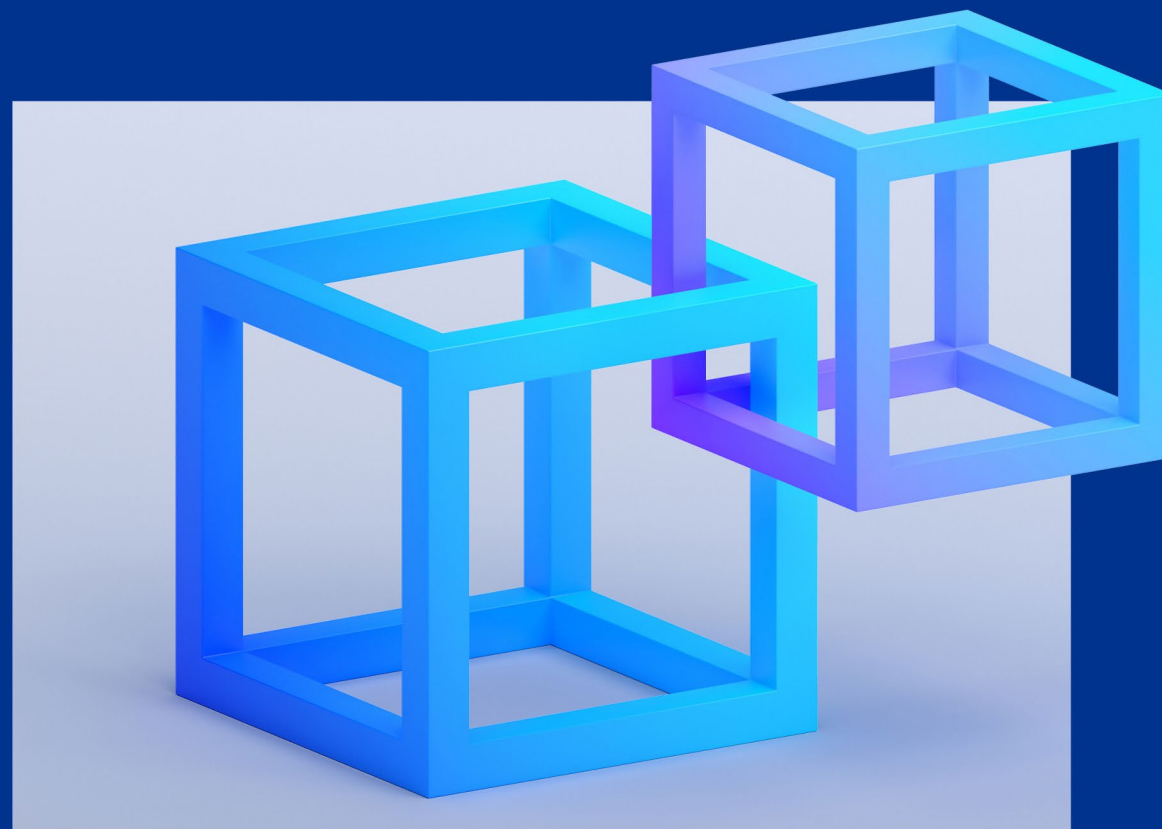
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Year End Report to the Governance & Audit
Committee

Year end report for the year ended 31 March 2025

—

17 November 2025



Introduction

To the Governance and Audit Committee of West Lindsey District Council

We are pleased to have the opportunity to meet with you on the 25th November 2025 to discuss the results of our audit of the financial statements of West Lindsey District Council (the 'Council/Authority'), as at and for the year ended 31 March 2025.

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. This report should be read in conjunction with our audit plan and strategy report, presented on the 10th June 2025. We will be pleased to elaborate on the matters covered in this report when we meet.

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 management; and,
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

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 Debra Chamberlain (Debra.Chamberlain@KPMG.co.uk), 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.cutler@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access KPMG's complaints process here: [Complaints](#).

The engagement team

Subject to the approval of the statement of accounts, we expect to be in a position to sign our audit opinion on the approval of those statement of accounts and auditor's representation letter, provided that the outstanding matters noted on page 4 of this report are satisfactorily resolved.

There have been no significant changes to our audit plan and strategy.

We expect to issue an unmodified Auditor's Report.

We draw your attention to the important notice on page 3 of this report, which explains:

- The purpose of this report
- Limitations on work performed
- Restrictions on distribution of this report

Yours sincerely,



Debra Chamberlain

17 November 2025

Contents	Page
Introduction	2
Important notice	3
Our audit findings	4
Significant risks and Other audit risks	5
Audit risks and our audit approach	6
Key accounting estimates and management judgement	17
Other matters	18
Value for money	19
Appendix	24

Important notice



This report is presented under the terms of our audit under Public Sector Audit Appointments (PSAA) contract.

The content of this report is based solely on the procedures necessary for our audit.

Purpose of this report

This Report has been prepared in connection with our audit of the financial statements of West Lindsey District Council (the 'Council/Authority'), prepared in accordance with International Financial Reporting Standards ('IFRSs') as adapted Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, as at and for the year ended 31 March 2025.

This Report has been prepared for the Council/Authority's Governance and Audit Committee, a sub-group of those charged with governance, in order to communicate matters that are significant to the responsibility of those charged with oversight of the financial reporting process as required by ISAs (UK), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

This report summarises the key issues identified during our audit but does not repeat matters we have previously communicated to you by written communication.

Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Council/Authority's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit.

Status of our audit

Our audit is not yet complete and matters communicated in this Report may change pending signature of our audit report. We will provide an oral update on the status. Page 4 'Our Audit Findings' outlines the outstanding matters in relation to the audit. Our conclusions will be discussed with you before our audit report is signed.

Restrictions on distribution

The report is provided on the basis that it is only for the information of the Governance and Audit Committee of the Council/Authority; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

Our audit findings

Significant audit risks		Page 5 –15
Significant audit risks	Our findings	
Valuation of land and buildings	We have identified one uncorrected audit misstatement in relation to this significant risk. We have also identified one control recommendation. See page 7 for further details.	
Valuation of investment property	We have not identified any material misstatements in relation to this significant risk. We have identified one control recommendation. See page 10 for further details.	
Valuation of post retirement benefit obligations	We have not identified any material misstatements in relation to this significant risk.	
Management override of controls	The results of our testing were found to be satisfactory and we have not identified any instances of management override of control.	

Key accounting estimates		Page 17
Key accounting estimates	Our findings	
Valuation of land and buildings	We have concluded that the assumptions used in the valuation of land and buildings are overall balanced.	
Valuation of investment property	We have concluded that the assumptions used in the valuation of investment properties are overall balanced.	
Valuation of post retirement benefit obligations	Following our actuaries' review, we consider the overall assumptions adopted by the Council to be balanced and within an acceptable range of reasonableness.	

Uncorrected Audit Misstatements		Page 30
Understatement/ (overstatement)	£m	%
Revenues	Nil	Nil
Deficit for the year	0.3	3.8
Total assets	0.3	0.3
Total taxpayers' equity	0.3	0.6

Disclosures: Disclosure of assets reclassified from PPE to investment properties.

Misstatements in respect of Disclosures	Page 31 Our findings
Leases / PPE	Aligning leases and PPE disclosures with the requirements of IFRS-16.
Related Parties	Disclosure of additional related party transactions / presentational changes
Pensions	Presentational changes
Exit packages	Corrections to the amount of packages, number of packages and cost band
Annual Report / AGS/ FS Notes	Presentational changes

Number of Control deficiencies	Page 32 - 37
Significant control deficiencies	0
Other control deficiencies	4
Prior year control deficiencies remediated	3

Outstanding matters

Our audit is substantially complete except for the following outstanding matters:

- Final review of annual report
- Management representation letter
- Finalise audit report and sign



Significant risks and Other audit risks



We discussed the significant risks which had the greatest impact on our audit with you when we were planning our audit.

Our risk assessment draws upon our historic knowledge of the business, the industry and the wider economic environment in which West Lindsey District Council operates.

We also use our regular meetings with senior management to update our understanding and take input from local audit teams and internal audit reports.

See the following slides for the cross-referenced risks identified on this slide.

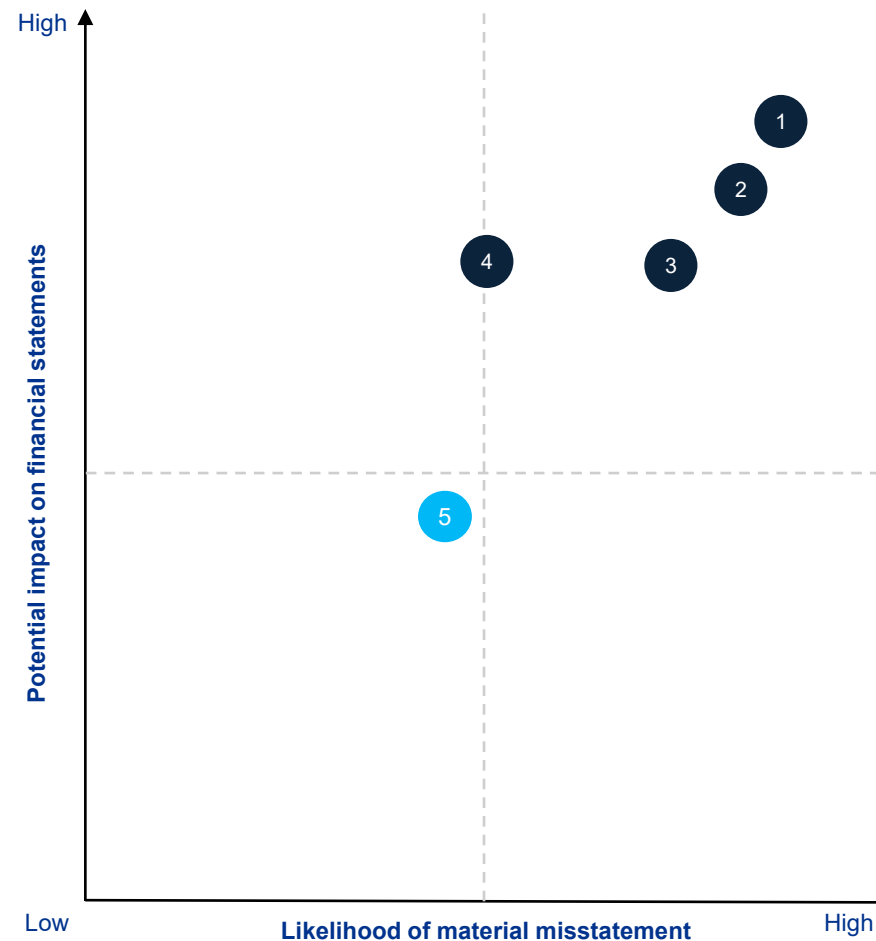
Significant risks

1. Valuation of land and buildings
2. Valuation of investment property
3. Valuation of post retirement benefit obligations
4. Management override of controls ^a

Other audit risks

5. Adoption of IFRS 16

Key: # Significant financial statement audit risks # Other audit risk



^a A significant risk that auditing standards require us to assess on all audit engagements.

Audit risks and our audit approach



1

Valuation of land and buildings

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



Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The Council has adopted a full revaluation model which sees all land and buildings revalued as at 31st March each financial year.

Valuations are inherently judgemental and there is a risk of error that the assumptions are not appropriate or correctly applied.

As per the 2024/25 financial statements, the value of the Council's land and buildings as at 31 March 2025 was £35m, all subject to valuation.



Our response

We have performed the following procedures designed to specifically address the significant risk associated with the valuation:

- We critically assessed the independence, objectivity and expertise of Wilks, Head & Eve LLP (WHE), the valuers used in developing the valuation of the Council's properties at 31 March 2025;
- We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code;
- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We challenged key assumptions within the valuation as part of our judgement;
- We agreed the calculations performed of the movements in value of land and buildings and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code; and
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Key:

Prior year Current year

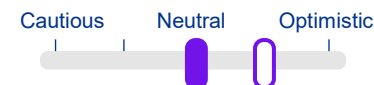


Audit risks and our audit approach (cont.)



1 Valuation of land and buildings (cont.)

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



Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The Council has adopted a full revaluation model which sees all land and buildings revalued as at 31st March each financial year.

Valuations are inherently judgemental and there is a risk of error that the assumptions are not appropriate or correctly applied.

As per the 2024/25 financial statements, the value of the Council's land and buildings as at 31 March 2025 was £35m, all subject to valuation.



Our findings

- We have challenged the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We have challenged key assumptions within the valuation of Other Land and Buildings under the Depreciated Replacement Cost (DRC) and Existing Use Value (EUV) methods as part of our judgement including obsolescence factor and market yields. Based on work performed, we consider the estimates in relation to the valuation of Other Land and Buildings to be neutral.
- Based on our work on Other Land and Buildings, we have identified one misstatement concerning the classification of three sites/properties having total value of c.£0.8m. These assets were recorded as non-specialised land and buildings and valued at year-end using the Existing Use Value (EUV) methodology. In fact, they should have been classified as investment properties and valued on a Fair Value (FV) basis as at the year-end. However, we do not anticipate a material difference in the year-end valuation arising from this reclassification, given the similarity of assumptions (rental value and market yield) applied under both approaches. Please see Appendix on page 30 for further details.
- We have agreed the calculations performed in relation to the movements in value of land and buildings and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code.
- We did not identify any issues in relation to the related disclosures.
- We have identified a recommendation concerning the process of maintaining floor area plans, detailed in the Appendix on page 34. However, this issue has not been assessed as material, as we obtained sufficient assurance over the completeness and accuracy of floor area information through our substantive audit procedures.

Key:

Prior year Current year

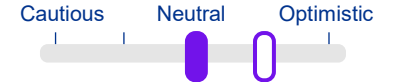
Audit risks and our audit approach (cont.)



1

Valuation of land and buildings (cont.)

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



Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The Council has adopted a full revaluation model which sees all land and buildings revalued as at 31st March each financial year.

Valuations are inherently judgemental and there is a risk of error that the assumptions are not appropriate or correctly applied.

As per the 2024/25 financial statements, the value of the Council's land and buildings as at 31 March 2025 was £35m, all subject to valuation.



Our findings

- Auditing Standards requires auditors to identify a management review control (MRC) where there is a significant audit risk. There is a significant threshold that needs to be met in order to have a satisfactory MRC in place – particularly around the precision of the control. We note that although the Council has processes in place to help ensure that the valuation of land and buildings is based on best estimate, supported by reasonable assumptions, these processes do not meet the required threshold of an MRC. Management have confirmed that they are comfortable with the current arrangements of employing an external expert to provide their valuations, and rely on their professionalism and skills to provide an accurate valuation.

Key:

Prior year Current year

Audit risks and our audit approach (cont.)



2

Valuation of investment property

The carrying amount of revalued investment property differs materially from the fair value



Significant audit risk

The Code defines an investment property as one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property.

The Council's property portfolio includes 9 commercial and industrial units, fair valued at £22.9m as at 31 March 2025.

There is a risk that investment properties are not being held at fair value, as is required by the Code. At each reporting period, the valuation of the investment property must reflect market conditions. Significant judgement is required to assess fair value and management experts are often engaged to undertake the valuations.



Our response

We have performed the following procedures designed to specifically address the significant risk associated with the valuation:

- We critically assessed the independence, objectivity and expertise of WHE, the valuers used in developing the valuation of the Council's investment property at 31 March 2025;
- We inspected the instructions issued to the valuers to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code;
- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We challenged the appropriateness of the valuation; including any material movements from the previous revaluations. We challenge key assumptions within the valuation as part of our judgement;
- We agreed the calculations performed of the movements and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code; and
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Key:

Prior year Current year

Audit risks and our audit approach (cont.)



2

Valuation of investment property (cont.)

The carrying amount of revalued investment property differs materially from the fair value



Significant audit risk

The Code defines an investment property as one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property.

The Council's property portfolio includes 9 commercial and industrial units, fair valued at £22.9m as at 31 March 2025.

There is a risk that investment properties are not being held at fair value, as is required by the Code. At each reporting period, the valuation of the investment property must reflect market conditions. Significant judgement is required to assess fair value and management experts are often engaged to undertake the valuations.



Our findings

- In accordance with the requirements of the CIPFA Code, all of the Council's investment properties were measured at fair value as at the year-end.
- We have challenged the appropriateness of the valuation of investment properties; including any material movements from the previous revaluations. We have challenged key assumptions within the valuation of investment properties under the Fair Value method as part of our judgement including market yields. Based on work performed, we consider the estimates in relation to the valuation of investment properties to be neutral.
- We have agreed the calculations performed in relation to the movements in value of investment properties and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code.
- We did not identify any issues in relation to the related disclosures.
- We have identified a recommendation concerning the process of maintaining floor area plans, detailed in the Appendix on page 34. However, this issue has not been assessed as material, as we obtained sufficient assurance over the completeness and accuracy of floor area information through our substantive audit procedures.
- Auditing Standards requires auditors to identify a management review control (MRC) where there is a significant audit risk. There is a significant threshold that needs to be met in order to have a satisfactory MRC in place – particularly around the precision of the control. We note that although the Council has processes in place to help ensure that the valuation of investment properties is based on best estimate, supported by reasonable assumptions, these processes do not meet the required threshold of an MRC. Management have confirmed that they are comfortable with the current arrangements of employing an external expert to provide their valuations, and rely on their professionalism and skills to provide an accurate valuation.

Key:

Prior year Current year

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



Significant 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 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.

The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.

Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.



Our response

We have performed the following procedures:

- Understood the processes the Council has in place to set the assumptions used in the valuation;
- Evaluated the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Performed inquiries of the scheme actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agreed the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirmed that the accounting treatment and entries applied by the association are in line with IAS19;
- Considered the adequacy of the Council's disclosures in respect of the sensitivity of the assumptions;
- Assessed the level of surplus that should be recognised by the entity; and
- Assessed the impact of any special events, where applicable

Key:

Prior year Current year

Audit risks and our audit approach (cont.)



3

Valuation of post retirement benefit obligations (cont.)

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



Significant 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 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.

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Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.



Our findings

Management Specialist Competence and Capability

- We have confirmed that the Fund's appointed actuaries, both individual and firm, hold appropriate professional qualifications, being Fellows of the Institute of Actuaries (UK), and are therefore suitably qualified to perform actuarial valuations and prepare IAS19 disclosure reports.

Key Assumptions Assessment

- The actuarial methodology applied in the current year is consistent with the prior year and aligns with the Council's reporting framework. We have reviewed the key actuarial assumptions adopted by the Council and compared them to KPMG Central Rates. Overall, the assumptions are considered balanced. While the CPI inflation assumption is cautious than KPMG Central Rates, however it remains within KPMG's reasonable range.

Input Data assessment

- We have performed testing over key input data used in the Defined Benefit Obligation (DBO) valuation, including benefits paid and contributions. No material exceptions were noted, and the data was found to be materially accurate.

Surplus assessment

- We have reviewed the appropriateness of the accounting treatment of the surplus under IFRIC 14. Under this guidance, the future reductions in contributions are determined as the estimated future service cost for each period, less the minimum funding contributions for future service in those periods, plus any minimum funding liability arising from positive secondary contributions. Our review included an assessment of management's rationale and the supporting analysis provided by KPMG actuaries. We concur with the conclusion reached, which is consistent with the treatment applied in the prior year.

Key:
 Prior year Current year



Audit risks and our audit approach (cont.)



3

Valuation of post retirement benefit obligations (cont.)

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

Cautious Neutral Optimistic



Significant audit risk

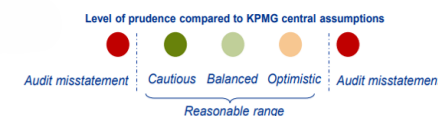
The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in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

The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.

Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.



Our findings



Overall assessment of assumptions for audit consideration							
						Balanced	
Underlying assessment of individual assumptions	Methodology	Consistent methodology to prior year?	Compliant methodology with accounting standard?	Employer	KPMG	Assessment	Key assumptions
Discount rate	AA yield curve	✓	✓	5.80%	5.74%		✓
CPI inflation	Deduction to inflation curve	✓	✓	2.90%	2.74%		✓
Pension Increases	In line with CPI	✓	✓	2.90%	2.96%		
Salary increases	Employer best estimate	✓	✓	CPI plus 1%	In line with long-term remuneration policy		
Mortality	Base tables	In line with most recent Fund valuation See next page	✓	130%/120% of SAPS S3 tables for Males/Females	In line with Scheme best-estimate		✓
	Future improvements	In line with most recent Fund valuation, updated to use latest CMI model See next page	✓	CMI 2023 projections model, 1.25% long-term trend rate, default smoothing factor and initial addition parameter, and 15% weighting of 2022 and 2023 data	CMI 2023, 1.25% long-term trend rate and default other parameters		✓
Other demographics	In line with most recent Fund valuation	✓	✓	Cash commutation	In line with Scheme experience		

Key:

Prior year Current year

Audit risks and our audit approach (cont.)



4

Management override of controls^(a)

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



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.



Our response

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

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

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

Audit risks and our audit approach (cont.)



4

Management override of controls (cont.)^(a)

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



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.



Our findings

- We have not identified any issues in relation to the quality of the Council's accounting practices including accounting policies and financial statement disclosures.
- We identified 2 journal entries and other adjustments meeting our high-risk criteria – our examination did not identify unauthorised, unsupported or inappropriate entries.
- We have evaluated key accounting estimates and have not identified any indicators of management bias. See page 17 for further discussion.
- Our procedures did not identify any significant unusual transactions.
- We have reviewed the Council's system control relating to the journals. Our assessment concluded that the control is appropriately designed and operating effectively to address the prior year's control deficiency related to the segregation of duties. However, KPMG's firmwide interpretation of auditing standards requires stringent criteria for each journal to be considered fully effective. This includes evidence of review, assessment of supporting documentation, accuracy of calculations, and follow-up on any identified outliers. While we acknowledge the improvements made since our previous year's control recommendation, we must bring this to your attention as the control relates to a significant risk.
- We have also raised control observations in relation to related party process - see page 32 - 33 for further details.

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

Audit risks and our audit approach



5

Adoption of IFRS 16

An inappropriate amount is estimated and recorded for lease liabilities and right of use assets



Other audit risk

The Council has adopted IFRS 16 as per CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom (2024/25) with an implementation date of 1 April 2024.

We anticipate the following issues that could impact in the first year of implementation:

- Completeness of lease listing used in transition computations.
- Inadequate lease disclosures as per IFRS 16.
- Inaccurate computation of lease liabilities and right of use assets.
- Training needs for new/existing staff.



Our response



Our findings

We performed the following procedures in order to respond to the other audit risk identified:

- Obtained schedule of all contracts that include lease components, accompanied by management's evaluation of these agreements, to obtain assurance regarding the completeness of lease listing used in transition computations.
- Obtained the full listings of leases and reconciled to the general ledger;
- Reviewed a sample of the lease agreements to determine the terms of the leases and confirmed correct classification;
- Reviewed the transition adjustments passed by the Council; and
- Reviewed the disclosures made on the financial statements against requirements of IFRS16.
- No audit misstatements were identified with respect to the completeness or recognition of Right of Use Assets.
- All lease agreements reviewed were correctly classified, and transition adjustments have been confirmed as appropriate.
- We have identified disclosure misstatements relating to the Leases note and other related disclosures to align the financial statements with the requirements of the Code for IFRS 16 implementation. Please refer to page 31 for further details.

Key:

0 Prior year 1 Current year



Key accounting estimates and management judgements– Overview

Our view of management judgement

Our views on management judgments with respect to accounting estimates are based solely on the work performed in the context of our audit of the financial statements as a whole. We express no assurance on individual financial statement captions.

Asset/liability class	Our view of management judgement	Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments
	Cautious Neutral Optimistic			Needs improvement Neutral Best practice	
Land and buildings		35.3	4.8		The year-on-year (YoY) change in the valuation of land and buildings is primarily attributable to revaluation activity, which has resulted in an increase in asset values. We considered the estimate to be overall balanced based on the procedures performed due to the neutral assumptions used in the valuation of land and buildings.
Investment properties		22.9	0.03		The YoY change in the value of the investment properties is assessed as not material. We considered the estimate to be overall balanced based on the procedures performed due to the neutral assumptions used in the valuation of investment properties.
LGPS gross DBO Gross defined obligation		64.3	(7.9)		The YoY change in the value of gross pension liabilities is primarily driven by actuarial gains arising from changes in financial assumptions. Our actuarial specialists have assessed the overall and individual assumptions used by management in valuing the pension liabilities as balanced and within our reasonable range. No issues were noted in the judgements made in the valuation of pension liabilities.

Key:
 Prior year Current year



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Document Classification: KPMG Confidential

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Other matters

Narrative report

We have read the contents of the Narrative Report and checked compliance with the requirements of the Annual Report and financial statements with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ('the Code'). Based on the work performed:

- We have not identified any inconsistencies between the contents of the Narrative Report and the financial statements.
- We have not identified any material inconsistencies between the knowledge acquired during our audit and the statements of the Council. As Governance and Audit Committee members, you confirm that you consider that the Narrative Report and financial statements taken as a whole are fair, balanced and understandable and provides the information necessary for regulators and other stakeholders to assess the Council's performance, model and strategy.

Annual Governance Statement

We have reviewed the Council's 2024/25 Annual Governance Statement and confirmed that:

- It complies with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE; and
- It is not misleading and is consistent with other information we are aware of from our audit of the financial statements.

Whole of Government Accounts

As required by the National Audit Office (NAO) we carry out specified procedures on the Whole of Government Accounts (WGA) consolidation pack.

We are yet to receive instructions from NAO regarding WGA.

Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning and no further work or matters have arisen since then.

Audit Fees

Our scale fee for the 2024/25 audit, as set by PSAA is **£146.6k** plus VAT (£141.5k in 2023/24).

See page 26 for details and status of fee variations.

We have also completed non audit work at the Council during the year on Housing Benefits grant certification and have included in appendix on page 28 confirmation of safeguards that have been put in place to preserve our independence.



Value for money

Value for Money

We are required under the Audit Code of Practice to confirm whether we have identified any significant weaknesses in the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources.

In discharging these responsibilities we include a statement within the opinion on your accounts to confirm whether we have identified any significant weaknesses. We also prepare a commentary on your arrangements that is included within our Auditor’s Annual Report, which is required to be published on your website alongside your annual report and accounts.

Commentary on arrangements

We have prepared our Auditor’s Annual Report and a copy of the report is included within the papers for the Committee alongside this report. The report is required to be published on your website alongside the publication of the annual report and accounts.

Response to risks of significant weaknesses in arrangements to secure value for money

As noted on the right, we have not identified any risks of a significant weakness in the Council’s arrangements to secure value for money.

We have no recommendations to report.

Summary of findings

We have set out in the table below the outcomes from our procedures against each of the domains of value for money:

Domain	Risk assessment	Summary of arrangements
Financial sustainability	No significant risks identified	No significant weaknesses identified
Governance	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness	No significant risks identified	No significant weaknesses identified

Further detail is set out in our Auditor’s Annual Report.

Performance improvement observations

As part of our work we have identified one Performance Improvement Observation (PIO), which are suggestions for improvement but not responses to identified significant weaknesses. We have also followed-up on three PIOs raised in the prior year. Please see details on next page.



Value for Money: Performance improvement observations



The performance improvement observations raised as a result of our work in respect of identified or potential significant value for money risks in the current year are as follows:

Priority rating for observations					
1	Priority one: Observations linked to issues where, if not rectified, these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	2	Priority two: Observations linked to issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately, but the weakness remains in the system.	3	Priority three: Observations linked to issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	3	Outdated code of conduct and related policies During our review, we have noted that the Code of Conduct and other related policies are outdated and have not been subject to recent review. Specifically, the Code of Conduct was last reviewed in 2020, the Disciplinary Rules Guidance in 2017, the Disciplinary Procedure in 2019, and the 'Prevention of Financial Crime Policy, Anti-Fraud and Corruption Policy, and an Anti-Bribery Policy' in 2019, despite these policies being scheduled for review every two years. Impact Outdated policies may lead to non-compliance with current standards, increased risk of unethical behaviour, and potential legal and reputational consequences. Recommendation Conduct a comprehensive review and update of the Code of Conduct and related policies on timely basis, to ensure they remain current and aligned with best practices and legal requirements.	The Council is due to review and update the Code of Conduct and related policies which will be approved by the end of the financial year. The Council has recently updated its Counter Fraud, Corruption and Bribery Policy which was approved by Corporate Policy and Resources Committee on 24th July 2025. An Anti-Money Laundering and Financial Crime Policy is currently being drafted which it is hoped will be approved later this year. Responsible Officer: Lisa Langdon, Asst. Director People & Democratic Services Due date: 31 March 2026

Value for Money: Performance improvement observations – follow up from prior year



Below we have set out our findings from following up performance improvement observations raised in prior periods:

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2025
1	2	Saving plans The Council should consider the appropriateness of its arrangements regarding the identification and development of savings plans and monitoring of progress on savings initiatives in the context of the level of future savings. Impact The absence of structured savings plans poses a significant challenge for the future. This concern becomes more pronounced from the fiscal year 2026/27 onwards, as the General Fund reserve will be insufficient to bridge funding gaps. Recommendation We recommend that the Council establish a formal process for identifying and developing savings plans, monitoring their progress, and taking corrective actions as needed. This will ensure financial stability and preparedness for future fiscal challenges.	The Council does not currently have a savings programme. Whilst the Council's medium term financial plan, which was approved in March 2025, does have funding gaps for 2026/27 onwards, it is not clear at this point whether these will be realised. This is due to major upcoming changes in government funding and business rates income. The government is currently consulting on a change to Council funding methodology and anticipating implementing a business rates reset, both of which will affect funding levels for 2026/27 onwards. When the funding that the Council will receive is known, which it is hoped will be in November/December, then the scale of any funding shortfalls will be known. Linked to this is the announcement by government of local government re-organisation in two-tier areas which includes Lincolnshire. This will potentially mean West Lindsey District Council in its current form will not exist after 1st April 2028 as it will be within a newly created authority. Whilst this is still at an early stage this will have a large number of impacts on the Council's operating model, not least whether or not funds will be needed to implement the new authority. With these high-level uncertainties, the Council would not be looking to implement a savings programme until more is known. Service managers do routinely review their service areas and are always looking at how they might operate their service more efficiently and effectively through a process of self-review. The Council has formally agreed to setup a savings board and this will come into operation if and when it is identified that savings are required to balance the medium-term financial plan. Responsible Officer: Peter Davy, Director of Finance and Assets Due date: 31 March 2026	We have observed that the Council does not have a formalised process for identifying and developing savings plans, monitoring the progress of savings initiatives, and taking corrective actions when necessary. Consequently, this recommendation has not been implemented. Status: Not implemented

Value for Money: Performance improvement observations – follow up from prior year (Cont.)



#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2025
2	3	Risk management strategy During our review, we have noticed that the Council's Risk Management Strategy has not been updated for latest period. The Council's previous strategy was for the period 2019-23 and it has not been revised since the end of the period. Impact The outdated Risk Management Strategy may lead to inadequate risk identification and mitigation, potentially exposing the Council to unforeseen risks and challenges. Recommendation We recommend that the Council promptly update its Risk Management Strategy to ensure it reflects current best practices and addresses emerging risks effectively.	The latest Risk Management Strategy was approved by Governance and Audit Committee on 22nd April 2025.	We have reviewed the recent Risk Management Strategy, which was approved subsequent to the year-end. Consequently, we have determined that this observation has been implemented. Status: Implemented
3	3	Contract exceptions During our review, we have noticed that the Council's record of contract exceptions is not a robust document which records the value of the contract, reason for exception and the approval process followed. Impact The lack of comprehensive documentation for contract exceptions may lead to reduced transparency and potential non-compliance with procurement rules. Recommendation We recommend that the Council formalise the documentation of contract exceptions to ensure greater transparency and adherence to procurement regulations.	Procurement Exemptions are signed off by the S151 officer up to a value of £75,000 over this value and under £214,000 they go to Management Team for approval and above £214,000 they go to committee for approval. Exemptions are then collated in a spreadsheet and loaded onto the Pro Contract software with a copy of the final contract once signed. All exemptions are reported to Governance and Audit committee on a periodic basis, the last report was for exemptions from 1st April to 30th September which went to Governance and Audit Committee on 21st January 2025. Management accept the observation and will work on updating the format of the contract exceptions register. Responsible Officer: Anna Grieve, Business Development Officer Contracts & Procurement Due date: November 2025	We have observed that the Council has not revised the design or enhanced the level of documentation for contract exceptions. Consequently, this recommendation remains unimplemented. Status: Not implemented

Appendix

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Required communications

Type	Response
Our draft management representation letter	 We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2025.
Adjusted audit differences	 There were two adjusted audit differences with no impact on deficit. There were also a number of disclosure adjustments. See page 31 for further details.
Unadjusted audit differences	 There were two unadjusted audit difference with £323k impact on deficit and one disclosure misstatement. In line with ISA 450 we request that you adjust for this item. However, it will have no effect on the opinion in the auditor's report. See page 30 for further details.
Related parties	 There were no significant matters that arose during the audit in connection with the entity's related parties.
Other matters warranting attention by the Audit Committee	 There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
Control deficiencies	 We communicated to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit that had not previously been communicated in writing.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	 No actual or suspected fraud involving Council management, employees with significant roles in internal control, or where fraud results in a material misstatement in the financial statements identified during the audit.
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.

Type	Response
Significant difficulties	 No significant difficulties were encountered during the audit/OR explain any significant difficulties.
Modifications to auditor's report	 None.
Disagreements with management or scope limitations	 The engagement team had no disagreements with management and no scope limitations were imposed by management during the audit.
Other information	 No material inconsistencies were identified related to other information in the statement of accounts.
Breaches of independence	 No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Accounting practices	 Over the course of our audit, we have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. In general, we believe these are appropriate.
Significant matters discussed or subject to correspondence with management	 No significant matters arising.
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. We will issue our certificate once we have received confirmation from the National Audit Office that all assurances required for their opinion on Whole of Government Accounts have been received.

Fees

Audit fee

Our fees for the year ending 31 March 2025 are set out in the PSAA Scale Fees communication and are shown below.

Description	2024/25 (£'000)	2023/24 (£'000)
Scale fee as set by PSAA	146.6	132
Fee variation for 23/24 approved by PSAA	-	17.5
TOTAL	146.6	149.5

We are in the process of agreeing fee variations with management and will report these at a later date,

Billing arrangements

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



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 Director and audit staff is not impaired.

To the Governance and Audit Committee members

Assessment of our objectivity and independence as auditor of West Lindsey 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

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out on the table overleaf.

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 £000
1	Housing benefit grant certification	Management Self review Self interest	- 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	£0	£31,225

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 0.2: 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.

	2024/25
	£'000
Scale fee	146.6
Other Assurance Services	31.2
Total Fees	177.8

Application of the FRC Ethical Standard 2019

Your previous auditors will have communicated to you the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

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

Debra Chamberlain
KPMG LLP

Uncorrected audit misstatements



Under UK auditing standards (ISA (UK) 260) we are required to provide the Governance and Audit Committee with a summary of uncorrected audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are ‘clearly trivial’, which are not reflected in the financial statements. In line with ISA (UK) 450 we request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor’s report, individually or in aggregate. As communicated previously with the Governance and Audit Committee, details of all adjustments greater than £60K are shown below:

Uncorrected audit misstatements (£'000s)				
No.	Detail	CIES Dr/(cr)	Balance Sheet Dr/(cr)	Comments
1	Dr Investment properties	-	784	Following our review, we have identified two sites and one property recorded as non-specialised land and buildings and valued at year-end using the EUV methodology. In fact, they should have been classified as investment properties and valued on a FV basis as at the year-end. However, we do not anticipate a material difference in the year-end valuation arising from this reclassification, given the similarity of assumptions (rental value and market yield) applied under both approaches.
	Cr Other land and buildings (PPE)	-	(784)	
1	Dr Prepayment	-	323	Our testing identified that the Council has not adjusted a prepaid expenditure balance for expense amount during the year. This resulted in factual understatement of prepayments by £3,556 as at year-end. Due to the nature of the statistical sampling software used, this error has been extrapolated using a statistical methodology across the total untested population, resulting in a projected understatement of £323k.
	Cr Other expenses	(323)	-	
Total		(323)	323	

Uncorrected disclosure misstatement:

- Narrative to disclose the details of sites / properties reclassified from ‘Other land and buildings’ to investment property.

Corrected audit misstatements

Under UK auditing standards (ISA (UK) 260) we are required to provide the Governance and Audit Committee with a summary of corrected audit differences (including disclosures) identified during the course of our audit. The adjustments below have been included in the financial statements.

Corrected audit misstatements (£'000s)				
No.	Detail	SOCI Dr/(cr)	SOFP Dr/(cr)	Comments
1	Dr Bank Current Accounts	-	£500	Classification adjustment to correctly classify balance held with the bank from short-term deposit to cash at bank.
	Cr Short-term deposits	-	(£500)	
2	Dr Trade and other receivables	-	£98.6	Classification adjustment to correctly classify accrued interest on short term investments from cash and cash equivalents to trade and other receivables.
	Cr Short-term deposits	-	(£98.6)	
Total		£Nil	£Nil	

We also identified some presentational issues which have been updated by management - the most significant of which are:

- Defined Benefit Pension Scheme – Additional disclosures for Asset ceiling and McCloud judgement
- Defined Benefit Pension Scheme - Several disclosure changes to enhance the quality of the information disclosed for The Local Government Pension Scheme. These mainly include disclosure of correct percentage (%) and amounts for sensitivity analysis for changes in pension assumptions, disclosure of revised discount rates range, duration of scheme and other presentational changes.
- Related Parties Disclosure – To disclose related parties and material related party transactions, not disclosed previously. We also suggested presentational changes to cross-refer to respective notes of Collection Fund, debtors and creditors for material related party transactions between the Council and Central Government.
- Leases / ROUA Note – Several disclosure amendments have been made to ensure alignment with IFRS 16 requirements. These primarily involve the classification of Right-of-Use Assets (ROUA) between investment properties and land and building assets and Lessor receivable disclosure. Cross-references have also been incorporated through narrative disclosures to link lease balances disclosed under PPE, investment properties, and Creditors.
- Exit packages – The disclosure has been updated to reflect the accurate number and total cost of exit packages. In addition, the cost bandings have been revised to present the correct ranges of amounts paid in respect of these packages.
- External audit costs – Updated the amount disclosed for non-audit fee paid to the external audit
- Annual Report – Narrative disclosures and corresponding figures within the financial statement notes have been revised following our casting and consistency review of the annual report, to ensure coherence and alignment of current and prior period financial information throughout the document.
- Annual Governance Statement – Presentational changes

Control Deficiencies

The recommendations raised as a result of our work in the current year are as follows:

Priority rating for recommendations

1

Priority one: issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.

2

Priority two: issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.

3

Priority three: issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	2	Related party process We identified four issues in relation to the related parties process: i) Completeness and accuracy of Related Party Disclosure There is a risk that the Register of Interests (ROI) is incomplete: • The council's annual declaration process does not fully comply with the CIPFA Code of Practice, as it does not require disclosure of interests held by the person or person's close family members. • Not all senior officers identified in the Draft Accounts are included in the ROI. • The ROI contains names of senior officers linked to entities other than the Council, includes officers who left in previous years, and lists individuals not appearing in the Draft Accounts or on the Council's website. • The Council's website itself lacks a dedicated page listing all senior officers, similar to the councillors' page. ii) Weaknesses in the Declaration of Interest (DOI) Process The DOI process remains weak, as some declarations are not received by year-end or lack a date to confirm when the declaration was made. This compromises the integrity of related party reporting and increases the risk of incomplete or inaccurate disclosures. <i>(Continued on next page)</i>	We will work with the Monitoring Officer to ensure that the register of interests and related parties processes are aligned and formalised to ensure that the CIPFA Code requirements are met. Responsible Officer: Peter Davy, Director of Finance and Assets Due date: 31 March 2026



Control Deficiencies *(Cont.)*



#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	2	Related party process (Cont.) iii) Disclosure of material related party transactions Material related party transactions were omitted from the draft accounts, which could compromise the quality and transparency of the financial statements by failing to fully disclose the Council's financial relationships. iv) Monitoring of related party process There is lack of robust monitoring to ensure accurate and transparent related party reporting. In the absence of effective oversight of whole process, there is risk that the Council will transact with third parties which are related parties without appropriate approval. Also, there is risk of disclosing incorrect Related Parties interests / transactions in the financial statements. We also note that similar observations were also raised in the prior year. We recommend that management formalise the related party process by aligning declarations with CIPFA Code requirements, enforcing timely and dated submissions, ensuring the accuracy and completeness of the Register of Interests, reviewing and appropriately disclosing all material related party transactions within the financial statements, and strengthening oversight through clear accountability, periodic compliance checks, and robust approval controls for related party dealings.	
2	2	Documentary record for Grant income During our review, we noted that the Council does not maintain separate, detailed records to support grant income following online submissions to funder portals. This limits the ability to verify the completeness and accuracy of income reported. The absence of adequate supporting evidence increases the risk of misstatement in the financial statements and may undermine confidence in the accuracy of reported grant income. It also limits the audit trail for external verification and compliance purposes. Management should implement a formal process to retain and reconcile all supporting documentation for grant income following online submissions.	Officers submitting grant claims in future will be reminded to save all returns to the network rather than saving the returns on grant portals. Responsible Officer: Grant Income Officers Due date: 31 December 2025

Control Deficiencies (Cont.)

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
3	3	Floor area record During our review of the floor plans related to assets held by the Council and recorded as PPE/investment properties, we identified weaknesses in the process for maintaining accurate and up-to-date floor area records. The Council does not maintain floor area plans for all properties and relies to some extent on its valuer to keep these records. Failure to maintain accurate and up-to-date floor area records for all Council properties may result in incomplete or incorrect asset information, leading to misstatements in property valuations, inaccurate financial reporting, and potential non-compliance with accounting standards. This could also impact decision-making related to asset management, insurance coverage, and capital planning. As management is responsible for ensuring a complete and current record of the Council's assets, we recommend formalising the process to ensure all assets are measured and recorded accurately, and that this information is regularly updated by the Council.	Team Manager Property & Assets is to appoint consultants to survey all the properties where we do not have measured surveys, particularly in relation to the investment portfolio. Responsible Officer: Gary Reeve, Team Manager Property & Assets Due date: 31 March 2026
4	3	One Finance – General IT Control deficiencies During our review, we identified four General IT Control deficiencies within the One Finance system: (1) password settings for non-Single sign on users were not configured in line with policy with less stringent settings noted for password attempts, lockout time, and minimum character length; (2) user access was granted without documented approval; (3) three finance team members were assigned privileged access not aligned with business roles; and (4) a sample system change was implemented without formal approval. While the likelihood of these deficiencies contributing to a material misstatement was assessed as remote due to mitigating factors (e.g., monitoring, least privilege roles, and oversight during changes), they collectively weaken the overall control environment. These deficiencies increase the risk of unauthorised access, inappropriate changes, and potential misuse of privileged rights, which could compromise system integrity and sensitive financial data. Management should enforce password policies for all users, implement mandatory access approval workflows, review and restrict privileged access to essential personnel only, and ensure all system changes undergo formal approval and documentation. Periodic reviews of user access and system configurations should also be performed to maintain compliance and strengthen the control environment.	1. Password settings, password attempts and lockout time is in progress for implementation and will be completed within one month. 2. Access has been granted with documented approval. However, the form on the system has been amended to include segregation of duties, including a workflow to email requesting approval. Will be completed within one month. 3. Privileged access for three finance team members, to resolve this issue we will create alternative admin access roles for these three team members to restrict access. To be completed within 3-6 months. 4. The process will be implemented for system change and management approval to ensure oversight and segregation of duties. Will be completed within one month. Responsible Officer: Jason Lill.



Control Deficiencies (cont.)



We have also follow up the recommendations from the previous years audit, in summary:

Total number of recommendations		Number of recommendations implemented		Number outstanding (repeated below):	
4		3		1	
#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date		Current Status (November 2025)
1	2	Journals segregation of duties (SOD) in One Finance Based on our walkthrough of journal process, we noted that the Council's General Ledger application 'One Finance' does not enforce SOD for journal and as such the design and implementation of controls over journal entries and post-closing adjustments were deemed to not be effective. In the absence of an effective SOD control for journal authorisation, there is risk of erroneous and/or fraudulent journals being posted, which could result in a misstatement in the financial statements. Therefore, we recommend that management implements an effective system control that enforces SOD in the posting of journals.	Our systems administrator noted this issue on 31st January 2024 and raised the issue with T1 on 7th February 2024. System access for all was amended a week later on 14th February 2024. This has now been tested again and we are confident that segregation of duties is implemented within the system is operating effectively.		Based on our IT Audit's control testing, we have not identified similar control deficiency with respect to 2024/25. Therefore, the observation is assessed as resolved. Please also refer to page 15 for our comment on the control over journals. Status: Implemented

Control Deficiencies (cont.)



#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2025)
2	2	Register of interest for related parties Based on our review of related parties process, we noticed discrepancies with respect to accuracy of the Council's register of interest (ROI) for members and senior management. We noticed two instances where interests of the member as per ROI were inconsistent with the latest declarations. We also noticed two instances where senior officers on ROI either left the Council or are no more part of the senior team however ROI is not updated for these changes. In the absence of effective oversight of ROI, there is risk that the Council will transact with third parties which are related parties without appropriate approval. Also, there is risk of disclosing incorrect related parties interests / transactions in the financial statements. Therefore, we recommend that the management should formalise its processes to periodically review ROI and ensure accuracy of related parties interests and transactions disclosed in the financial statements.	We will introduce a formal monthly process to review related parties, to ensure that these are accurate and correctly disclosed. This will be added to the finance teams monthly tasks and then reviewed by the relevant senior member of the team.	Based on our review, we have noted further discrepancies with respect to related party process. Please refer to pages 32-33 for details. Therefore, this observation remains outstanding. Status: Outstanding Update from management – November 2025 We will work with the Monitoring Officer to ensure that the register of interests and related parties processes are aligned and formalised to ensure that the CIPFA Code requirements are met. Responsible Officer: Peter Davy, Director of Finance and Assets Due date: 31 March 2026
3	2	Impairment review process We noted from our work over valuation of land and buildings that the Council does not have a formal year-end impairment review process. Whilst there are processes in place for land and buildings there is a potential that indicators in impairment are missed across other assets. We recommend management consider implementing a formal write-out to asset holders to ensure any issues with assets are accurately reflected in impairment review and therefore ensuring all assets on the asset register are held at an appropriate value.	Asset managers are contacted prior to closedown each year to confirm they still have the assets they held the previous year. They are then asked to confirm the remaining useful life of the assets, if they are still operational and whether there is a plan to dispose of them. We will add to this process to ask the manager to confirm if there has been any physical deterioration, functional obsolescence, economic obsolescence, changes in use, legal restrictions or environmental contamination. Once returns are received the finance team will then consider factors which could mean an impairment is required such as market value decline, changes in interest rates, changes in economic conditions, changes in government policy and any natural disasters. If there are any of these then this will be discussed with the external valuers before the final valuations are arrived at.	Based on our review, we have noted the implementation of formal impairment review by the management. Therefore, this observation is assessed as resolved. Status: Implemented

Control Deficiencies (cont.)



#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (November 2025)
4	3	Monthly Fixed Asset Register (FAR) Reconciliation Based on our walkthrough of the FAR reconciliation process, we noticed that while FAR and GL reconciliation is performed by Principal Corporate Accountant on monthly basis, reconciliation is not reviewed by senior member of the team. Also, we noticed that no documentation is maintained to evidence sign-off of the reconciliation by preparer. In the absence of robust oversight of the process, there is risk that FAR and GL differences will not be identified and could result in error in the accounts. Also, there is risk of lack of accountability if reconciliation is not signed-off by the relevant staff. We would recommend that the management should formalise its process of FAR reconciliation where it should be reviewed by senior member of the team. Also, formal documentation should be maintained to evidence sign-off by the preparer and reviewer.	A review will be done each month of the fixed asset register reconciliation by a senior member of the finance team. A cover sheet will be added to the monthly reconciliation currently undertaken which will then be signed by the preparer and reviewer to show this review has taken place.	Based on our walkthrough procedure, we have not identified similar issue with respect to 2024/25. Therefore, this observation is assessed as resolved. Status: Implemented

FRC's areas of focus

The FRC released their **Annual Review of Corporate Reporting 2023/24** ('the Review') in **September 2024** having already issued three thematic reviews during the year.

The Review and thematic reviews identify where the FRC believes companies can improve their reporting. These slides give a high level summary of the key topics covered. We encourage management and those charged with governance to read further on those areas which are significant to their entity.



Key expectations for 2024/25 annual reports

Overview

The Review identifies that the quality of reporting across FTSE 350 companies has been maintained this year, but there is a widening gap in standards between FTSE 350 and non-FTSE 350 companies. This is noticeable in the FRC's top two focus areas, 'Impairment of assets' and 'Cash Flow Statements'.

'Provisions and contingencies' has fallen out of the top ten issues for the first time in over five years. This issue is replaced by 'Taskforce for Climate-related Financial Disclosures (TCFD) and climate-related narrative reporting'.

The FRC re-iterates that companies should apply careful judgement to tell a consistent and coherent story whilst ensuring the annual report is clear, concise and Council/Authority-specific.

Pre-issuance checks and restatements

The FRC expects companies to have in place a sufficiently robust self-review process to identify common technical compliance issues. The FRC continues to be frustrated by the increasing level of restatements affecting the presentation of primary statements. This indicates that thorough, 'step-back' reviews are not happening in all cases.

Risks and uncertainties

Geopolitical tensions continue and low growth remains a concern in many economies, particularly with respect to going concern, impairment and recognition/recoverability of tax assets and liabilities. The FRC continues to push for enhanced disclosures of risks and uncertainties. Disclosures should be sufficient to allow users to understand the position taken in the financial statements, and how this position has been impacted by the wider risks and uncertainties discussed elsewhere in the annual report.

Financial reporting framework

The FRC reminds preparers to consider the overarching requirements of the UK financial reporting framework in determining the information to be presented. In particular the requirements for a true and fair view, along with a fair, balanced, and comprehensive review of the Council/Authority's development, position, performance, and future prospects.

The FRC does not expect companies to provide information that is not relevant and material to users, and companies should exercise judgement in determining what information to include.

Companies should also consider including disclosures beyond the specific requirements of the accounting standards where this is necessary to enable users to understand the impact of particular transactions or other events and conditions on the entities financial position, performance and cash flows.

FRC's areas of focus (cont.)

Impairment of assets

Impairment remains a key topic of concern, exacerbated in the current year by an increase in restatements of parent Council/Authority investments in subsidiaries.

Disclosures should provide adequate information about key inputs and assumptions, which should be consistent with events, operations and risks noted elsewhere in the annual report and be supported by a reasonably possible sensitivity analysis as required.

Forecasts should reflect the asset in its current condition when using a value in use approach and should not extend beyond five years without explanation.

Preparers should consider whether there is an indicator of impairment in the parent when its net assets exceed the group's market capitalisation. They should also consider how intercompany loans are factored into these impairment assessments.

Cash flow statements

Cash flow statements remain the most common cause of prior year restatements.

Companies must carefully consider the classification of cash flows and whether cash and cash equivalents meet the definitions and criteria in the standard. The FRC encourage a clear disclosure of the rationale for the treatment of cash flows for key transactions.

Cash flow netting is a frequent cause of restatements and this was highlighted in the '[Offsetting in the financial statements](#)' thematic.

Preparers should ensure the descriptions and amounts of cash flows are consistent with those reported elsewhere and that non-cash transactions are excluded but reported elsewhere if material.

Climate

This is a top-ten issue for the first time this year, following the implementation of TCFD.

Companies should clearly state the extent of compliance with TCFD, the reasons for any non-compliance and the steps and timeframe for remedying that non-compliance. Where a Council/Authority is also applying the CIPFA Climate-related Financial Disclosures, these are mandatory and cannot be 'explained', further the required location in the annual report differs.

Companies are reminded of the importance of focusing only on material climate-related information. Disclosures should be concise and Council/Authority specific and provide sufficient detail without obscuring material information.

It is also important that there is consistency within the annual report, and that material climate related matters are addressed within the financial statements.

Financial instruments

The number of queries on this topic remains high, with Expected Credit Loss (ECL) provisions being a common topic outside of the FTSE 350 and for non-financial and parent companies.

Disclosures on ECL provisions should explain the significant assumptions applied, including concentrations of risk where material. These disclosures should be consistent with circumstances described elsewhere in the annual report.

Council/Authority should ensure sufficient explanation is provided of material financial instruments, including Council/Authority -specific accounting policies.

Lastly, the FRC reminds companies that cash and overdraft balances should be offset only when the qualifying criteria have been met.

Judgements and estimates

Disclosures over judgements and estimates are improving, however these remain vital to allow users to understand the position taken by the Council/Authority. This is particularly important during periods of economic and geopolitical uncertainty.

These disclosures should describe the significant judgements and uncertainties with sufficient, appropriate detail and in simple language.

Estimation uncertainty with a significant risk of a material adjustment within one year should be distinguished from other estimates.

Further, sensitivities and the range of possible outcomes should be provided to allow users to understand the significant judgements and estimates.

FRC's areas of focus (cont.)

Revenue

Disclosures should be specific and, for each material revenue stream, give details of the timing and basis of revenue recognition, and the methodology applied. Where this results in a significant judgement, this should be clear.

Presentation

Disclosures should be consistent with information elsewhere in the annual report and cover Council/Authority - specific material accounting policy information.

A thorough review should be performed for common non-compliance areas of IAS 1.

Income taxes

Evidence supporting the recognition of deferred tax assets should be disclosed in sufficient detail and be consistent with information reported elsewhere in the annual report.

The effect of Pillar Two income taxes should be disclosed where applicable.

Strategic report

The strategic report must be 'fair, balanced and comprehensive'. Including covering all aspects of performance, economic uncertainty and significant movements in the primary statements.

Companies should ensure they comply with all the statutory requirements for making distributions and repurchasing shares.

Fair value measurement

Explanations of the valuation techniques and assumptions used should be clear and specific to the Council/Authority.

Significant unobservable inputs should be quantified and the sensitivity of the fair value to reasonably possible changes in these inputs should provide meaningful information to readers.

Thematic reviews

The FRC has issued three thematic reviews this year: 'Reporting by the UK's largest private companies' (see below), 'Offsetting in the financial statements', and 'IFRS 17 Insurance contracts – Disclosures in the first year of application'. The FRC have also performed Retail sector research (see below).

UK's largest private companies

The quality of reporting by these entities was found to be mixed, particularly in explaining complex or judgemental matters. The FRC would expect a critical review of the draft annual report to consider:

- internal consistency
- whether the report as a whole is clear, concise, and understandable; notably with respect to the strategic report
- whether it omits immaterial information, or
- whether additional information is necessary for the users understanding particularly with respect to revenue, judgments and estimates and provisions

Retail sector focus

Retail is a priority sector for the FRC and the research considered issues of particular relevance to the sector including:

- Impairment testing and the impact of online sales and related infrastructure
- Alternative performance measures including like for like (LFL) and adjusted e.g. pre-IFRS 16 measures
- Leased property and the disclosure of lease term judgements, particularly for expired leases.
- Supplier income arrangements and the clarity of accounting policies and significant judgements around measurement and presentation of these.

2024/25 review priorities

The FRC has indicated that its 2024/25 reviews will focus on the following sectors which are considered by the FRC to be higher risk by virtue of economic or other pressures:



Industrial metals and mining



Construction and materials



Food producers



Retail



Gas, water and multi-utilities



Financial Services

KPMG's Audit quality framework



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.

To ensure that every director and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight (and Risk) Committee, and accountability is reinforced through the complete chain of command in all our teams.

■ Commitment to continuous improvement

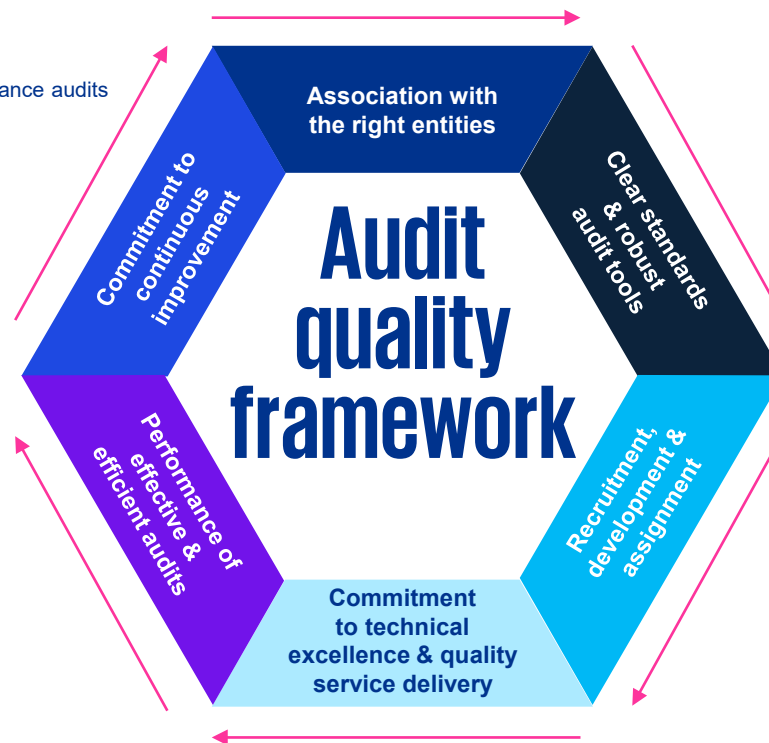
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



■ Association with the right entities

- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members employed KPMG specialists and specific team members



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**Governance and Audit
Committee**

25 November 2025

Subject: Quarter Two Review of Strategic Risks 2025/26

Report by:	Assistant Director People & Democratic Services
Contact Officer:	Lisa Langdon Assistant Director People & Democratic Services
Purpose / Summary:	To present to Governance and Audit Committee for review, the strategic risks facing the Council as at September 2025

RECOMMENDATION(S):

Governance and Audit Committee are asked to review the register and to consider:

- Do any additional risks of a strategic nature exist?
- Are current controls and proposed actions sufficiently robust?

IMPLICATIONS

Legal: None

(N.B.) Where there are legal implications the report **MUST** be seen by the MO

Financial: FIN/110/26/GA/DN

There are no financial implications arising from this report.

(N.B.) All committee reports **MUST** have a Fin Ref

Staffing: None

(N.B.) Where there are staffing implications the report **MUST** have a HR Ref

Equality and Diversity including Human Rights: None

Any changes to projects/services/policies would require their own EIA to be carried out.

Data Protection Implications: None

Climate Related Risks and Opportunities:

The Strategic Risk register records, monitors and mitigates the risks of the Council not achieving its Corporate Plan and statutory objectives. This has been taken into account within these Strategic Risks in line with the Corporate Plan 2023-27.

Section 17 Crime and Disorder Considerations: None

Health Implications: None

Title and Location of any Background Papers used in the preparation of this report :

<https://www.west-lindsey.gov.uk/my-council/how-the-council-works/key-plans-policies-and-strategies/risk-management/>

Risk Management Strategy 2025-2029

Risk Assessment: None

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

☐

No

x

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

☐

No

x

Summary of Strategic Risks – as at September 2025

Theme	Reference	Description	Owner
Our Council	CO1	Inability to set a sustainable balanced budget for 2026/27	Peter Davy
	CO3	The quality of services do not meet realistic customer expectations	Nova Roberts
	CO4	The Council is underprepared for the impact of extreme weather due to the change in environmental conditions	Alan Bowley
	CO5	Inability for the Council's governance to support quality decision making	Lisa Langdon
Our People	PE1	Inability to raise local educational attainment and skills levels	Sally Grindrod-Smith
	PE2	Inadequate support is provided for vulnerable groups and communities	Sally Grindrod-Smith
	PE3	Health and wellbeing of the District's residents does not improve.	Sally Grindrod-Smith
Our Place	PL1	The local housing market and the Council's housing related services do not meet demand	Sally Grindrod-Smith
	PL2	The local economy does not grow sufficiently	Sally Grindrod-Smith
	PL3	Insufficient action taken to create a cleaner and safer district	Nova Roberts
	PL4	Inability to deliver our Climate Change ambitions and not deliver net zero carbon emissions by 2050	Rachael Hughes
Overarching	OV1	Inability to maintain critical services and deal with emergency events	Paul Burkinshaw
	OV2	ICT Security and Information Governance arrangements are ineffective (Parts A-D)	Nova Roberts
	OV3	Inability to maintain service delivery with the amount of change initiatives	Nova Roberts
	OV4	Failure to comply with legislation	Lisa Langdon
	OV5	Central Lincolnshire Local Plan does not deliver land required for sustainable development to meet the	Rachael Hughes

Theme	Reference	Description	Owner
		needs of residents, businesses and communities	
	OV6	Inability to deliver the Council's strategic priorities (the Corporate Plan)	Paul Burkinshaw

1 Introduction

- 1.1 Strategic risks are considered as being those faced by the Council that, if materialised, would adversely impact the delivery of corporate priorities.
- 1.2 This approach reflects the guidance provided by the Association of Local Authority Risk Managers (ALARM). This body advocates that strategic risks should focus on the long-term objectives of the organisation, which can be affected by areas such as financial concerns, political risks, legal and regulatory changes and changes in the physical environment.
- 1.3 The Governance and Audit Committee review the strategic risks on a quarterly basis (previously presented Quarter one on 29 July 2025) with this being the reporting of quarter two for 2025/26.

2 Monitoring Arrangements

- 2.1 The strategic risks are presented to the Council's Management Team monthly for review with the latest being during October 2025. Each Strategic Risk is allocated an individual reference which relates back to the related theme within the Corporate Plan.
- 2.2 Management Team review each strategic risk to ensure they are monitored, mitigated, reviewed and updated to ensure that they remain sufficiently robust and consider any recommendations from Government and Audit Committee.
- 2.3 Since the last report in July 2025 there has been a number of changes of which were mostly to the commentary, current controls or actions needed. Three risks are under new ownership and one has a change in score.

Ref:	Strategic Risk	Change	Owner
CO4	The Council is underprepared for the impact of extreme weather due to the change in environmental conditions	New Owner	Alan Bowley
OV1	Inability to maintain critical services and deal with emergency events	New Owner	Paul Burkinshaw
OV6	Inability to deliver the Council's strategic priorities (the Corporate Plan)	New Owner	Paul Burkinshaw
OV6	Inability to deliver the Council's strategic priorities (the Corporate Plan)	Change of Score	Paul Burkinshaw

- 2.4 The full detailed list of strategic risks are presented in Appendix One.

3. Risk Matrix

- 3.1 To assess the severity of potential risks, the Council uses the following matrix based on the relationship between the likelihood and impact of risks arising.

Impact	Critical	4	8	12	16
	Major	3	6	9	12
	Minor	2	4	6	8
	Negligible	1	2	3	4
		Hardly Ever	Possible	Probable	Almost Certain
	Likelihood				

- 3.2 The following guidance is available to determine which classification is applied:

You should assign a number in the range 1-4 as follows:	
Likelihood: 1 = Hardly Ever (<5%) 2 = Possible (5-35%) 3 = Probable (35-75%) 4 = Almost Certain (>75%)	
1 = Negligible Impact: - Minor service disruption - Minor Injury - Financial loss < £250k - Isolated complaints	2 = Minor Impact - Service disruption - Loss time injury - Financial loss >£250k - £500k - Adverse local media coverage - Failure to achieve a service plan objective
3 = Major Impact - Significant service disruption - Major/disabling injury - Financial loss >£500k - £1m - Adverse national media coverage - Failure to achieve Corporate Plan objective	4 = Critical - Total service loss for a significant period - Fatality to employee, service user or other - Financial loss >£1m - Ministerial intervention in running service

- 3.3 This methodology enables each risk to be categorised as either low, medium or high in nature and prioritisation as regards mitigations can be applied.
- 3.4 Using the methodology, the Council's Risk Management Strategy (2025-2029) sets out the requirement for risk owners to score the current (residual) risk and the target risk once mitigations have been applied.
- 3.5 According to the risk matrix the current risks have been mapped to allow for an insight into how our strategic risks are positioned against this risk matrix. From the table below, the strategic risks have all been

referenced according to how they appear in the Strategic Risk Register. The below table allows us to holistically review our risks and easily identify risks outside tolerance.

		Likelihood			
		Hardly Ever - 1	Possible - 2	Probable - 3	Almost Certain - 4
Impact	Critical - 4	PL4 OV2a	CO1 PL3 OV2b OV2c OV2d OV3 OV4		
	Major - 3		CO3 CO4 CO5 OV1 OV5	PE1 PE2 PE3 PL1 PL2 OV6	
	Minor - 2				
	Negligible - 1				

- 3.6 To show how mitigations and controls are impacting the scores of risks, the direction of travel is included in Appendix One for each Strategic Risk compared to the last quarter excluding the new risk. As a summary the following table highlights how many residual risk scores have improved, stayed the same or deteriorated since quarter one 2025/26.

↑ Improved	1
= Stayed the same	19
↓ Deteriorated	0

4. Emerging Risks

- 4.1 As part of the development of the Strategic Risks, it is important to highlight what areas may need to be considered for future risks. These areas are highlighted below and will be reviewed as part of an overall corporate planning process.

Emerging areas for consideration:
White Paper on re-organisation
Planning Reform

5. Recommendation

- 5.1 Governance and Audit Committee are asked to review the register and to consider:

- Do any additional risks of a strategic nature exist?
- Are current controls and proposed actions sufficiently robust?

Risk Ref: CO1	Risk Owner: Peter Davy – Director of Finance and Assets		Date Reviewed: 13 October 2025					
Description of Strategic Risk: Inability to set a sustainable balanced budget for 2026/27				Direction of Travel =				
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score			
1.Commercial ventures do not realise expected financial gains. 2. Council Tax Collection does not reach target level 3.Government funding arrangements do not match estimates used in financial modelling. 4.Outcomes of: Business Rates Review; Fairer Funding Review; Comprehensive Spending Review; expected savings, efficiency or income initiatives do not deliver expected benefits. 5.Cessation of grant/match-funding streams. 6.Growth forecasts for District are not realised. 7.Unanticipated rise in demand for services. 9.Invest Gainsborough does not deliver. 9.Business planning is not robust. 10. Ongoing financial impacts of Covid-19, cost of living issues and Ukraine developments. 11. Income Generating services do not achieve business plan expectations	1. Cuts or reductions in services. 2. Staff redundancies. 3. Inability to deliver Corporate Plan priorities. 4. Growth of the District stagnates. 5. Reputational damage.	1.MTFP in place. 2. Commercial trading and investment programme in place 3.Annual business planning. 4.Regular budget monitoring. 5.Identification and use of grant-funding opportunities. 6.Value for Money approach adopted. 7.Lobbying in place 8.Regular review of the commercial property portfolio. 9.Volatility and risk reserves maintained. 10.Resilience indicators developed and monitored. 11. Working Balance minimum set at £2.5m. 12. Commercial risk indicators set. 13. Working jointly across Lincolnshire to mitigate inflationary pressures. 14. Regular deputy s.151 monitoring of achievement of business plans 15. Council Tax collection recovery plan to be in place. 16. Adopted Local Plan	2	4	Inherent Score: 8			
					Residual Score: 8			
					Target Score: 4			
			Next Risk Review Meeting: 8 December 2025					
			Risk Response Action: Treat					
Commentary: The draft financial settlement for 2026/27 is due to be received in December 2025. Prior to this there is a spending review and business rates reset which will affect the Council's funding but at this point it is difficult to know what this impact may be. Officers are now starting to draft service budgets for 2026/27 and will do so throughout the summer and autumn and look at potential budget pressures and savings.								

12. General Election and New Government provides further cuts in funding.					
Actions for Improvement			Completion Date:	Officer:	% completed

Risk Ref: CO3	Risk Owner: Nova Roberts – Director of Change Management, ICT & Regulatory Services		Date Reviewed: 13 October 2025		
Description of Strategic Risk:		The quality of services do not meet realistic customer expectations		Direction of Travel =	
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score
1. Poorly trained staff. 2. Systems and processes do not adequately support service delivery. 3. Resources available do not match demands on services. 4. Higher than expected customer expectations. 5. Insufficient attention paid to customer feedback. 6. The inability to meet current and future need and demand based on evidence and insight.	1. Rise in number of complaints. 2. Reputational damage. 3. Financial loss - compensation costs and income reductions. 4. Reduction in market share of traded services. 5. Ineffective support for vulnerable customers.	1. Procedure in place to receive customer feedback, including complaints. 2. Customer Experience Officer in post. 3. Training and development plans for officers. 4. Performance measures in place/monitored and reported. 5. Continual development of Customer Relationship Management (CRM) technology. 6. Robust performance management and performance improvement plans in place reported through committees. 7. Benchmarking processes in place. 8. Dedicated corporate training budget. 9. Customer Experience Strategy adopted and being actioned. 10. Quality Management Board in place to review escalated issues and complaints. 11. Customer Services including strengthening links with service areas. 12. New contact centre technology implemented from November 2024. 13. Compliance with new national complaints handling guidance by government to be implemented in April 2026. 14. Fortnightly operational review of Customer Service KPI's and service delivery	2	3	Inherent Score: 6
					Residual Score: 6
					Target Score: 4
			Next Risk Review Meeting: 8 December 2025		
			Risk Response Action: Treat		
			Commentary: Our annual Voice of the Customer report for 24/25 showed there was a decrease in the number of complaints received and upheld, more compliments were received and customer satisfaction increased by 5%. Annual Service delivery saw 84% of the council's key performance indicators finish either within the agreed tolerance or exceeding their targets for 2024/25. This is an increase on the previous year which reported 81%. The Contact Centre technology has been successfully implemented in Customer service, Revenues and Benefits teams and roll out went live in November 2024 and we are now preparing for phase 3 implementations which will further improve our offer to our customers. Fortnightly operational review of Customer Service KPI's, trends, customer demand and service delivery ensures all continuous improvement actions can be made and monitored closely. Peak period planning for Q4 has commenced for annual billing, garden waste, food waste launch. The Customer Experience Strategy has been approved,, implemented and also received substantial assurance from a recent audit. is still		

			on internal work The corporate CRM and ERP systems and other digital software continues to be developed in line with service delivery improvements to provide choice for customers, enable officers and strengthens the quality of retained information.		
Actions for Improvement			Completion Date:	Officer:	% completed
Continual development and implementation of CRM and ERP systems. With Civica Flare decommissioning implemented by end of March 2025.			31/03/2026	Darren Mellors	60%
Continue to strengthen ties between Customer Experience Strategy and Services by planning and successfully delivering the customer service centre delivery for the peak period in Q4.			31/03/2026	Lyn Marlow	70%

Risk Ref: CO4		Risk Owner: Alan Bowley- Interim Director Operational and Commercial Services		Date Reviewed: 13 October 2025				
Description of Strategic Risk: The Council is underprepared for the impact of extreme weather due to the change in environmental conditions				Direction of Travel =				
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score			
1. Weather events and impacts such as storms, excessive heat/cold and flooding.	1. Impact on residents and businesses creating demand on services both in and out of hours, front line services such as Customer Services and Waste. 2. Capacity of officers involved in LRF in response and recovery phases. 3. Protection of staff in extreme temperatures. 4. Financial cost due to the need for rest centres, accommodation and any necessary house/garden clearance. 5. Risk to the reputation of the council due to perception of the Council not supporting their residents and businesses.	1. Emergency Plan 2. Business Continuity Plans 3. Service level extreme weather plans 4. Out of hours strategic and operational call out service 5. Staff Facebook group to ask for additional support 6. Members of Lincolnshire Resilience Forum. 7. Member Environment Working Group 8. Member and officer flood and drainage working groups (format and purpose to be reviewed) 9. Member emergency planning training 10. Ongoing Officer training at strategic and tactical level 11. Member of LRF Warn and Inform group 12. Potential to identify reserve budget for impact of severe weather 13. Relationship building and engagement with partners such as IDB / EA to problem solve, understand issues and support communications in times of need 14. Team of experienced officers and systems in place (process/comms etc.) to deliver government support grants. 15. Work to further clarify roles and responsibilities underway	2	3	Inherent Score: 12			
					Residual Score: 6			
					Target Score: 4			
						Next Risk Review Meeting: 8 December 2025		
						Risk Response Action: Tolerate		
			Commentary: Recent events such as Storms Babet and Henk and the 2023 European heatwave have demonstrated the potential impacts of such scenarios on our residents, businesses and services. Most commentators predict occurrences will become more regular in coming years and the Council should prepare to deal with outputs using its skills and relationships. Flood and Drainage Working Groups continue to operate effectively (Nov 25 format and purpose to be reviewed) All service areas have revised business continuity plans in place (Mar 25) Interim arrangements in place to cover Emergency Planning and BCP functions (Jan 25) Additional TCG reps trained (Jan 25) Additional FLO reps recruited and training on-going (Sept 25) EP&BC now receiving regular de-briefs on all incidents (not just major incidents) to ensure learning embedded in council (Sept 25 and on-going)					
Actions for Improvement			Completion Date:	Officer:	% completed			

Review Emergency Plan and business continuity arrangements	31/12/2025	Grant White	Emergency Planning and Business Continuity Steering Group reviewing the format and content of service EP & BC plans. An internal mock BC exercise, scheduled for Nov 25 will provide feedback on those changes and provide scope to offer any additional feedback.
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Risk Ref: CO5	Risk Owner: Lisa Langdon – Assistant Director of People & Democratic Services		Date Reviewed: 13 October 2025					
Description of Strategic Risk: Inability for the Council's governance to support quality decision making			Direction of Travel =					
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score			
1. Ineffective governance framework. 2. Delays to Member training. 3. Lack of political awareness from Staff. 4. Out of date Council Constitution. 5. Ambiguity around the ambitions of the Council. 6. Member/Officer relations. 7. Insufficient awareness of constitutional requirements	1. Inefficient use of resources. 2. Reputational loss. 3. Rise in no. of Standard Complaints. 4. Judicial Reviews and Planning Appeals. 5. Delay in delivery/cancellation of key Council projects. 6. Concerns from Internal/External Auditors and others in relation to governance arrangements. 7. Poor Staff/Member working relationships and low morale. 8. Risk of legal challenges	1. Member and Staff training and development programmes in place. 2. Member/Officer protocols established. 3. Annual review of the Council's Constitution. 4. Member's Code of Conduct and Officer Code of Conduct in place. 5. Robust corporate governance framework. 6. Annual schedule of audits and internal/external audit oversight. 7. Corporate Plan 2023-27 approved. 8. Programme Boards operating to oversee project development 9. Regular Chief Executive/Leader discussions. 10. Core Governance Skills Programme completed. 11.Values and behaviours work ongoing in line with the corporate plan refresh	2	3	Inherent Score: 6			
					Residual Score: 6			
					Target Score: 3			
						Next Risk Review Meeting: 8 December 2025		
						Risk Response Action: Treat		
			Commentary: Members and officers within the wider management team have been provided with political awareness training. Leader and Deputy Leader commencing LGA Leadership Training for Councillors. Revised training plan agreed in Sept 2023 by Governance and Audit Committee with delivery timescales running until end April 2024 and 2024/2025 training to continue in accordance with the training programme. The Constitution is subject to an ongoing review and a report has recently progressed through Governance and Audit Committee, and full Council regarding legislative amendments that are required					
Actions for Improvement			Completion Date:	Officer:	% completed			
To continue with annual Member training in accordance with the annual training plan.			30/04/2026	Lisa Langdon				
Quarterly review of Strategic Risks- Quarter Two			25/11/2025	Katy Allen	75%			

Risk Ref: PE1	Risk Owner: Sally Grindrod-Smith – Director of Planning, Regeneration & Communities			Date Reviewed: 13 October 2025	
Description of Strategic Risk: Inability to raise local educational attainment and skills levels				Direction of Travel =	
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score
1. Poor teaching standards. 2. Lack of stability within schools. 3. Lack of appropriate role-modelling to raise aspirations. 4. Insufficient out-of-school support or mentoring. 5. Failure to address issues relating to Gainsborough in particular. 6. Loss of existing provision.	1. Adverse effect on the career/further education opportunities of young people. 2. Inability of local job market to meet recruitment needs of employers. 3. Wage profile of the economy does not rise. 4. Poorer life chances for young people. 5. Increased welfare dependency and rise in vulnerable groups. 6. Viability of education and skills providers threatened.	1. West Lindsey Employment & Skills Partnership operating in line with approved strategy and delivery plan. 2. Supporting work experience for young people. 3. Continue to be part of the Enterprise Adviser network, supporting careers advice and provision amongst all secondary and special schools. 4. Engage with UKAEA and skills providers across Lincolnshire and Nottinghamshire to develop skills provision for STEP Fusion plant. 5. Work with Lincolnshire County Council on aspiration raising programme in primary schools. 6. WLDC Economic Growth Strategy 25-30 Action Plan and identified activities.	3	3	Inherent Score: 9
					Residual Score: 9
					Target Score: 9
			Next Risk Review Meeting: 8 December 2025		
			Risk Response Action: Treat		
			Commentary: Employment and Skills Partnership continues to deliver. Strategic Skills Collaboration for UKAEA STEP has now been formalised with East Mid Combined Authority as the lead and skills providers including University of Lincoln and Lincoln College part of the work. WLDC have played an active role in the commissioning of a skills strategy for the STEP Fusion programme. Gainsborough Aspiration Project delivering activity in local primary schools as initial pilot. Working to extend this project in scope and geography. Strategic skills responsibilities now sit with Greater Lincs CCA and work is required to build WLDCs officer and member engagement with the Skills Board. 'Employment and Skills' approved as a core theme within the new Economic Growth Strategy with the vision of 'Through partnership working with educational institutions and industry, we will strive to improve skills development and employment opportunities in West Lindsey - aligning workforce capabilities with current and		

			future market needs, particularly in our emerging growth sectors - developing a pipeline of local talent to support all local businesses to realise growth'		
Actions for Improvement			Completion Date:	Officer:	% completed
Refresh the Employment and Skills partnership action plan and engage appropriately with all key stakeholders			01/12/2025	Amanda Bouttell	60% E+S partnership working group of partners in detail on this work at present
Development of projects to identify and address specific skills shortages (technical and vocational) within key employers/sectors, with a focus on key growth sectors including Agri Tech, Care, Manufacturing, Defence, Alternative Energy and the Visitor Economy.			01/12/2025	Amanda Bouttell	Projects delivered through UKSPF – future projects subject to funding
Hold annual jobs and careers fair in partnership with DWP (as part of network of Job Centres delivery model)			08/10/2025	Amanda Boutell	Event planned for 08/10/25 and 2026 date to be agreed - potential for 2 nd event to be explored
Fully participate in UKAEA Skills Collaboration to ensure final tender submitted as provider collaboration for early skills delivery			01/12/2024	Sally Grindrod-Smith	100% this action is now completed and officers are now formally members of the Skills Collaborative Board.
Members and Officers of WLDC to engage in the Greater Lincolnshire Combined Authority Employment and Skills Board, including strategic development work wherever possible. Develop appropriate internal governance to ensure timely feed into and out of CCA activity.			01/04/2026	Sally Grindrod-Smith and Amanda Boutell	Leader now a member on E+S CCA

			board – developing briefing structures as appropriate
Develop and implement a Youth Aspiration Programme which provides mentoring opportunities, supports the development of young people and facilitates activities between schools and local employers	01/12/25	Sally Grindrod-Smith	LCC funding in place – WLDC seeking to secure match funding

Risk Ref: PE2	Risk Owner: Sally Grindrod-Smith – Director of Planning, Regeneration & Communities		Date Reviewed: 13 October 2025					
Description of Strategic Risk: Inadequate support is provided for vulnerable groups and communities				Direction of Travel =				
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score			
1. Lack of strategic focus on relevant matters. 2. Inability to identify and reach vulnerable groups. 3. Insufficient/ inaccurate data analysis to establish need. 4. Lack of engagement with and from vulnerable groups. 5. Impact of cost of living crisis on all communities. 6. Impact of cost of living crisis on communities that are already identified as vulnerable.	1. Cycle of dependency is perpetuated. 2. Demand pressures on services and resources. 3. Rural Isolation and increase in rural poverty. 4. Increased demand on formal/informal support networks. 5. Inability of communities to reach self-sufficiency. 6. Health inequalities widened.	1. Innovation re service provision. 2. Targeted enforcement project in private rented sector currently being developed. 3. Focused support for residents of Hemswell Cliff. 4. Development of normalisation strategy for Scampton. 5. Safeguarding policies and procedures operating. 6. Wide-range of enforcement tools. 7. Effective multi-agency partnership working. 8. Communities at Risk Strategy in place. 9. Audit recommendations adhered to. 10. Housing, Wellbeing and Communities Board have oversight. 11. UKSPF Investment Plan (25/26) with focus on communities. 12. 7. WLDC Economic Growth Strategy 25-30 Action Plan and identified activities.	3	3	Inherent Score: 9			
					Residual Score: 9			
					Target Score: 6			
						Next Risk Review Meeting: 8 December 2025		
						Risk Response Action: Treat		
						Commentary: Review of P3 Gainsborough Housing and Support project completed and independent evaluation presented to committee. Opportunity to consider future areas of funding to expand the project. UKSPF interventions delivering community grants to support the sustainability of community facilities underway. Asylum Resettlement funding decision approved by committee summer 2025. Working with community groups to develop appropriate provision. Work to maintain stability created in Hemswell Cliff has progresses well, showing that the normalisation strategy process is working. Normalisation strategy for Scampton required as part of longer term regeneration plan. Ongoing work in SWW by Safer Streets Community Development Project Officer has led to informal 'Together' initiative. Working towards formalising the governance around the Together Initiative. Focus moving forward is that the community is empowered to drive forward projects. 'Inclusive Growth and Regeneration' approved as a core theme within the new Economic Growth Strategy with the vision of 'Through the delivery of growth and regeneration		

			programmes, we will support the development of a thriving West Lindsey economy where everyone has the opportunity to contribute to and benefit from economic success, leading to more diverse, equitable and sustainable town centres and communities.'		
Actions for Improvement			Completion Date:	Officer:	% completed
Sports Development Officer engaging with community groups, local clubs and providers to support delivery of Sports and Active Leisure Strategy. Oversight by Sports and Leisure task and finish group			31/03/2026	Hannah Lane	40% - engagement under analysis
Development of options for the future of the P3 Viable Housing Solutions Project			01/04/2026	Sarah Elvin	Further engagement re priorities through business planning required
SWW informal Partnership (Together) further developed, governance structure and future action plan in place			01/09/2024	Grant White	On Hold : Action Plan in place – further engagement requested by members prior to full implementation
Continue to work with public sector colleagues to secure sustainable future for RAF Scampton			Ongoing	Sally Grindrod-Smith	Ongoing
Develop post UKSPF plan for interventions that continue support for vulnerable communities			Ongoing	Sally Grindrod-Smith	Completed
Sports Development Officer engaging with community groups, local clubs and providers to support delivery of Sports and Active Leisure Strategy. Oversight by Sports and Leisure task and finish group			31/03/2026	Hannah Lane	40% - engagement under analysis

Risk Ref: PE3	Risk Owner: Sally Grindrod-Smith – Director of Planning, Regeneration & Communities		Date Reviewed: 13 October 2025					
Description of Strategic Risk: Health and wellbeing of the District's residents does not improve			Direction of Travel =					
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score			
1. Failure of leisure contract. 2. Outreach service is ineffective. 3. Wellbeing service does not achieve outcomes. 4. Lack of understanding across the system of District Council role in Health. 5. Failure to meet housing and housing related support needs. 6. Lack of employment opportunities, mismatch of vacancies and skills. 7. Lack of funding for Disabled Facilities Adaptations.	1. Increased burden on services and budgets across the system. 2. Reduced life expectancy and health for residents. 3. Less economically active residents. 4. Adverse economic impact on district. 5. Council Tax support costs increase. 6. Potential impact on the on-going viability of leisure services. 7. Increase in health inequalities.	1. Leisure Contract monitoring. 2. Everyone Active Community Wellbeing Plan developed. 3. Wellbeing service in place and promoted with clear objectives. 4. WLDC Wellbeing Lincs Management Board representation. 5. West Lindsey representation on Housing, Health and Care delivery group and progress against Homes for Independence Blueprint delivery plan monitored. 6. Representation on Health Inequalities Programme Board. 7. Development and delivery of District Health and Wellbeing Strategy.	3	3	Inherent Score: 9			
					Residual Score: 9			
					Target Score: 6			
						Next Risk Review Meeting: 8 December 2025		
						Risk Response Action: Treat		
			Commentary: Lincolnshire District wide Health and Well-being Strategy adopted. Actions being developed through business planning and co-ordinated by Homes, Health and Well-being Manager. Development of West Lindsey delivery plan aligned to H&W Strategy. Responsibility for the success of the leisure contract lies with Commercial Services however the impact of the contract will be viewed with a view to addressing health inequalities and not purely commercial return. Alignment to Let's Move Lincolnshire Strategy. Have regard to Better Lives Lincolnshire ICP Strategy. Further developing WLDC's engagement across Well-being agenda, with particular focus on the provision of Disabled Facilities Grant funding and the allocation mechanism which is currently curtailing delivery. Well-being Lincs Service now moved into delivery. Work underway with NHS to support GP facilities in Gainsborough and Caistor. Feasibility work on the future of West Lindsey Leisure Centre underway					
Actions for Improvement			Completion Date:	Officer:	% completed			

Refresh engagement with ICB post merger with Notts/Derbyshire and changes to Chief Exec	31/03/2025	Paul Burkinshaw and Sally Grindrod-Smith	Changes to ICB with effect from summer 25
Continue strategic and political engagement with partners to secure review of funding mechanism for DFGs	ongoing	Sarah Elvin	Full response to DFG funding formula consultation submitted summer 25. Proposal for redistribution of Lincolnshire underspend submitted to LCC. Representation on Housing Health and care delivery Group now agreed and will pick up the task of championing redistribution
Produce annual update on Health and Wellbeing Strategy	12/12/25	Sarah Elvin	

Risk Ref: PL1	Risk Owner: Sally Grindrod-Smith – Director of Planning, Regeneration & Communities		Date Reviewed: 13 October 2025				
Description of Strategic Risk: The local housing market and the Council’s housing related services do not meet demand			Direction of Travel =				
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score		
1. Housing developers do not build in the District. 2. Lack of suitable development land. 3. Lack of intelligence on housing need/demand. 4. New properties do not match need/demand of local housing market. 5. Existing housing stock is in poor condition/ unknown condition of current housing stock. 6. Empty properties not brought back into use. 7. Lack of Council strategic direction and understanding of statutory functions and associated tasks. 8. Development and adoption of updated Local Plan to deliver housing to meet identified need.	1. Deterioration in condition of existing housing stock. 2. Increase in number of empty properties. 3. Increased homelessness and overcrowding. 4. Increase in numbers of vulnerable residents. 5. Increased pressure on housing services. 6. Lack of growth across District.	1. Ongoing monitoring of Central Lincolnshire Local Plan. 2. Housing Strategy adopted. 3. Targeted enforcement project is being delivered and will be reviewed. 4. Housing & environmental health enforcement action taken. 5. Viable housing solution, RSAP and NSAP properties acquired. 6. Delivery of homelessness strategy. 7. Temporary accommodation review undertaken. Project underway to deliver additional temporary accommodation. 8. Delivery of Healthy Homes project (damp and mould) in the private rented sector.	3	3	Inherent Score: 9		
					Residual Score: 9		
					Target Score: 6		
			Next Risk Review Meeting: 8 December 2025				
			Risk Response Action: Treat				
			Commentary: Housing Strategy adopted and now published and in monitoring phase. Update due to Housing Condition Survey in 2024 with Lincolnshire partners. Homelessness and rough sleeping strategy adopted. Five-year land supply in robust position. First Homes schemes with Homes England in progress with complex S106 works completed to enable delivery. Central Lincolnshire Local Plan adopted April 2023. Infrastructure Funding Statement To be published in December 2025.Monitor impact of Renters Reform Bill. Private Rented Sector Commitment to be drafted and presented to committee. Ongoing liaison with developers and landowners to ensure housing delivery in line with Local Plan targets. Continue to review impact of Planning and Infrastructure Bill Full Business Case for the delivery of additional temporary accommodation now approved and project underway. Healthy homes project in place since September 24 and delivering improvements in the private rented sector.				

			'Housing' approved as a key opportunity within the new Economic Growth Strategy with the vision of 'West Lindsey has a balanced housing mix which supports the infrastructure requirements of a growing local economy enabling residents to access to high-quality, affordable housing and sustainable communities'		
Actions for Improvement			Completion Date:	Officer:	% completed
Conduct an evaluation exercise on the current Housing Strategy to understand benefits realisation, outcomes, and lessons learned and feed in findings of stock condition survey and implications of renters reform.			31/12/2025	Sarah Elvin	Action updated in line with Business Plan
Completion of Housing Stock Condition Survey to inform approach to Private Sector Housing action			31/12/2025	Andy Gray/Sarah Elvin	Final draft received and being reviewed by officers. To be published by end of year in members newsletter
Delivery of additional temporary accommodation across the district to meet growing demands			31/03/2025	Sarah Elvin	7 units underway and to be completed by the end of the financial year

Risk Ref: PL2	Risk Owner: Sally Grindrod-Smith – Director of Planning, Regeneration & Communities		Date Reviewed: 13 October 2025		
Description of Strategic Risk: The local economy does not grow sufficiently				Direction of Travel =	
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score
1. Slow take-up of strategic employment land. 2. Ineffective marketing of the District to attract inward investment. 3. Loss of a major employer(s). 4. Workforce skills do not match needs of employers. 5. Impact of wider economic conditions - inflation / recession. 6. National government decision impacts local delivery.	1. GVA does not grow. 2. Adverse effect on new job creation and upskilling of workforce. 3. Migration of skilled/educated workers out of the District. 4. Impinges on population growth ambitions. 5. Closure of businesses across the District. 6. Cost implications for programmes in delivery.	1. NNDR Policy established. 2. Maintain sustainable Local Plan for Central Lincolnshire. 3. Maintain close working relationship with Business Lincolnshire and LCC Inward Investment to ensure investment and growth queries are well supported. 4. Develop West Lindsey's input into Strategic Infrastructure Delivery Plan and emerging infrastructure strategy. 5. Ongoing marketing and promotion of district wide success across growth and development. 6. Maintain effective working relationships with key funders to keep cost increases under review. 7. Implement and evaluate Levelling Up programme. 8. Implementation of UKSPF Investment Plan 25/26. 9. Delivery of the Economic Growth Strategy 25-30 Action Plan.	3	3	Inherent Score: 9
					Residual Score: 9
					Target Score: 6
			Next Risk Review Meeting: 8 December 2025		
			Risk Response Action: Treat		
			Commentary: Development of new Economic Growth Strategy now commenced. On the forward plan for July 2025 UKSPF interventions to support growth have exceed forecast outputs (23/25) and are performing well 25/26. Consultancy to support evolution of the Agri Tech sector through Agricultural Growth Zone underway. Collaborative work to maximise the economic impact of the STEP programme underway. Working closely with University of Lincoln to delivery the Ceres Agri Tech project in West Lindsey. Translating agri-tech innovation from lab to field - Ceres Agri-Tech - A knowledge exchange partnership for the agri-tech sector (ceresagritech.org). Development of Investment website underway (delivery 06/25). Continued engagement with strategic partners such as University of Lincoln, UKAEA Greater Lincolnshire LEP and growth sectors is developing a strong strategic position for the growth of the district. Ongoing work to safeguard the investment and regeneration planned at RAF Scampton is a key element of our growth strategy.		

			Work commenced to ensure strategic congruence with emerging Industrial Strategy and Devolution. Approach to Place Leadership being embedded into emerging growth strategy. Paper to Prosperous Communities Committee outlined progress with STEP and next steps. Economic Growth Strategy 2025-30 approved by PCC in July 2025 – fully aligned with GLCCA strategy.		
Actions for Improvement			Completion Date:	Officer:	% completed
Development of new Economic Growth Strategy for West Lindsey			01/07/2025	James Makinson-Sanders	Completed
Ensure profile and reputation of WLDC as place to invest and do business remains strong through networking and promotion of success.			Ongoing	Sally Grindrod-Smith	Refreshed communications and Invest West Lindsey underway
Revisit economic evidence base in support of next phase of Local Plan review aligned with development of economic growth / development strategy			Ongoing	Sally Grindrod-Smith	Longer term action, timeframe updated to reflect this.
Ongoing work to deliver the development agreement for the investment and regeneration of Scampton			01/12/2024	Sally Grindrod-Smith	Ongoing – members session to be arranged

Risk Ref: PL3	Risk Owner: Nova Roberts – Director of Change Management, ICT & Regulatory Services		Date Reviewed: 13 October 2025		
Description of Strategic Risk: Insufficient action taken to create a cleaner and safer district					Direction of Travel =
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score
1. Lack of robust enforcement policies. 2. Lack of capacity to respond effectively to service demand. 3. Ineffective messages about social responsibility. 4. Ineffective partnership working arrangements. 5. Inability to effectively implement new legislation. 6. Unexpected outbreak of environmental or health related issue.	1. Residents of the District feel unsafe. 2. Rise in number of crime and enforcement related incidents. 3. Reputational damage. 4. Increase in no. of complaints. 5. Increased threat of illness/harm to residents. 6. Adverse effect on natural wildlife habitats and biodiversity. 7. Demand pressures on front-line services.	1. Award winning Waste Collection and Street Cleaning Service. 2. Trade Waste service provided. 3. Domestic Big Bin Hire introduced in 2024 and made a permanent 'service offer' in June 2025. 3. Refreshed (Mar 2023) Enforcement policies operating to oversee all relevant areas. 4. CCTV operations in place 24/7. 5. Press/media coverage of successful prosecutions and enforcement cases. 6. Adequate officer capacity deployed to cover enforcement matters with 2 additional fixed term officers approved for additional coverage. 7. Educating school children in recycling and sustainability. 8. Monthly tactical meetings with the Police and Environment Agency 9. Any resource pressures are identified in advance and discussed at MT or relevant Committee. 10. LRF Sat phone and fax machine tested quarterly.	2	4	Inherent Score: 8
					Residual Score: 8
			Target Score: 4		
			Next Risk Review Meeting: 8 December 2025		
			Risk Response Action: Treat		
Commentary: Single depot supports the continuing success of the waste service. Council funded work with schools to promote environmental and sustainability issues. as well as promoted at the Lincolnshire Show 2023 Enforcement and environment teams fully resourced and have refreshed strategies and policy documents. With 2 additional enforcement officers approved in January 2024. Member Working Group established to produce an Environment and Sustainability Strategy (format and purpose of Member Working Group to be reviewed). Review of enforcement and Envirocrime policies completed and approved in March 2023. Review and approval of the PRS Strategic policy in 2024 alongside the progression of the Renters (Reform) Bill through Parliament (expected approval end of 2025). Member and Officer Flooding Working Groups established and reporting to O&S (format and purpose to be reviewed).					
Actions for Improvement			Completion Date:	Officer:	% completed
Additional Enforcement resources are in pace and proposals for resourcing options for 25/26 being reviewed for continued positive impact in community safety and police collaboration			30/12/2025	Andy Gray	50%

Risk Ref: PL4		Risk Owner: Rachael Hughes – Head of Policy and Strategy		Date Reviewed: 13 October 2025		
Description of Strategic Risk: Inability to deliver our Climate Change ambitions and not deliver net zero carbon emissions by 2050				Direction of Travel =		
Trigger	Impact	Current Controls		Likelihood	Impact	Risk Score
Lack of capacity and resource to respond effectively. Systems and processes not adequately supporting decision making and monitoring of impacts. Council fails to meet the duties and obligations under the Environment Act.	Unable to meet the Strategic objectives of Connecting our local communities and increasing the quality and provision of green space and ensuring the Council is meeting its duties and obligations under the Environment Act, 2021 Reputation impact of not fulfilling our commitments expected from being a community leader. Ecological impact on the district.	Climate Strategy and Action Plan Earmarked reserves Climate initiatives Member and Officer working group (format and purpose to be reviewed) County wide Partnership working Central Lincolnshire Local Plan		1	4	Inherent Score: 4
				Residual Score: 4		
				Target Score: 4		
				Next Risk Review Meeting: 8 December 2025		
				Risk Response Action: Treat		
				Commentary: Reviewing the Climate Change Strategy. Working with Team Managers with their business planning Annual update to Members Opportunities to respond to this agenda are emerging all the time and being reviewed		
Actions for Improvement				Completion Date:	Officer:	% completed
Annual report to Committee on delivery of Climate Change Strategy				31/12/2025	Rachael Hughes	

Risk Ref: OV1	Risk Owner: Paul Burkinshaw – Chief Executive		Date Reviewed: 13 October 2025		
Description of Strategic Risk:		Inability to maintain critical services and deal with emergency events		Direction of Travel =	
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score
1. Loss/failure of critical systems. 2. Inadequate response to incident or emergency. 3. Lack of, or ineffective, partnership working. 4. Lack of emergency planning or disaster recovery arrangements. 5. Ineffective communication arrangements. 6. Lack of skilled officers to deal with emerging issues.	1. Inability to deliver critical/key services. 2. Increased risk of harm to vulnerable customers. 3. Financial loss. 4. Reputational damage.	1. Robust infrastructure and back-up arrangements. 2. Package of information security incident policies and procedures. 3. IT Disaster Recovery Plan. 4. Robust emergency planning in place. 5. Regular review of business continuity arrangements. 6. Membership of LRF Partnership. 7. Regular training for Strategic and Tactical Commanders + Members. 8. Plans in place and tested regularly. 9. Training for out of hours officers and those attending SCG and TCG. 10. Member training around their role in emergencies. 11. Effective internal EP Group. 12. EP area at Caenby Corner depot. 13. Scheduled audits of emergency planning take place. 14. SLA in place for support from LCC EP Officer. 15. Continued work with partners on Humber 2100 Strategy. 16. Approval of new, countrywide low-level emergency response procedure.	2	3	Inherent Score: 8
					Residual Score: 6
					Target Score: 6
			Next Risk Review Meeting: 8 December 2025		
			Risk Response Action: Treat		
			Commentary: Effective business continuity and emergency planning responses are in place. Frequent testing is a key priority. All service area BCP's reviewed and updated. All available on shared drive for access. Emergency. Plan reviewed regularly by officers and LCC EP Officer with current review to conclude in December 2025 following testing of revised EP/BC templates in November 2025. Improved flood arrangements are in place, including Member and Officer Flood Working Groups. Flood and Drainage Working Groups format and purpose to be reviewed. MT putting interim arrangements in place for Emergency Planning and Business Continuity to ensure business as usual continues with Interim Director of Operational and Commercial Services acting as lead officer. Additional officer training delivered in December 2024. Additional TCG reps trained in January 2025. Permanent structure and arrangements need to be agreed by MT for long term management and development of Emergency Planning and		

			Business Continuity. Review of Senior Leadership due to complete by April 2026.		
Actions for Improvement			Completion Date:	Officer:	% completed
MT to agree permanent structure and arrangements for long term management of Emergency Planning and Business Continuity			30/06/2025	MT	0%
Ensure adequate training arrangements in place for Emergency Planning and Business Continuity			31/12/2025	MT	70%

Risk Ref: OV2a	Risk Owner: Nova Roberts – Director of Change Management, ICT & Regulatory Services			Date Reviewed: 13 October 2025		
Description of Strategic Risk: ICT Security and Information Governance arrangements are ineffective – Part A: Data Extortion Attack, State-aligned actors (those working for a government to disrupt or compromise organisations or individuals)				Direction of Travel =		
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score	
1. Illicit revenue generation by Cyber Criminals using cyber attacks against the Council in search of information and credentials. 2. Spear-phishing, targeted cyber attack activity against individuals of interest to external parties to gain confidential information.	1. Significant adverse impact on service delivery. 2. Organisation reputational damage. 3. Loss of confidential personal and business related data.	1. Robust ICT security systems in place. 2. Cyber Assessment Framework assurance. 3. Up to date infrastructure and back-up arrangements (using the national 321 model). 4. Business continuity arrangements established and updated. 5. All ICT Policies reviewed, updated and approved March 2023 including those covering ICT usage and information security. 6. Data Protection Officer, Certified Information Systems Security Professional, Certified Information Security Manager Certified Ethical Hacker and Senior Information Risk Owner roles in place. 7. On-going training and awareness for staff; reinforced due to agile working arrangements. 8. Process in place for the reporting and investigation of data breaches and learning loop applied. 9. PCI-DSS compliance. 10. Rolling programme of audits completed in 24/25 High Assurance rating for ICT Patch Management, Substantial Assurance for Cloud Hosted Services, ICT Helpdesk, ICT Disaster Recovery, Adequate Assurance for Cyber Security Audit and Substantial Assurance for Antivirus and controls. 11. Ensuring standard contractual clauses are in place with data processors/controllers who hold data outside of UK. 12. Insurance in place to cover costs of recovery from ICT failure/cyber attack. 13. The ICT Team have the capability and certification to undertake organisational cyber assessments (Cyber Essentials +) and hold the following cyber accreditation's:	1	4	Inherent Score: 12	
					Residual Score: 4	
					Target Score: 4	
					Next Risk Review Meeting: 8 December 2025	
					Risk Response Action: Treat	
Commentary: Continuous monitoring of officer training and promotion of incident reporting, post incident review to mitigate future risk. The role of Senior Information Risk Owner has been allocated to the Assistant Director People and Democratic Services and Monitoring Officer. All ICT Policies reviewed, updated and approved March 23 and due for full review by March 2025 ICT audit completed in 22/23 providing High Assurance rating for ICT Patch Management, Substantial Assurance for Cloud Hosted Services, ICT Helpdesk, ICT Disaster Recovery and Antivirus and controls. The ICT Team have full accreditation to undertake organisational cyber assessments as part of Cyber Essentials +. ICT Assurance Map full review completed for 2023/2024. Cyber Security Incident Management Audit returned a Substantial outcome in February 2024. Cyber Security messaging and advice is provided weekly for officers and monthly for Members. Active Cyber defence: -Protected Domain -Mail Check						

		- Certified Information Systems Security Professional (CISSP) - Certified Cloud Security Professional (CCSP) - Certified Information Security Manager (CISM) - Cisco Certified Network Engineer (CCNE) - Microsoft Certified: Azure AI Fundamentals - Certified Ethical Hacker (CEH) - Microsoft Cloud Security 14. Weekly staff message and monthly member message - provides cyber updates, actions, advice and alerts. 15. Fast time communication is used to mitigate threats. 16. Annual ICT Combined Assurance Map review completion. 17. PSN compliance. 18. Get Cyber Assessment Framework Ready completed. 19. Security Operations Centre working 24/7/365.	-Mail Scanning -Website checks -Takedown criminal websites -Suspicious email reporting service Q4 review of the ICT Combined Assurance Review completed February 2025. Get Cyber Assessment Framework Ready completed. Security Operations Centre working 24/7/365.		
Actions for Improvement			Completion Date:	Officer:	% completed
Completion of Cyber Security Audit and implementation of any identified recommendations			31/10/2025	Cliff Dean	100%
Development of a Cyber Security Strategy and review of all existing ICT Policies			31/03/2026	Cliff Dean	10%

Risk Ref: OV2b	Risk Owner: Nova Roberts – Director of Change Management, ICT & Regulatory Services		Date Reviewed: 13 October 2025					
Description of Strategic Risk: ICT Security and Information Governance arrangements are ineffective – Part B: Significant data breach or cyber loss of data			Direction of Travel =					
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score			
1. Individual staff data compromise or breach 4. Inadequate infrastructure or ICT security arrangements leading to successful cyber security incident 3. Failure to adhere to policies and guidance 6. Contracts/sharing agreements with data processors/controllers that do not ensure clauses allowing movement of data to a third country.	1. Significant adverse impact on service delivery. 2. Financial loss/fines imposed by ICO. 3. Potential ransom demands for release of data. 4. Reputational damage. 5. Loss of personal and business- related data. 6. Failure to maintain our legal compliance with the National Cyber Strategy requirement to mitigate known vulnerabilities.	1. Robust ICT security systems in place. 2. Cyber Assessment Framework assurance. 3. Up to date infrastructure and back-up arrangements (using the national 321 model). 4. Business continuity arrangements established and updated. 5. All ICT Policies reviewed, updated and approved March 23 including those covering ICT usage and information security. 6. Data Protection Officer, Certified Information Systems Security Professional, Certified Information Security Manager and Senior Information Risk Owner roles in place. 7. On-going training and awareness for staff; reinforced due to ongoing hybrid agile working arrangements. 8. Process in place for the reporting and investigation of data breaches and learning loop applied. 9. PCIDSS compliance. 10. Rolling programme of audits completed in 24/25 High Assurance rating for ICT Patch Management, Substantial Assurance for Cloud Hosted Services, ICT Helpdesk, ICT Disaster Recovery, Adequate Assurance for Cyber Security Audit and Substantial Assurance for Antivirus and controls. 11. Ensuring standard contractual clauses are in place with data processors/controllers who hold data outside of UK. 12. Insurance in place to cover costs of recovery from ICT failure/cyber-attack. 13. The ICT Team have the capability and certification to undertake organisational cyber assessments (Cyber Essentials +) and hold the	2	4	Inherent Score: 12			
					Residual Score: 8			
					Target Score: 8			
						Next Risk Review Meeting: 8 December 2025		
						Risk Response Action: Treat		
Commentary: Continuous monitoring of officer training and promotion of incident reporting will further mitigate against this risk. The role of Senior Information Risk Owner has been reallocated to the Assistant Director of People and Democratic Services and Monitoring Officer. All ICT Policies reviewed, updated and approved March 23 and due for full review by March 2025. ICT audit completed in 22/23 providing High Assurance rating for ICT Patch Management, Substantial Assurance for Cloud Hosted Services, ICT Helpdesk and ICT Disaster Recovery. The ICT Team have full accreditation to undertake organisational cyber assessments as part of Cyber Essentials +. ICT Assurance Map full review completed for 2023/2024. Cyber Security Incident Management Audit returned a Substantial outcome in February 2024. Cyber Security messaging and advice is provided weekly for officers and monthly for Members. Supplier scanning to improve security. Secure by design architectural level (DNS)								

		following cyber accreditation's: Certified Information Systems Security Professional (CISSP) Certified Cloud Security Professional (CCSP) Certified Information Security Manager (CISM) Cisco Certified Network Engineer (CCNE) Certified Ethical Hacker (CEH) Microsoft Certified: Azure AI Fundamentals Microsoft Cloud Security 14. Weekly staff message and monthly member message - provides cyber updates, advice and alerts. 15. Fast time communication is used to mitigate threats. 16. ICT Assurance Map review completed for 2024. 17. PSN compliance. 18. Get Cyber Assessment Framework Ready completed. 19. Security Operations Centre working 24/7/365.	Q4 review of the ICT Combined Assurance Review completed February 2025. Get Cyber Assessment Framework Ready completed. Security Operations Centre working 24/7/365.		
Actions for Improvement			Completion Date:	Officer:	% completed
Completion of Cyber Security Audit and implementation of any identified recommendations			31/10/2025	Cliff Dean	100%
Development of a Cyber Security Strategy and review of all existing ICT Policies			31/03/2026	Cliff Dean	10%

Risk Ref: OV2c	Risk Owner: Nova Roberts – Director of Change Management, ICT & Regulatory Services		Date Reviewed: 13 October 2025		
Description of Strategic Risk: ICT Security and Information Governance arrangements are ineffective – Part C: Targeted malicious attack to gain access to devices and data			Direction of Travel =		
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score
1. Successful ransomware attack 2. Successful data extortion attack	1. Significant adverse impact on service delivery. 2. Financial loss/fines imposed by ICO. 3. Potential ransom demands for release of data. 4. Reputational damage. 5. Loss of personal and business- related data. 6. Failure to maintain our legal compliance with the National Cyber Strategy requirement to mitigate known vulnerabilities.	1. Robust ICT security systems in place. 2. Cyber Assessment Framework assurance. 3. Up to date infrastructure and back-up arrangements (using the national 321 model). 4. Business continuity arrangements established and updated. 5. All ICT Policies reviewed, updated and approved March 23 including those covering ICT usage and information security. 6. Data Protection Officer, Certified Information Systems Security Professional, Certified Information Security Manager and Senior Information Risk Owner roles in place. 7. On-going training and awareness for staff; reinforced due to ongoing hybrid agile working arrangements. 8. Process in place for the reporting and investigation of data breaches and learning loop applied. 9. PCI-DSS compliance. 10. Rolling programme of audits completed in 24/25 High Assurance rating for ICT Patch Management, Substantial Assurance for Cloud Hosted Services, ICT Helpdesk, ICT Disaster Recovery, Adequate Assurance for Cyber Security Audit and Substantial Assurance for Antivirus and controls. 11. Ensuring standard contractual clauses are in place with data processors/controllers who hold data outside of UK. 12. Insurance in place to cover costs of recovery from ICT failure/cyber attack. 13. The ICT Team have the capability and certification to undertake organisational cyber assessments (Cyber Essentials +) and hold the	2	4	Inherent Score: 12
					Residual Score: 8
					Target Score: 8
					Next Risk Review Meeting: 8 December 2025
Risk Response Action: Treat					
Commentary: Continuous monitoring of officer training and promotion of incident reporting will further mitigate against this risk. The role of Senior Information Risk Owner has been reallocated to the Assistant Director People and Democratic Services and Monitoring Officer. All ICT Policies reviewed, updated and approved March 23 and due for full review by March 2025. ICT audit completed in 22/23 providing High Assurance rating for ICT Patch Management, Substantial Assurance for Cloud Hosted Services, ICT Helpdesk and ICT Disaster Recovery. The ICT Team have full accreditation to undertake organisational cyber assessments as part of Cyber Essentials +. ICT Assurance Map full review completed for 2023/2024. Cyber Security Incident Management Audit returned a Substantial outcome in February 2024. Cyber Security messaging and advice is provided weekly for officers and monthly for Members. Active Cyber defence: Protected Domain Mail Check					

		following cyber accreditation's: Certified Information Systems Security Professional (CISSP) Certified Cloud Security Professional (CCSP) Certified Information Security Manager (CISM) Cisco Certified Network Engineer (CCNE) Certified Ethical Hacker (CEH) Microsoft Cloud Security Microsoft Certified: Azure AI Fundamentals 14. Weekly staff message and monthly member message - provides cyber updates, advice and alerts. 15. Fast time communication is used to mitigate threats. 16. ICT Assurance Map review completed for 2023. 17. PSN compliance. 18. Get Cyber Assessment Framework Ready completed. 19. Security Operations Centre working 24/7/365.	Mail Scanning Website checks Takedown criminal websites Suspicious email reporting service Early warning system Q4 review of the ICT Combined Assurance Review completed February 2025. Get Cyber Assessment Framework Ready completed. Security Operations Centre working 24/7/365.		
Actions for Improvement			Completion Date:	Officer:	% completed
Completion of Cyber Security Audit and implementation of any identified recommendations			31/10/2025	Cliff Dean	100%
Development of a Cyber Security Strategy and review of all existing ICT Policies			31/03/2026	Cliff Dean	10%

Risk Ref: OV2d		Risk Owner: Nova Roberts – Director of Change Management, ICT & Regulatory Services		Date Reviewed: 13 October 2025	
Description of Strategic Risk: ICT Security and Information Governance arrangements are ineffective – Part D: Cyber enabled fraud				Direction of Travel =	
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score
Includes Narrow Artificial Intelligence (AI) & large language models enabled cyber fraud	1. Significant adverse impact on service delivery. 2. Financial loss/fines imposed by ICO. 3.Speed of attack, significantly increased. 4. Reputational damage. 5. Loss of personal and business- related data. 6. Failure to maintain our legal compliance with the National Cyber Strategy requirement to mitigate known vulnerabilities.	1. Robust ICT security systems in place. 2. Cyber Assessment Framework assurance. 3. Up to date infrastructure and back-up arrangements (using the national 321 model). 4. Business continuity arrangements established and updated. 5. All ICT Policies reviewed, updated and approved March 23 including those covering ICT usage and information security. 6. Data Protection Officer, Certified Information Systems Security Professional, Certified Information Security Manager and Senior Information Risk Owner roles in place. 7. On-going training and awareness for staff; reinforced due to ongoing hybrid agile working arrangements. 8. Process in place for the reporting and investigation of data breaches and learning loop applied. 9. PCIDSS compliance. 10. Rolling programme of audits completed in 24/25 High Assurance rating for ICT Patch Management, Substantial Assurance for Cloud Hosted Services, ICT Helpdesk, ICT Disaster Recovery, Adequate Assurance for Cyber Security Audit and Substantial Assurance for Antivirus and controls. 11. Ensuring standard contractual clauses are in place with data processors/controllers who hold data outside of UK. 12. Insurance in place to cover costs of recovery from ICT failure/cyber attack. 13. The ICT Team have the capability and certification to undertake organisational cyber assessments (Cyber Essentials +) and hold the	2	4	Inherent Score: 12
					Residual Score: 8
					Target Score: 8
			Next Risk Review Meeting: 8 December 2025		
			Risk Response Action: Treat		
Commentary: Continuous monitoring of officer training and promotion of incident reporting will further mitigate against this risk. The role of Senior Information Risk Owner has been reallocated to the Assistant Director and Monitoring Officer. All ICT Policies reviewed, updated and approved March 23 and due for full review by March 2025 . ICT audit completed in 22/23 providing High Assurance rating for ICT Patch Management, Substantial Assurance for Cloud Hosted Services, ICT Helpdesk and ICT Disaster Recovery. The ICT Team have full accreditation to undertake organisational cyber assessments as part of Cyber Essentials +. ICT Assurance Map full review completed for 2023/2024. Cyber Security Incident Management Audit returned a Substantial outcome in February 2024. Cyber Security messaging and advice is provided weekly for officers and monthly for Members. Active Cyber defence: Protected Domain Mail Check Mail Scanning					

		following cyber accreditation's: Certified Information Systems Security Professional (CISSP) Certified Cloud Security Professional (CCSP) Certified Information Security Manager (CISM) Microsoft Certified: Azure AI Fundamentals 14. PSN compliance. 15. Get Cyber Assessment Framework Ready completed. 16. Security Operations Centre working 24/7/365.	Website checks Takedown criminal websites Suspicious email reporting service Early warning systems deployed Q4 review of the ICT Combined Assurance Review completed February 2025. Get Cyber Assessment Framework Ready completed. Security Operations Centre working 24/7/365.		
Actions for Improvement			Completion Date:	Officer:	% completed
Completion of Cyber Security Audit and implementation of any identified recommendations			31/10/2025	Cliff Dean	100%
Development of a Cyber Security Strategy and review of all existing ICT Policies			31/03/2026	Cliff Dean	10%

Risk Ref: OV3	Risk Owner: Nova Roberts – Director of Change Management, ICT & Regulatory Services			Date Reviewed: 13 October 2025	
Description of Strategic Risk: Inability to maintain service delivery with the amount of change initiatives				Direction of Travel =	
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score
1. Loss / Failure of service delivery. 2. Significant uplift in customer contacts from effective service delivery or partnership working. 3. Ineffective or breakdown in customer communication. 4. Failure for customers to access vital services.	1. Inability to deliver critical/key services. 2. Increased risk of harm to vulnerable customers. 3. Financial loss. 4. Reputational damage.	1. Robust project management and engagement with service experts. 2. Continuous improvement workstream to check implementation and ongoing change. 3. Robust governance through Programme board and Portfolio Board. 4. Audits planned for the service areas testing process and policy delivery. 5. Performance and Delivery quarterly reports to track any negative service impact and performance improvement plans in place with full measure set review completed with members in Autumn 2024. 6. Full annual review and refresh of the Project Management documentation including; - Project management Framework - Risks and Issues Management - Stakeholder Management - Benefits Management - Quality Assurance	2	4	Inherent Score: 8
					Residual Score: 8
					Target Score: 6
			Next Risk Review Meeting: 8 December 2025		
			Risk Response Action: Treat		
			Commentary: A new structure has been implemented for September 2025 for change management creating a collaborative team of Transformation and Digital to now includes Systems Development, Change, Projects (PMO) and Performance Management. This ensures relevant capacity and capability is available to support change initiatives. Internal Governance and the Programme Board processes is currently being reviewed to align to the refreshed Corporate Plan and delivery of these strategic aims and improved Member engagement and collaboration. The current approach is a key enabler of the council’s PMO which received substantial assurance from a 2025 audit which concluded that ‘the PMO have set up a robust framework which provides clear instructions, best practices, and guidelines for managing projects effectively. The robustness of the PMO was also highlighted in the 2025 Corporate Peer Challenge (CPC).		
Actions for Improvement			Completion Date:	Officer:	% completed
Implement the new structure for the Transformation and Digital team to ensure appropriate project and change management capacity and capability. Complete the required associated recruitment by the end of October 2025.			31/10/2025	Darren Mellors	90%

Complete and full review of the Internal Governance processes and Programme Boards aligned to the refreshed Corporate Plan, to create a more streamlined approach for delivery of the corporate themes and objectives with Member engagement and collaboration.

31/12/2025

Darren Mellors

50%

Risk Ref: OV4	Risk Owner: Lisa Langdon – Assistant Director of People & Democratic Services		Date Reviewed: 13 October 2025		
Description of Strategic Risk: Failure to comply with legislation			Direction of Travel =		
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score
1. Breach of legislation. 2. Non-compliance with Council policies and procedures. 3. Failure to seek or follow legal advice. 4. Complaint from external organisation or member of public. 5. Whistleblowing report. 6. Increase of reportable incidents in specific work areas or activities. 7. Increase of insurance claims. 8. Increase in H&S breaches.	1. Reputational damage. 2. Financial loss. 3. Increase in Legal challenges. 4. Prosecution for H&S related incidents. 5. Employees injured through work activity. 6. Increased insurance claims and insurance premiums. 7. Member of public, contractor or employee injured at work, possible corporate manslaughter action. 8. Staff sickness rates increase due to lack of compliance with good H&S practice. 9. Increased employer/employee litigation.	1. Corporate H&S Officer in place. 2. H&S Champions across the Council. 3. General H&S training provided. Service specific H&S training and safe working procedures including lone working. 4. H&S incident reporting arrangements. 5. Service level H&S risk assessments undertaken and regular H&S walks undertaken to identify hazards. 6. Reporting to Mgt Team/JSCC on H&S incidents. 7. Regular H&S and stress mgt training for all staff. 8. Council subscription to Employee Assistance Programme for staff. 9. Regular inspections of property, including car parks. Pro-active maintenance programme. 10. Early resolution of reported defects. 11. Public Liability and Employers Liability insurance in place. 12. Legislative implications included on all reports. 13. Membership and use of Legal Services Lincolnshire. 14. Subscription to Lawyers in Local Government Resource 15. Full implementation of responsible managers and persons across the estate in place. 16. Fraud audit completed.	2	4	Inherent Score: 8
					Residual Score: 8
					Target Score: 8
			Next Risk Review Meeting: 8 December 2025		
			Risk Response Action: Treat		
			Commentary: New ways of working have been adopted by staff with DSE assessments in place. Annual staff survey work to continue. Work completed to ensure a full implementation of responsible managers and persons are in place across the estate. Any major changes in legislation reported through WMT and/or Corporate Update and/or Weekly staff message. Work is currently being undertaken to implement the actions from the Fraud Audit. These included reviews of the current Fraud policies, the development and implementation of a Fraud Strategy and training for staff. WLDC is taking part in International Fraud Awareness Week (16-22 November 2025) and a new Report Fraud email reportfraud@west-lindsey.gov.uk has been set up in line with the new policies.		
Actions for Improvement			Completion Date:	Officer:	% completed
Review of constitution to ensure fit for purpose and up to date with legislative provisions.			30/04/2026	Lisa Langdon	75%

Implementation of the Procurement Act	24/02/2025	Peter Davy and Anna Grieve	100% Training has been completed, new templates in place and Procontract updated with new processes. Procurement Lincolnshire Officer has attended Governance and Audit Committee to present and answer queries
Implementation of Fraud Audit Actions	31/4/2026	Peter Davy	50%. Policies updated and going through Committee cycle. Development of Fraud Strategy started. Training to be undertaken when Strategy in place. Taking part in International Fraud Awareness week.

Risk Ref: OV5	Risk Owner: Rachael Hughes – Head of Policy and Strategy		Date Reviewed: 13 October 2025		
Description of Strategic Risk: Central Lincolnshire Local Plan does not deliver land required for sustainable development to meet the needs of residents, businesses and communities			Direction of Travel =		
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score
Lack of suitable development land Economic output & GDV substantially drops Land supply drops below 5yrs	Reduction in inward investment Reduction in suitable housing supply Impact on businesses, economic output & employment	Joint CLLP Team Good Governance & positive partnership working (CLSG/HoPs) CLLP vision and objectives reflect the Corporate Plan, Objectives and Vision. Corporate Policy & Strategy Team ensure corporate priorities are reflected in service policy & strategy Five Year Land Supply report published Oct 23 - shows 7.9yr supply	2	3	Inherent Score: 6
					Residual Score: 6
			Next Risk Review Meeting: 8 December 2025		
			Risk Response Action: Tolerate		
			Commentary: CLLP adopted in April 2023. Impacts of new policy unknown due to time lag and cyclical nature of planning permissions and development.		
Actions for Improvement			Completion Date:	Officer:	% completed
Rolling review of CLLP evidence base following adoptions of CLLP April 2023			Ongoing review	Rachael Hughes	On going Formal review will take place in connection with the published Local Development Scheme, which currently states mid-2026, but subject to change due to reform of planning by Gov.
Implementation of monitoring framework to ensure effectiveness of policy			30/06/2024	Rachael Hughes	100% monitoring framework agreed and collation of data started.

			Analysis etc. to follow in due course.
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Risk Ref: OV6	Risk Owner: Paul Burkinshaw – Chief Executive			Date Reviewed: 13 October 2025	
Description of Strategic Risk:		Inability to deliver the Council’s strategic priorities (the Corporate Plan)		Direction of Travel ↑	
Trigger	Impact	Current Controls	Likelihood	Impact	Risk Score
1. The Council does not have an approved delivery programme with clearly defined priorities that are aligned to the Corporate Plan. 2. There is insufficient capacity and / or resource in the senior structure (Management Team and Wider Management Team) to deliver the Council's priorities. 3. Local Government Reorganisation restricts the Council's ability / capacity to deliver priorities	1. Potential need to revise the 2025/26 MTFP	1. The existing Corporate Plan is in the process of being refreshed	3	3	Inherent Score: 9
					Residual Score: 9
					Target Score: 6
				Next Risk Review Meeting: 8 December 2025	
				Risk Response Action: Treat	
				Commentary:	
			In January 2025, the Council underwent a Corporate Peer Challenge which recommended a review of our corporate strategic planning to ensure all of the Administration’s priorities were reflected in the Corporate Plan, and delivery thereof.		
			The Corporate Plan is in the process of being refreshed to ensure that:		
			i)	The priorities of the new Administration are appropriately reflected in the Corporate Plan;	
			ii)	Local Government Reorganisation is factored into delivery of strategic priorities and day to day service delivery;	
			iii)	Delivery is driven by a shared set of Values and Behaviours that ensure a healthy, supportive culture in the organisation for officers and members alike.	
			Staff and member workshops were held throughout September 2025 to identify Strategic priorities. These will form the basis of the refreshed Corporate Plan and associated Delivery Plan, which will be presented to		

			Corporate Policy & Resources Committee in February 2026 for onward recommendation to Full Council on 2nd March 2026 alongside the budget. New internal governance arrangements are in the process of being established to align monitoring and delivery across the Council more closely to Corporate Plan themes. These arrangements build on existing strong foundations to ensure we remain a well-managed, forward-thinking Council that delivers good quality services and sets priorities that will deliver for 'Our People' and 'Our Place'. Members and officers will work together under these new arrangements to design thematic Corporate Plan Delivery Plans which will replace the Executive Business Plan and inform the MTFP. To allow regular monitoring and delivery of Corporate Plan performance, the existing Progress and Delivery Framework is being reviewed to ensure performance measures demonstrate Corporate Plan delivery in addition to existing operational performance. The new performance measures will be presented to CP&R Committee for approval in February 2026 in the usual way. Work is underway to review the management structure as an immediate priority of the Head of Paid Service to progress and conclude. A report will be presented to the Chief Officer Employment Committee in Q3 (Oct-Dec 2025) with a view to complete by the end of Q4 (March 2026). The review will have regard to alignment with the Corporate Plan and delivery thereof.
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Actions for Improvement	Completion Date:	Officer:	% completed
1. Progress and conclude the review of the Senior structure	March 2026	Chief Executive	50%
2. Work with members and staff to review existing priorities and understand any new priorities to be taken forward into the refreshed Corporate Plan.	30/09/2025	CEX / Head of Policy & Strategy	100%
3. Design and implement new internal governance arrangements focused on monitoring and delivery of the Corporate Plan	31/12/2025	Head of Policy & Strategy / Director of Change Management, ICT & Regulatory Services	50%
4. Present the new Corporate Plan and Delivery Plan to Council for adoption	02/03/2026	CEX	0%

Agenda Item 6e



Governance and Audit
Committee

Tuesday, 25 November
2025

Subject: Internal Governance Arrangements

Report by:	Director of Change Management, ICT & Regulatory Services
Contact Officer:	Darren Mellors Performance & Programme Manager darren.mellors@west-lindsey.gov.uk
Purpose / Summary:	To update members of the internal governance approach aligned to the refreshed Corporate Plan.

RECOMMENDATION(S):

- To update Governance and Audit members on the internal governance arrangements for successful delivery of the Corporate Plan.

IMPLICATIONS

Legal: None

Financial: None

Staffing: None

Equality and Diversity including Human Rights: None

Data Protection Implications: None

Climate Related Risks and Opportunities: None

Section 17 Crime and Disorder Considerations: None

Health Implications: None

Title and Location of any Background Papers used in the preparation of this report: None

Risk Assessment: None

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

☐

No

☐

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

☐

No

☐

1.1 Currently, West Lindsey District Council operates five Programme Boards; Commercial, Land, Property and Growth, Homes Health and Wellbeing, ICT and Levelling Up Fund

1.2 These Programme Boards report into a bi-monthly Portfolio Board. These boards oversee project delivery across their respective programmes. The current structure faces challenges, including limited alignment with the Corporate Plan, minimal stakeholder engagement and awareness and high resource demands.

1.3 To address these issues, a new governance model is being introduced. This refreshed approach will replace the existing boards with Programme Theme Boards that are directly aligned to the themes and aims of the Corporate Plan. The Programme Theme Boards will have responsibility for overseeing a Delivery Plan to ensure the successful delivery of each strategic theme.

A New Approach

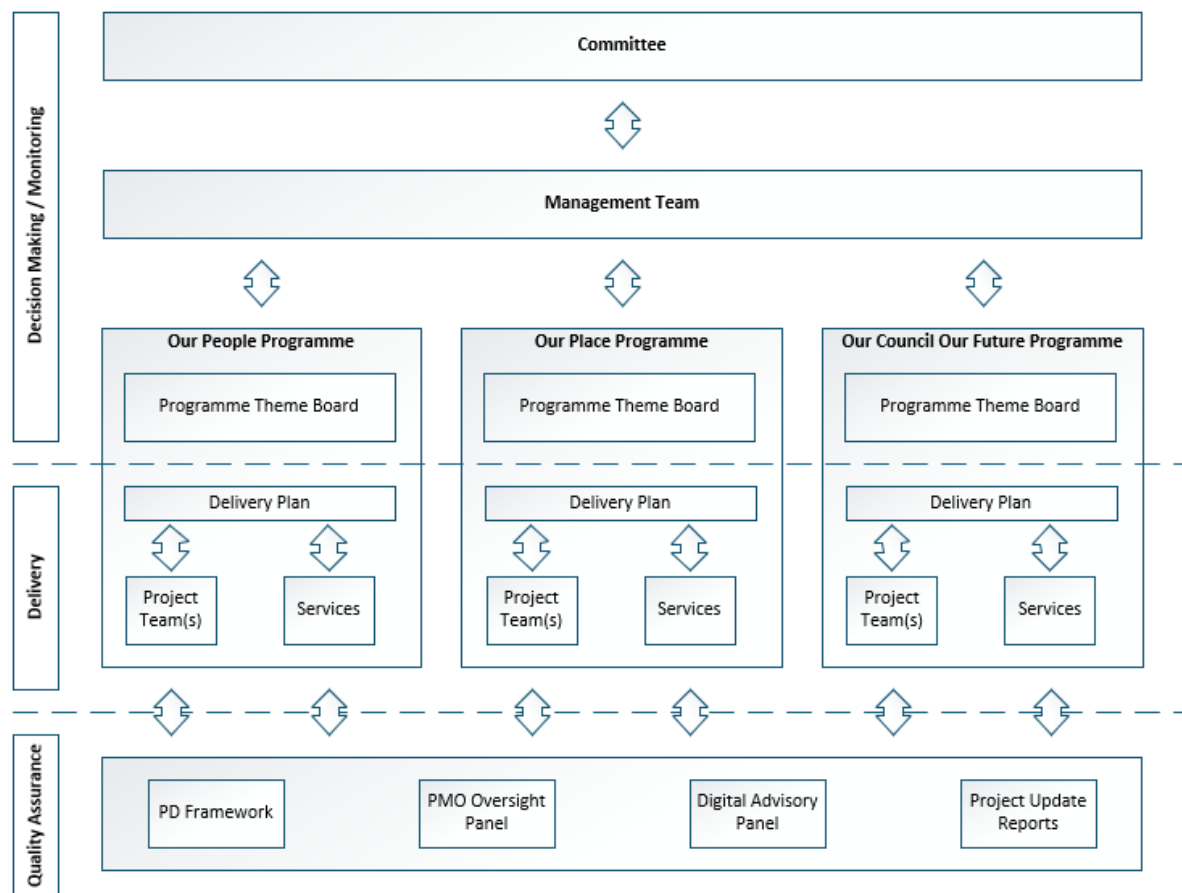
1.4 The Delivery Plans will include as a minimum theme related Progress & Delivery performance measures, projects, risks, policies and associated contracts.

1.5 Each Programme Theme Board will be chaired by the relevant Director and supported by representatives from the council's Wider Management Team as well as subject matter experts including performance, projects, comms, finances and policy.

1.6 Member involvement is pivotal to the board's success, and it is recommended that a Lead and Deputy Member Sponsor is included in each board to provide political oversight and steer. The process for onboarding members to these boards is currently being scoped, and a supporting CPR report, expected in Quarter Four, will outline the approach and make recommendations.

1.7 The Programme Theme Boards will meet quarterly, aligned to the council's performance cycle, with interim informal sessions held at least every six weeks to maintain momentum and responsiveness. Clear Terms of Reference are currently being developed to support the implementation of these boards. Figure 1 shows an overview of the governance structure of the Programme Theme Boards.

Figure 1: Programme Board Theme Governance Structure



Next Steps

1.8 Setting up the Board. Work is underway to scope the Programme Theme Boards and supporting Terms of Reference. It is anticipated that the new governance structure and draft Delivery Plans will be operational by the end of December 2025.

1.9 Member On-boarding. A supporting report will be prepared for Corporate Policy and Resources Committee in Quarter Four 25/26 recommending how members will provide political oversight and direction to the new theme boards.

1.10 Corporate Plan approval. Anticipated March 2026 allowing for formalisation of approach

1.11 Commence New Approach. It is anticipated that the new approach will be live from Quarter One 2026/27.

Agenda Item 6f



Governance and Audit

25th November 2025

Subject: Annual Governance Statement and Local Code of Governance

Report by:	Assistant Director People and Democratic Services Monitoring Officer
Contact Officer:	Lisa Langdon Lisa.langdon@west-lindsey.gov.uk
Purpose / Summary:	To consider the final version of the Annual Governance Statement and the revised Local Code of Governance

RECOMMENDATION(S):

1. That Members review the updated Annual Governance Statement 2024-25 and provide approval for its inclusion within the 2024-25 Financial Statement
2. That members review and approve the revised Local Code of Governance as at Appendix 3

IMPLICATIONS

Legal:

The Council is legally required to publish an Annual Governance Statement.

Whilst there is no legal requirement to have a Local Code of Governance, it is recommended by CIPFA/SOLACE (Delivering Good Governance in Local Government Framework 2016) that local authorities should produce a Code that illustrates how they achieve good governance across the organisation.

Financial:

The internal Audit Service has been contracted to RSM LLP and is within budget for 25/26.

Staffing: None directly arising from this report

Equality and Diversity including Human Rights:

The organisation's policies and procedures in relation to Equality and Diversity form part of the evidence base and are listed in the Code of Governance.

Data Protection Implications:

The organisation's information governance policies and procedures are detailed within the Code to illustrate compliance with data protection legislation.

Climate Related Risks and Opportunities:

None from this report

Section 17 Crime and Disorder Considerations:

None directly arising from this report

Health Implications:

None from this report

Title and Location of any Background Papers used in the preparation of this report:

Risk Assessment:
N/A

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

☐

No

x

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

☐

No

x

1. Background

- 1.1 The Accounts and Audit (England) Regulations 2015 require every council to agree and publish an Annual Governance Statement (AGS).
- 1.2 The system of corporate governance is the way in which we direct and control our services and functions to ensure that the Council is compliant with legislation and directives, that officers and Members demonstrate good behaviours, and the Council makes sound and compliant decisions.
- 1.3 Assurance of governance arrangements involves a process to test the framework and to gain confidence that it is operating as intended and that we are, '...doing the right things, in the right way, for the right people in an open, honest, inclusive and timely manner'. (CIPFA 2007)
- 1.4 The AGS includes a summary of the governance framework and identifies those areas where further action is required to achieve greater assurance.
- 1.5 The report refers to the governance framework in place for the financial year ended 31 March 2025. However, it is only reviewed by the auditors post year-end and signed off at the same time as the financial statements are approved with the audit opinion. The statement refers to the controls in place during the year.

2. Developing The Annual Governance Statement 2024-25

- 2.1 Sources of information used to develop the AGS include:

- The Combined Assurance Report 2024-25
- Internal Audit Annual Report
- Internal Audit reports
- The management of Strategic and Service risks

- External Audit Annual Audit Letter
- Review of Comments, Compliments and Complaints
- Consultation results
- Ombudsman investigations
- Review of Whistleblowing
- Annual review of fraud
- Comments made by the external Auditors.

- 2.2 The draft AGS was considered by the July 2025 Governance and Audit Committee and Members of the Committee were encouraged to both provide comments in the meeting and by correspondence to the Monitoring Officer and the Director of Finance and Assets. No comments further to the meeting have been received.
- 2.3 The draft AGS was also considered by the Council's Management Team prior to this Governance and Audit Committee.
- 2.4 Following approval of the Annual Governance Statement by the Governance and Audit Committee both the Leader and Chief Executive will sign the statement prior to publication.

3 The Local Code of Governance

- 3.1 The Council's Governance Framework follows the seven principles of good governance as set out in CIPFA's "Delivering Good Governance in Local Government Framework" (2016 edition) and is formed by the systems and processes, standards, policies and activities through which it accounts to, engages with and leads the community. These seven principles are:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the Council's capacity, including the capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

These are detailed in the Council's Code of Governance which is at Appendix 2 and last reviewed in 2019.

- 3.2 The Monitoring Officer has reviewed the Council's Local Code of Governance, and the revised version is at Appendix 3. The revised Code of Governance provides examples which evidence how the Council meets the actions and behaviours outlined by CIPFA, and

presents the Code of Governance in accordance with the Council's current branding.

4. Annual Governance Statement 2024-25

- 4.1 The Annual Governance Statement 2024-25 accompanies this report. The AGS provides a narrative and RAG rating in relation to each of the seven principles of good governance referred to by CIPFA. Once approved the final AGS will be subject to the usual Council branding prior to publication. Members are asked to consider the AGS and approve it for signature and inclusion within the financial statements.

5. Recommendation

- 5.1 That Members review the updated Annual Governance Statement 2024-25 and provide approval for its inclusion within the 2024-25 Financial Statement
- 5.2 That members review and approve the revised Local Code of Governance as at Appendix 3.

Annual Governance Statement 2024/25

Executive Summary:

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.

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 audits of accounts and funding arrangements, 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 External Audit function is undertaken by KPMG LLP, this provides an opinion of the Financial Statements and the Value for Money Opinion. Any weaknesses identified by the external auditor are highlighted in the Auditors Annual Report. The Council received an unqualified audit opinion on its 2024/25 accounts and Value for Money opinion and no significant recommendations.

1. Scope of Responsibility

West Lindsey District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, incorporating the system of internal control. This includes arrangements for the management of risk. The Council has a Local Code of Governance which details these arrangements and is structured around the seven Principles of Good Governance, which are as follows:

1. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social and environmental benefits.
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and strong public financial management.
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The Accounts and Audit (England) Regulations 2015 require every council to agree and publish an Annual Governance Statement. Further, we have followed the CIPFA (Chartered Institute of Public Finance and Accountancy)/ SOLACE guidance entitled: Delivering Good Governance in Local Government Framework (2016), in producing this AGS. A review of compliance against these seven principles is provided at section 5 of this Statement.

2. The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It also comprises the activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate services that represent value for money.

The system of internal control is an important part of that 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 quarterly.

The governance framework has been in place at the Council for the year ended 31st March 2025, and up to the date of approval of this Statement.

3. Financial Management Code

Strong financial management is an essential part of ensuring public sector finances are sustainable. The CIPFA Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities and

assurance that authorities are managing resources effectively. The FM Code identifies risks to financial sustainability and introduced a framework of assurance.

Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the management team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

The council has undertaken an assessment of compliance with the principles of the FM Code. This assessment has confirmed the council's compliance.

4. The Governance Framework and Annual Review of Effectiveness

West Lindsey District Council operates a committee model of Governance under the Localism Act 2011. This has ensured that there is a more democratic approach to decision making with no elected member having any individual executive power to make decisions and requiring committees to be politically proportionate. The Council's Constitution sets out how the Council operates.

The Council uses its Constitution as a basis from which decision making, delegations and matters relating to the ability to meet legislative and statutory requirements are considered.

The Council is working to its Corporate Plan covering the period 2023-2027. It sets out the Council's vision for the District and sets out key strategic objectives which will deliver desired outcomes for communities. The Corporate Plan is explicitly aligned to the Medium-Term Financial Plan (MTFP) which details key corporate activity which will support the achievement of the Council's aims and objectives. This ensures that the aspirations in the Corporate Plan are realistic within the context of the funding constraints placed on the Council.

In June 2023, the Council adopted "Moving Forward Together: Our Vision for West Lindsey" a new Corporate Plan which sets out priorities for Our People, Our Place and Our Council over the next four years. The Vision is supported by an ambitious Executive Business Plan, which includes delivery of major projects, programmes and initiatives that support delivery of strategic priorities. Throughout the year 2024/25, we have:

Our People

- Continued to support local communities including almost £100k of funding to improve community facilities at Hemswell Cliff, opening a new cycle park and play area in Keelby, refurbishing the Saxilby footbridge,
- Appointed a Sports & Physical Activity Development Officer who is leading on the development of a Sports and Physical Activity Strategy which will deliver and promote a sports development programme across the district.

- Hosted sporting events including the inaugural North Lincolnshire Women's Classic Cycle Race, an elite women's race which is the National B season opener for women in the UK.
- Progressed plans to improve access to healthcare across the district, including setting up a working group with the ICB and other health partners to ensure progress continues.
- Continued to deliver our Cultural Strategy for the district, including a highly successful events programme which delivered popular events to local communities such as the Illuminate Festival, the Christmas Lights Festival, GO Festival, WordFest and the Heritage Skills Fair.
- Supported the opening of a new Banking Hub in Market Rasen, bringing much needed banking services back to the town and regenerating a historic building in the process.
- Held a Young Traders Market, supporting young entrepreneurs to showcase their talents at Gainsborough Market.

Our Place

- Collaborated in an Economic Impact Assessment in relation to the STEP Fusion Programme which highlighted the transformative benefits the Programme will bring to West Lindsey in respect of significant economic growth, jobs and investment over a period of 45 years.
- Moved further towards completion of projects within the Thriving Gainsborough Programme, funded by the Levelling Up Fund, including the flagship cinema site, redevelopment of Baltic Mill and Whittons Gardens, all of which are due to be completed by Summer 2025.
- Restored historic shop fronts in Gainsborough town centre and created high quality residential units above the shops through the Townscape Heritage Initiative.
- Continued to use UK Shared Prosperity Funding to support businesses and local communities across the district.

Our Council:

- Submitted our interim plan to government outlining the Council's initial proposals for Local Government Reorganisation in Lincolnshire.
- Collaborated with Lincolnshire Districts to ensure the creation of the District Joint Committee to enable the District Council's voice to be heard at the Greater Lincolnshire Combined County Mayoral Authority.
- Refreshed the Whistleblowing Policy and provided a training and awareness session to team managers.
- Refreshed the Council's Environment & Sustainability Strategy, alongside an updated action plan and a renewed commitment to becoming carbon net zero by 2050. This includes work to progress the installation of solar panels on Council owned buildings such as Gainsborough Leisure Centre following a successful trial of solar panels at the Caenby Corner Waste Depot.
- Launched a new commercial Food Waste Collection Service for businesses across the District to help local businesses meet new government regulations on recycling of food waste.
- Launched a successful 'Big Bin Hire Service', providing residents with a convenient solution for managing excess waste.

- Council services were finalists in a number of national awards including the Central Lincolnshire Local Plan, which was recognised as one of the best in England; Lea Fields Crematorium, which won a bronze award for outstanding environmental sustainability practices. The Council was also shortlisted for three Destination Lincolnshire Awards, as well as winning national awards for excellence in delivering our Waste Services.
- Continued to transform and modernise our services, including the implementation of a new Planning System to improve the way the Council processes planning applications; and the roll-out of a QR code on Council bins across the district to make it easier for customers to report damaged or overflowing bins to the Council.

The Constitution of the Council establishes the roles and responsibilities of the Full Council, Policy Committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements.

The Constitution was subject to an external health check review which found that it is a legally compliant document, and recommended it could benefit from some changes to reflect good practice and legislative updates. Reports have proceeded through Governance and Audit Committee and Full Council which have resulted in changes being made to some Articles and Committees in accordance with the advice received.

The Constitution also contains rules of procedures (standing orders and financial regulations) that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Chief Financial Officer and Monitoring Officer are described, together with their contributions to provide robust assurance on governance and to ensure that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by the post-holders' membership of the Council's Management Team.

The council has developed, communicated and embedded codes of conduct, defining the standards of behaviour for both Members and staff. Officer training needs have been identified through development appraisals and reviews, enabling individuals to undertake their present roles effectively and have the opportunity to develop to meet their own and the Council's current and future needs.

Two of the Council's statutory officers, (the Section 151 Officer and the Head of paid Service), resigned from the organisation in 2024/25. The Section 151 Officer post has been appointed to on a permanent basis and that process is now complete. The Chief Executive recruitment process took place in 2024/25 with the new Chief Executive starting with the organisation in October 2025.

A peer challenge was carried out in January 2025 and the report has been published on the Council's website. The key findings were that the Council is constantly learning and improving, has a positive relationship with its partner organisations and committed and enthusiastic staff. The report found the Council supports, works with

and celebrates the diversity of its communities and staff in various ways and that the work for and with its communities and partner organisations is driven by the corporate plan. The report noted that council's most immediate, challenging issues are its changing Management Team and the implications of possible local government reorganisation in Lincolnshire. It was noted that the council appears to be managing its finances well through good financial governance and a comprehensive planning and monitoring approach with built in contingencies and reserves but the council has identified budget gaps from 2026/27 which the council needs to address. The report noted that internal and external auditors have not identified any significant weaknesses. There were a number of recommendations made to the Council which were:

- 1- Review your management structure as a priority
- 2- Prioritise the filling of your new management structure-especially your Head of Paid Service and Section 151 Officer
- 3- Continue discussion with the peer team and the LGA on the best way to resolve the identified councillor/officer relationships
- 4- Refresh your business planning
- 5- Develop plans to address the gap in your medium-term financial plan
- 6- Design and implement a new continuous improvement/change programme
- 7- Review the number and frequency of your meetings
- 8- Develop internal communications to address issues raised throughout the findings

The Council is developing an action plan to address the recommendations of the peer challenge and will be inviting the LGA peer team to visit the Council again once this plan has been implemented.

The Internal Audit Plan 2024/25 was agreed by the Governance and Audit Committee.

The Annual Internal Report for 2024-25 will be presented to the Governance and Audit Committee in June 2025. The report stated that for the twelve months ending 31 March 2025 the organisation has an adequate and effective framework for risk management, governance and internal control. The internal Auditors have identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

The substantial assurance awards in areas such as purchasing and creditors, project and programme management, and customer experience strategy demonstrate the strength of commitment to deliver strong internal financial controls and excellent customer experience. Following a limited assurance in procurement being received, the Council has taken steps to improve this and these are detailed in Section 6 of this statement. The 2024-25 has been fully completed and of the 27 actions identified, 19 were of a low priority and 8 of a medium priority. The Auditors considered the Council has demonstrated reasonable progress in implementing the agreed management actions.

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework and including the system of internal control.

The review is informed by:

1. The Combined Assurance report – made up from:
 - a. Feedback from senior managers within the authority who have responsibility for the development and maintenance of the governance environment and its effectiveness within their areas.
 - b. The findings from the Annual Internal Audit work plan
 - c. Third Party assessment e.g., peer review, external consultancy
2. The Annual Review of Comments, Compliments and Complaints
3. The Annual Monitoring Officer Report and Review of the Constitution
4. The Annual Review of the Effectiveness of Internal Audit
5. Reviews of Whistleblowing
6. Independent Fraud Risk Assessment.
7. The Head of Internal Audit's Annual Report
8. Review of Strategic Risks
9. Comments made by external auditors and other review agencies.

These reviews have been considered by the Governance and Audit Committee as well as a draft version of this AGS. As a result, the arrangements are deemed as being fit for purpose.

5. Review of compliance against the principles detailed within the Council's Local Code of Governance

The governance framework is consistent with the principles provided by the CIPFA/SOLACE framework for good governance, and these principles are detailed and considered within the Council's Local Code of Governance. Each principle is considered below and a RAG rating provided:

Principle A: behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

The Council is compliant with this principle having strong financial regulations in place and making the relevant changes to its Contract procedure rules to comply with new legislation, including providing training to staff regarding procurement requirements.

Legal implications are considered in all reports and clear terms of reference are provided online for Committees. Training has been provided to District and Town and parish Councillors on the application of the Standards regime.

Compliance with this principle is deemed **green**

Principle B: Ensuring openness and comprehensive stakeholder engagement

The Council complies with this principle by webcasting Council meetings (unless exempt), publishing agendas and minutes, allowing public questions at the full

Council meeting and having clear Freedom of Information processes in place. 7 public consultations were carried out in the year 2024/25 and a refreshed Consultation strategy was adopted. The Council has strong relationships with public and private sector, for example the Central Lincolnshire Joint Strategic Partnership. Compliance with this principle is deemed as **green**

Principle C: Defining outcomes in terms of sustainable, economic, social and environmental benefit

The Council is compliant with principle as it has a Corporate Plan and Medium Term Financial Plan. The strategic risk register is considered by the Management Team and also by the Governance and Audit Committee. The operational risk register is regularly reviewed by managers across the organisation.

Compliance with this principle is deemed **amber** due to the Council intending to take a holistic review of all strategic risks.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

The Council complies with this principle by having a detailed performance management framework which ensure reports are provided to Management Team and Committee to ensure member oversight. Performance improvement plans are put in place if required. The Council has memberships with the LGA, LLG, Solace, and CIPFA to ensure good practice, high standards and up to date information from the local government sector is obtained. The Council operates a Programme Board framework and produces a state of the district report.

The Council is undertaking a review of its internal governance framework with the intention of aligning this with the work being carried out to refresh the Corporate Plan, therefore compliance with this principle is deemed as **amber**

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

The Council complies with this principle by providing training as required to officers, apprenticeship schemes, corporate inductions and member induction and training. It is recognised following the feedback from the LGA peer review that a refresh of the senior structure is needed to ensure capacity and resilience for the organisation, especially as moves towards local government reorganisation. Officer briefings are provided to elected members on strategic issues such as RAF Scampton and local government reorganisation. Wider management team meetings and staff corporate updates are held regularly to ensure information is distributed to the wider organisation.

The Council is in the process of reviewing its senior officer structure and therefore this principle is deemed as **amber**

Principle F: Managing risk and performance through robust control and strong financial management.

The Council is well managed financially as outlined within the recent LGA peer review findings and also in the recent external audit of the Council's 2024/25 accounts. The Council has also recently received a positive value for money assessment. There is adherence to the Constitution, which is regularly scrutinised by the Council's governance and audit committee who receive training prior to scrutinising the Council's annual accounts and treasury management strategy. Regular meetings of the statutory officers are held to ensure high standards of governance and financial management are maintained. Budget monitoring is carried out by team managers during the year so the Council is fully aware of its financial position each month. There is also a full programme of internal audits, the results of which are reported to the Council's governance and audit committee and follow up actions implemented. The Council is in a strong financial position with a good level of reserves and is currently looking to balance the medium term financial plan once the government's fair funding review is complete.

Compliance with this principle is deemed as **green**

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Council complies with this principle by ensuring internal and external auditors are appointed, meet with the senior management and report directly to the Governance and Audit Committee. The Council has Information governance and RIPA policies in place, and the progress and delivery framework reports regularly to the Committee. The Council's website provides much information and details all reports, agendas, minutes and forthcoming meetings.

Compliance with this principle is deemed as **green**

6. Significant Governance Issues

The Council received one limited assurance internal audit review in 2024-25, which related to the Council's procurement provision. The Audit highlighted that the Council's contract and procurement rules needed updating, that the Council needed to ensure adequate resources are in place, and document management needed improving. Following this the Council has updated its rules and policies in accordance with the legislative requirements, updated its constitution, provided training sessions to staff and strengthened the relationship with Procurement Lincolnshire. A further Audit of the Council's procurement processes was carried out in February 2025 resulting in a reasonable audit assurance opinion.

7. Governance Risks - Areas for Improvement during 2025-26 (year ahead)

Whilst we are satisfied with the effectiveness of the corporate governance arrangements and systems of internal control, as part of our continued efforts to improve governance, the following issues have been identified as risks or areas for improvement as part of the 2025-26 Annual Governance Statement process.

An action plan will be implemented to ensure activity takes place to monitor the following risks and monitor improvements required:

- Loss of key staff – ensure that processes are fully documented, succession plans are in place where appropriate, identify activities which are overly reliant on one individual.
- Financial settlement – continue to update the MTFS as we gain greater certainty on the level of funding for future years.
- Local Government Reorganisation – continue to work with elected members, partner organisations and central government to ensure West Lindsey District Council is well prepared for future reorganisation.
- The Greater Lincolnshire Mayoral County Combined Authority – This organisation is still relatively new, holding its inaugural meeting in March 2025. Whilst the Council has ensured District Representation at this Authority through the District Joint Committee mechanisms, the Council needs to continue to work with members of the Combined Authority and the District Joint Committee to ensure the interests of West Lindsey District Council and its residents are represented in these forums.

8. Approval of the Annual Governance Statement 2024-25

The council is satisfied that appropriate and effective governance arrangements have been in place for 2024-25.

Signed by:

Paul Burkinshaw
Chief Executive, West Lindsey District Council
Xx/xx/2025

Councillor Jackie Brockway
Leader, West Lindsey District Council
Xx/xx/2025

West Lindsey District Council

Local Code of Governance

“Ensuring we are doing the right things in the right way, for the right people, in an open, honest, inclusive and timely manner”

Chartered Institute of Public Finance and Accountability.



Local Code of Governance

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Local Code of Governance

Introduction

What is Governance?

The Chartered Institute of Finance and Accountability (CIPFA) define governance as follows:

“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.” (CIPFA 2016)

CIPFA also state that:

“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times. Acting in the public interest implies primary considerations of the benefits for society, which should result in positive outcomes for service users and other stakeholders.” (ibid)

West Lindsey District Council’s’ local code of governance has been developed from CIPFA’s seven principles of good governance in local government as set out in their document, “Good Governance in the Public Sector” (CIPFA/IFAC, 2014). The seven principles are:

1. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social and environmental benefits.
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and strong public financial management.
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

How Important is This?

We know that all public service rely on standards of probity. Corrupt or improper behaviour affects confidence in the services and in the democratic system.

The United Kingdom is widely respected for high standards in public life and people have high expectations. It is important that we fulfil these expectations and improve standards for the future.

How Does it Work?

West Lindsey District Council, like every other Council, works through a governance framework of principles, processes and legislation.

Our Local Code of Governance brings all these into one document to explain how we will meet the governance principles and make sure that we follow best practice. We will review this code annually, to support our Annual Governance Statement. Our aim is to provide good quality service to the people of West Lindsey and this relies on sound governance and the commitment of Members and staff to abide by our standards.

We hope that by having clear principles and processes, this code will help us to maintain high standards in the future.

Principle 1. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Behaving with Integrity:

- Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation
- Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)
- Leading by example and using the above standard operating principles or values as a framework for decision making and other actions
- Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively

Demonstrating Strong Commitment to Ethical Values:

- Seeking to establish, monitor and maintain the organisation's ethical standards and performance
- Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation
- Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
- Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation

Respecting the Rule of Law:

- Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations

- Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements
- Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders
- Dealing with breaches of legal and regulatory provisions effectively
- Ensuring corruption and misuse of power are dealt with effectively

Principle 2. Ensuring openness and comprehensive stakeholder engagement.

Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Openness:

- Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
- Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided
- Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear
- Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action

Engaging Comprehensively with Institutional Stakeholders:

NB institutional stakeholders are the other organisations that local government needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which they are accountable.

- Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably
 - Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively
 - Ensuring that partnerships are based on:
 - trust
 - a shared commitment to change
 - a culture that promotes and accepts challenge among partners
- and that the added value of partnership working is explicit.

Engaging with Individual Citizens and Service Users Effectively:

- Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service

users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes

- Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement
- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs
- Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account
- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity
- Taking account of the impact of decisions on future generations of tax payers and service users

Principle 3. Defining outcomes in terms of sustainable economic, social and environmental benefits.

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

Defining Outcomes:

- Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions
- Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer
- Delivering defined outcomes on a sustainable basis within the resources that will be available
- Identifying and managing risks to the achievement of outcomes
- Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available

Sustainable Economic, Social and Environmental Benefits:

- Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision
- Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints
- Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental

benefits, through consultation where possible, in order to ensure appropriate trade-offs

- Ensuring fair access to services

Principle 4. Determining the interventions necessary to optimise the achievement of the intended outcomes.

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

Determining Interventions:

- Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided
- Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts

Planning Interventions:

- Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets
- Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
- Considering and monitoring risks facing each partner when working collaboratively, including shared risks
- Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances
- Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured
- Ensuring capacity exists to generate the information required to review service quality regularly
- Preparing budgets in accordance with objectives, strategies and the medium term financial plan
- Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy

Optimising Achievement of Intended Outcomes:

- Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints

- Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term
- Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage
- Ensuring the achievement of 'social value' through service planning and commissioning

Principle 5. Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Developing the Entity's Capacity:

- Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness
- Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently
- Recognising the benefits of partnerships and collaborative working where added value can be achieved
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources

Developing the Capability of the Entity's Leadership and Other Individuals:

- Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained
- Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body
- Ensuring the leader and the Head of Paid Service have clearly defined and distinctive leadership roles within a structure whereby the Head of Paid Service leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority
- Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:

- ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged
- ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis
- ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external.
- Ensuring that there are structures in place to encourage public participation
- Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections
- Holding staff to account through regular performance reviews which take account of training or development needs
- Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing

Principle 6. Managing risks and performance through robust internal control and strong public financial management.

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Managing Risk:

- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making
- Implementing robust and integrated risk management arrangements and ensuring that they are working effectively
- Ensuring that responsibilities for managing individual risks are clearly allocated

Managing Performance:

- Monitoring service delivery effectively including planning, specification, execution and independent post implementation review

- Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook
- Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible. (Or, for a committee system) encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making
- Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement
- Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)

Robust Internal Control:

- Aligning the risk management strategy and policies on internal control with achieving objectives
- Evaluating and monitoring risk management and internal control on a regular basis
- Ensuring effective counter fraud and anti-corruption arrangements are in place
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor
- Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body:
- provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment
- that its recommendations are listened to and acted upon.

Managing Data:

- Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
- Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
- Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring

Strong Public Financial Management:

- Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance
- Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.

Principle 7. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Implementing Good Practice in Transparency:

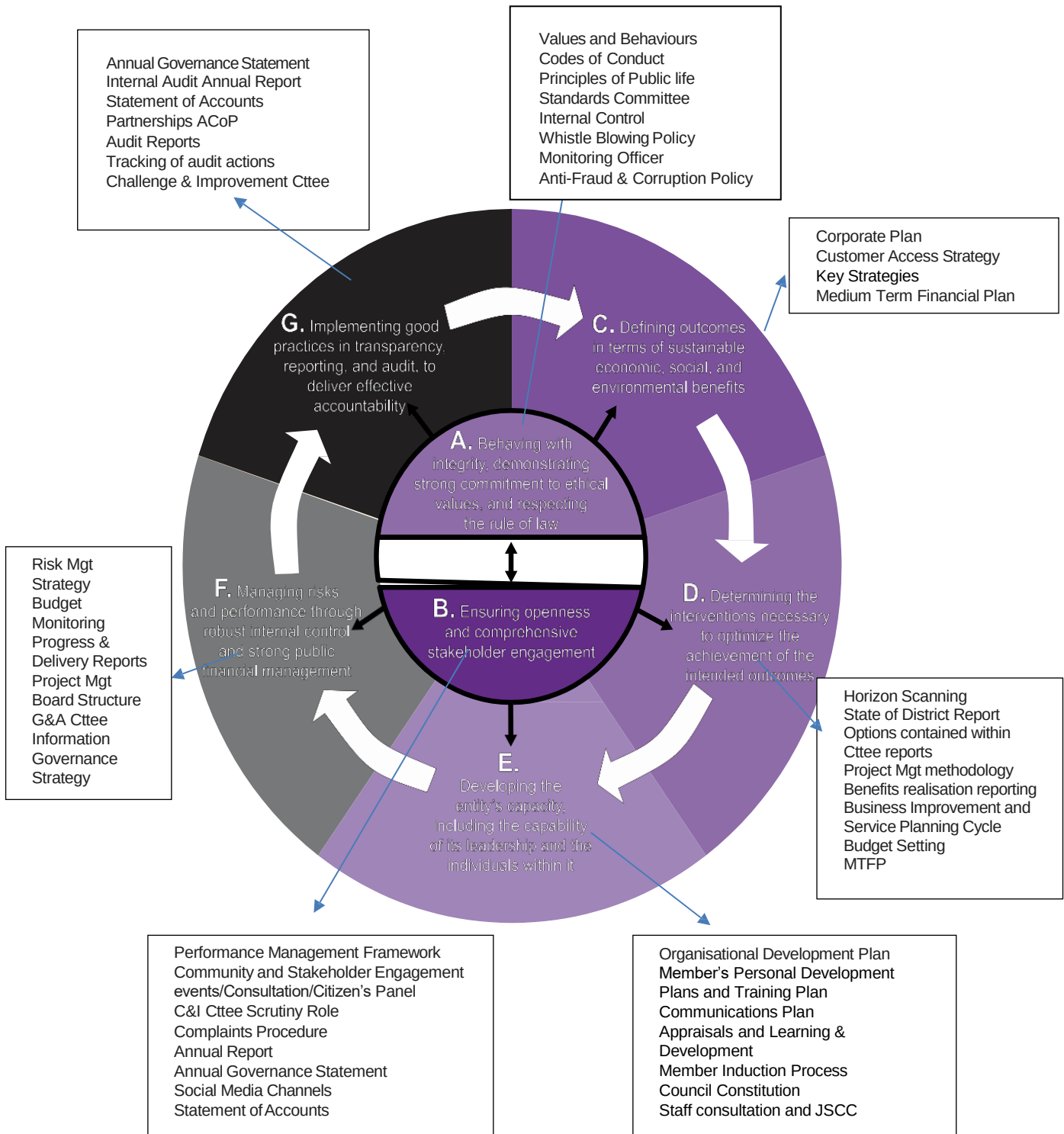
- Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate
- Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand

Implementing Good Practices in Reporting:

- Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way
- Ensuring members and senior management own the results reported
- Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)
- Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate
- Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations

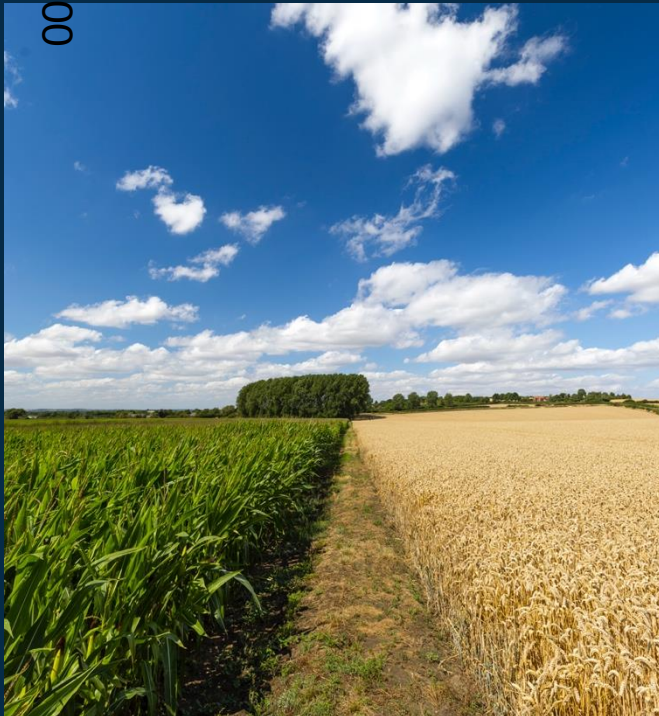
Assurance and Effective Accountability:

- Ensuring that recommendations for corrective action made by external audit are acted upon
- Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon
- Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations
- Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement
- Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met



Local Code of Governance

Day/Month/2025



INTRODUCTION

This is West Lindsey District Council's Local Code of Governance. It sets out the Council's governance framework, taking into account the seven Principles of Good Governance (CIPFA/SOLACE 2016) and illustrating how the Council meets each one.

Good governance is about ensuring the Council is doing the right things, in the right way for the communities it serves, in a timely, open honest and accountable manner. The Council is committed to upholding the highest possible standards of good governance, as it believes this will then lead to high standards of performance, management, effective use of resources, increased public involvement, good outcomes and increased trust in the Council.

WHAT IS GOVERNANCE?

Governance describes how organisations direct and control what they do. This includes the systems, processes, culture and values through which the Council operates. Governance means carrying out our activities in accordance with the law and proper standards, and ensuring the public money is well used and properly accounted for.

Good governance flows from systems and structures, shared values, and culture and behaviours. This document details how the Council meets its commitment to good corporate governance.

This is important because public service relies on high standards of probity. Improper behaviour affects confidence in the services the Council provides, increases risk of successful legal challenge, and can damage the Council's reputation.

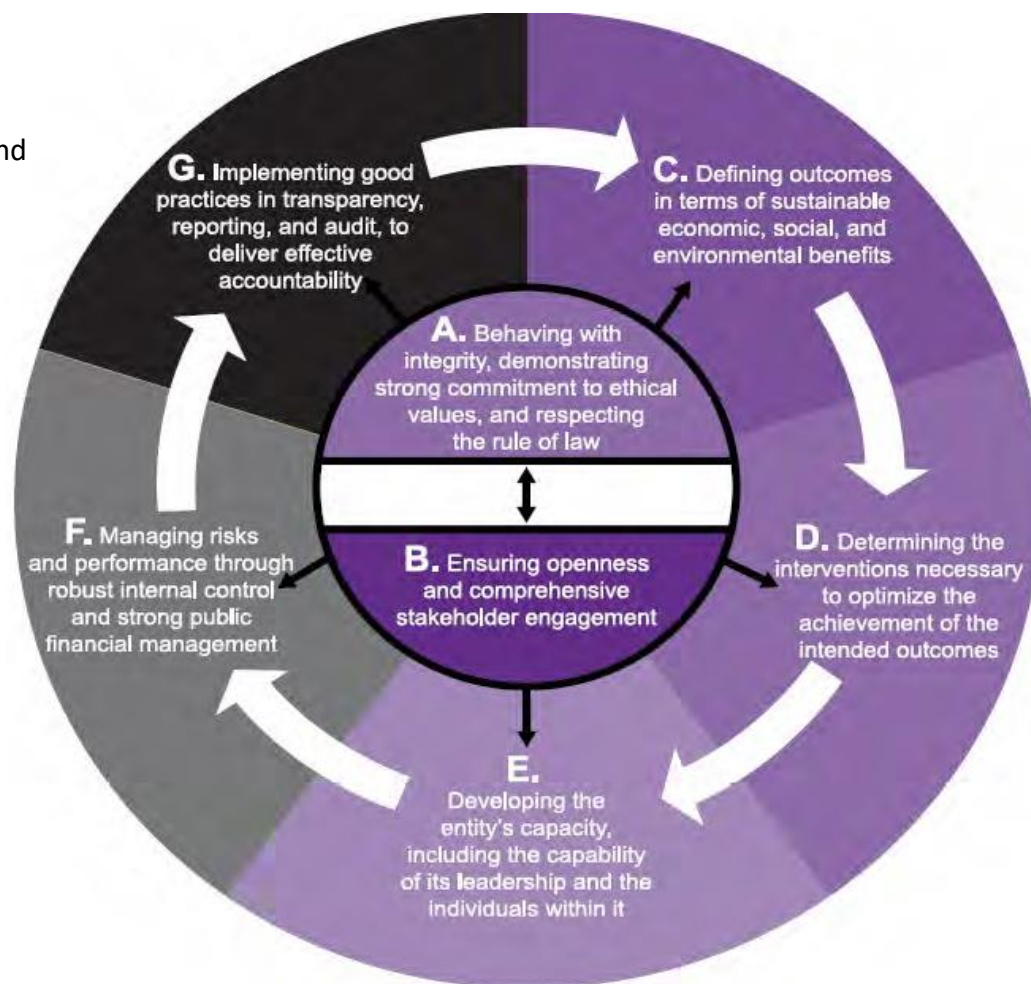
This Code of Governance is developed in accordance with, and is consistent with the "Delivering Good Governance in Local Government" (CIPFA/SOLACE 2016) framework, and is based on best guidance as set out by CIPFA and SOLACE.

THE SEVEN PRINCIPLES OF GOOD GOVERNANCE

This Code of Governance has been developed from CIPFA's seven principles of good governance in local government. These principles are:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Delivering outcomes in terms of sustainable economic, social and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the Council's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management,
- G. Implementing good practice in transparency, reporting and audit to deliver effective accountability

Full details of the seven principles, together with the actions and behaviours that can demonstrate compliance is provided in this document.





PRINCIPLE A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	
Actions and behaviours that demonstrate this:	What we have in place
Behaving with Integrity: • Ensuring members and officers behave with integrity and lead a culture whereby acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation • Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the seven principles of public life. • Leading by example and using the standard operating principles or values as a framework for decision making and other actions. • Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively. Demonstrating strong commitment to ethical values • Seeking to establish, monitor and maintain the organisation’s ethical standards and performance • Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation’s culture and operation. • Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values • Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with the ethical standards expected by the organisation. Respecting the Rule of Law • Ensuring members and staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations • Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements • Striving to optimise the use of full powers available for the benefit of citizens, communities and other stakeholders. • Dealing with breaches of legal and regulatory provisions effectively • Ensuring corruption and misuse of power are dealt with effectively	• Constitution • Code of Conduct for members • The Corporate Plan • Scheme of delegation • Declaration of interest forms • Register of gifts and hospitality • Equality, Diversity and Inclusion policies • Whistleblowing policies and procedures • Member induction • Member/officer relations policy • Overview and Scrutiny/Governance and Audit/Policy Committees • Contract Procedure Rules • Regular statutory officer meetings • Complaints Procedure • Local Government Ombudsman annual letter

PRINCIPLE B – Ensuring openness and comprehensive stakeholder engagement	
Actions and behaviours that demonstrate this:	What we have in place:
Openness - Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness - Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for reasoning for keeping a decision confidential should be provided - Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear. - Using formal and informal consultation and engagement to determine the most appropriate and effective interventions and courses of action. Engaging effectively with Institutional Stakeholders - Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably. - Developing formal and informal partnerships to allow for resources to be used more effectively. - Ensuring partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge amongst partners, and that the added value of partnership working is explicit Engaging stakeholders effectively, including individual citizens and service users - Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes - Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement - Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs - Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account - Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity. - Taking account of the impact of decisions on future generations of tax payers and service users	- Consultation and Engagement strategy - Public consultations - Open public council meetings - Access to information rules - Customer feedback and complaints - Citizens Panel - Statement of accounts - Joint Staff Consultative Committee - Freedom of information process and procedures - Partnership protocols - Central Lincolnshire Joint strategic planning committee - District Joint Committee - Social media platforms - Citizens Panel - Consultation and Engagement Strategy - Consultation pages on website



PRINCIPLE C – Defining outcomes in terms of sustainable economic, social and environmental benefits	
Actions and behaviours that demonstrate this	What we have in place
Defining outcomes • Having a clear vision which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation’s overall strategy, planning and other decisions • Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer • Delivering defined outcomes on a sustainable basis within the resources that will be available • Identifying and managing risks to the achievement of outcomes • Managing service users’ expectations effectively with regard to determining priorities and making the best use of the resources available. Sustainable Economic, social and environmental benefits • Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision • Taking a longer term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation’s intended outcomes and short term factors should as the political cycle or financial constraints • Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade offs • Ensuring fair access to services, taking full account of the access needs of disabled and vulnerable people	• Corporate Plan • Corporate Policies • Medium term financial plan • Annual budget setting • Equality Impact Assessments • Robust Programme management process • Annual business planning cycle • Board cycles • Strategic Risk register

PRINCIPLE D – Determining the interventions necessary to optimise the achievement of intended outcomes	
Actions and behaviours that demonstrate this	What we have in place
Determining interventions • Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore, ensuring best value is achieved however the services are provided • Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. Planning interventions: • Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets • Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered • Considering and monitoring risks facing each partner when working collaboratively, including shared risks • Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances • Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured • Ensuring capacity exists to generate the information required to review service quality regularly • Preparing budgets in accordance with objectives, strategies and the medium term financial plan • Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy Optimising achievement of intended outcomes: • Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints • Ensuring the budgeting process is all inclusive, taking into account the full cost of operations over the medium and longer term	• Complete committee reports including consultation summary, alternative options and implications • State of the district report • Corporate and operational risk registers • Monthly budget monitoring • Budget setting • Policy planning framework • Project management • Capital programme • Five year medium term financial strategy • Local Resilience Forum • Detailed Project management (4 stages) • Progress and Delivery

- Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage - Ensuring the achievement of social value through service planning and commissioning	
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PRINCIPLE E – Developing the Council’s capacity, including the capability of its leadership and the individuals within it	
Actions and behaviours that demonstrate this	What we have in place
Developing the Council’s capacity - Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness - Improving resource use through appropriate application of techniques, such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently. - Recognising the benefits of partnerships and collaborative working where added value can be achieved. - Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources Developing the capability of the Council’s leadership and other individuals - Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained - Publishing a statement that specifies the types of decisions that are delegated and those that are reserved for collective decision making - Ensuring the Leader and Head of Paid Service have clearly defined and distinctive leadership roles within a structure whereby the Head of Paid Service leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and balance for each other’s authority	- Team meetings 121s - Appraisal process - Corporate training budget - Corporate induction - Organisational values and behaviours framework - Leaders symposium - Partnership working with New Local - Apprenticeship scheme - Mentor scheme - Wider management team meetings - Member Induction process - Staff members on Joint Staff Consultative Committee - Corporate training including safeguarding, information

• Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes by: - Ensuring members and staff have access to appropriate induction tailored to their role and the ongoing training and development matching individual organisational requirements is available and encouraged - Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring they are able to update their knowledge on a continuing basis - Ensuring personal, organisational, and system wide development through shared learning, including lessons learnt from governance weaknesses both internal and external - Identifying and developing talent within the Council's workforce - Developing succession planning • Ensuring that there are structures in place to encourage public participation • Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections • Holding staff to account through regular performance reviews which take account of training or development needs • Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	governance, equality and diversity,
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PRINCIPLE F – Managing risks and performance through robust internal control and strong public financial management	
Actions and behaviours that demonstrate this	What we have in place
Managing Risk • Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making • Implementing robust and integrated risk management arrangements and ensuring that they are working effectively • Ensuring the responsibilities for managing individual risks and clearly allocated Managing Performance • Monitoring service delivery effectively including planning, specification, execution and independent post implementation review • Making decision based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook • Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making • Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement • Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements) Robust internal control • Aligning the risk management strategy and policies on internal control with achieving objectives • Evaluating and monitoring risk management and internal control on a regular basis • Ensuring effective counter fraud and anti-corruption arrangements are in place • Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor • Ensuring an audit committee which is independent and accountable to the governing body • Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment • That recommendations are listened to and acted upon	• Corporate Information Governance Group meets regularly. • Staff training on data protection • Regular staff messages about cyber security • Data protection officer • Anti-fraud and bribery policy • Risk Management Strategy • Internal Audit plan • Governance and Audit committee • Regular oversight of risk register by senior management and elected members

Managing data • Ensuring effective arrangements are in place for safe collection, storage, use and sharing of data including processes to safeguard data • Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies • Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring Strong public financial management • Ensuring financial management supports both long term achievement of outcomes and short term financial and operational performance • Ensuring well developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.	
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• PRINCIPLE G – Implementing good practices in transparency, reporting and audit to deliver effective accountability	
Actions and behaviours that demonstrate this	What we have in place
Implementing good practice in transparency • Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring they are easy to access and interrogate • Striking a balance between providing the amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand Implementing good practices in reporting • Reporting at least annually on performance, value for money and the stewardship of its resources • Ensuring members and senior management own the results • Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including evidence to demonstrate good governance	• Council's website • Access to information rules • Comply with local government transparency rules • Publication of committee reports • Annual governance statement • Governance and Audit Committee (with independent members)

• Ensuring that this framework is applied to jointly managed or shared service organisations • Ensuring the performance information that accompanies the financial statement is prepared on a consistent and timely basis and the statements allow for comparison with other organisations Assurance and effective accountability • Ensuring that recommendations for corrective action made by external audit are acted upon • Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and that recommendations are acted upon • Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. • Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement • Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.	• Roles and responsibilities outlined in Constitution • Progress and delivery framework • RIPA inspections • Annual audit findings received by external auditor • Partnership working arrangements reviewed annually
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Governance and Audit Committee Work Plan (as at 13 November 2025)

Purpose:

This report provides a summary of items of business at upcoming meetings.

Recommendation:

1. That members note the contents of the report.

Date	Title	Lead Officer	Purpose of the report	Date First Published
25 NOVEMBER 2025				
25 Nov 2025	Annual Governance Statement 2024-2025	Lisa Langdon, Assistant Director People and Democratic (Monitoring Officer)	To present the Annual Governance Statement 2024-2025 to the Committee	
25 Nov 2025	Quarter Two Strategic Risk Register	Katy Allen, Corporate Governance Officer	Quarter Two reporting of the Strategic Risk Register	09 April 2025
25 Nov 2025	Audit of the Statement of Accounts 2024/25 Sign Off	Comie Campbell, Interim Financial Services Manager (Deputy S151)	Statement of Accounts 2024/25 Sign off by External Audit	09 April 2025
25 Nov 2025	Procurement Exemptions	Peter Davy, Director of Finance and Assets (Section 151 Officer)	To present a list of procurement exceptions granted under delegation between 1 October 2024 and 30 th September 2025 to Governance and Audit Committee.	09 April 2025
25 Nov 2025	Annual External Audit Report 2024/2025	Comie Campbell, Interim Financial Services Manager (Deputy S151)	To receive the Annual External Audit Report for 2024/2025	
25 Nov 2025	External Audit Completion Report - ISA260	Comie Campbell, Interim Financial Services Manager (Deputy S151)	To receive the External Audit completion report – ISA260	

25 Nov 2025	Internal Governance Arrangements	Darren Mellors, Performance & Programme Manager	To consider a report on Internal Governance arrangements.	
25 Nov 2025	Internal Audit Progress Report	Katy Allen, Corporate Governance Officer	Progress on the Internal Audit Plan.	
25 Nov 2025	Annual Governance Statement and Code of Governance	Lisa Langdon, Assistant Director People and Democratic (Monitoring Officer)	To consider the final version of the Annual Governance Statement and the revised Local Code of Governance	

20 JANUARY 2026

20 Jan 2026	Quarter three Strategic risks	Katy Allen, Corporate Governance Officer	Reporting of Strategic Risk Register for quarter three	09 April 2025
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10 MARCH 2026

10 Mar 2026	Partnership Register Report	Katy Allen, Corporate Governance Officer	Report to be compiled and brought before Committee detailing the Council's partnership register.	
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21 APRIL 2026

21 Apr 2026	Strategic Risk Register	Katy Allen, Corporate Governance Officer	Year end review of the Strategic Risk Register	09 April 2025
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**Governance and Audit
Committee**

25 November 2025

Subject: Internal Audit Progress Report

Report by:	Assistant Director People & Democratic Services
Contact Officer:	Lisa Langdon Assistant Director People & Democratic Services
Purpose / Summary:	To present Governance and Audit Committee with the Progress report for November 2025/26 from Internal Audit

RECOMMENDATION(S):

Governance and Audit Committee are asked to review the progress to date and to agree the content of the report.

IMPLICATIONS

Legal: Contents outlines progress made against legal contract with Internal Audit provider.

(N.B.) Where there are legal implications the report **MUST** be seen by the MO

Financial: FIN/120/26/SSc

No financial implications arising from this report

Staffing : None

(N.B.) Where there are staffing implications the report **MUST** have a HR Ref

Equality and Diversity including Human Rights : None

Data Protection Implications : None

Climate Related Risks and Opportunities: None

Section 17 Crime and Disorder Considerations: None

Health Implications: None

Title and Location of any Background Papers used in the preparation of this report :

None

Risk Assessment :

None

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)

Yes

☐

No

x

Key Decision:

A matter which affects two or more wards, or has significant financial implications

Yes

☐

No

x

1. Introduction

- 1.1 Internal Audit for West Lindsey District Council is undertaken by RSM UK Risk Assurance Services LLP. All quarterly progress reports and final internal audit reports are reported to Management Team and Governance and Audit Committee.

2. Current Position

- 2.1 The progress report from Internal Audit for November 2025 outlines the key messages which includes:

- progress against the internal audit plan for 2025/26
- update on key performance indicators

The progress report is attached as Appendix One.

3. Recommendation

- 3.1 Governance and Audit Committee are asked to review the progress to date and to agree the content of the report.



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WEST LINDSEY DISTRICT COUNCIL

Internal Audit Progress Report

25 November 2025

This report is solely for the use of the persons to whom it is addressed.
To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party.



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KEY MESSAGES

The internal audit plan for 2025/26 was approved by the Governance and Audit Committee at the 11 March 2025 meeting. This report provides an update on progress against the plan and summarises the results of our work to date.



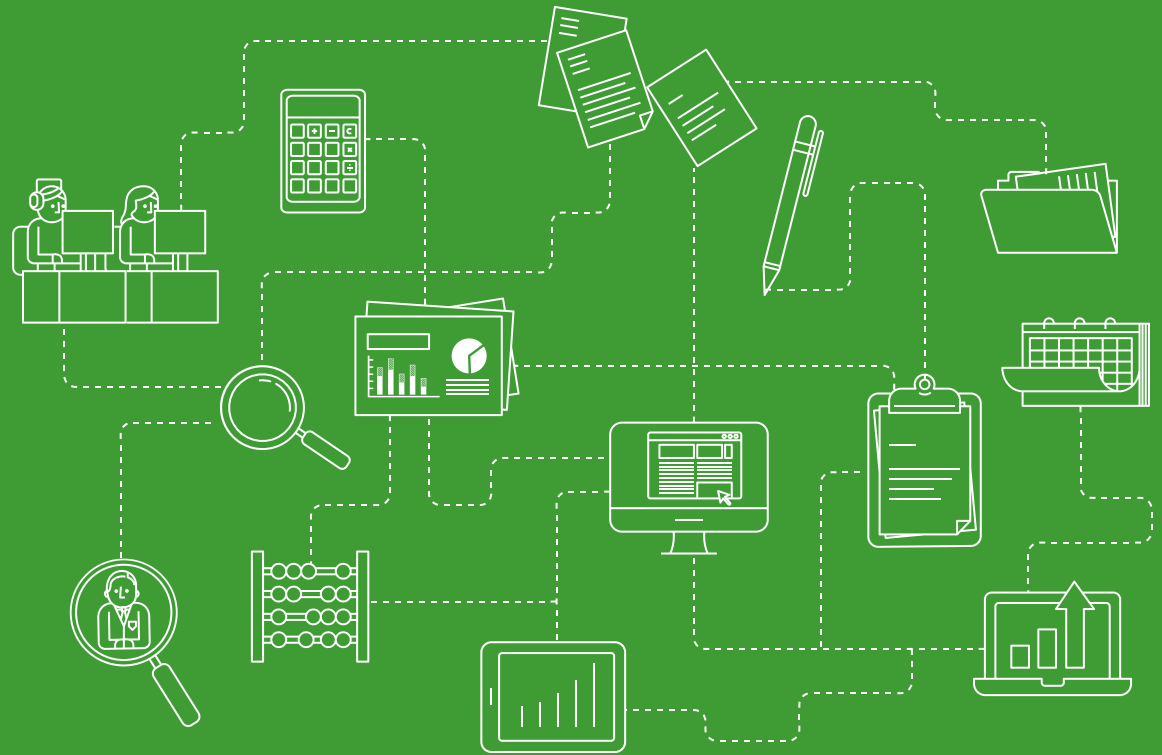
We have issued two reports as final as part of the internal audit plan since the Governance and Audit Committee meeting in September 2025. These are Cyber Security Operations (3.25.26), and Members Onboarding and Training (4.25/26).

- Although the Members Onboarding and Training report has been finalised by management in the specific audit area, this will now be presented to the January 2026 meeting. This is due to the timings of the Management Team meeting to formally approve the report taking place the day before the Chairs Briefing, thus not allowing enough time to be included in the papers. [\[To note\]](#)
- Details of the progress made against the internal audit plan are included at Appendix A. [\[To note\]](#)
- Fieldwork dates have been agreed with management for all of the internal audits scheduled for 2025/26 to ensure that all fieldwork will be completed by the end of the year, and our Head of Internal Audit Opinion can be provided at the first meeting of the 2026/27 financial year. Details are included in Appendix B. [\[To note\]](#)

Appendices

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02



APPENDIX A: PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2025/26

Assignment	Status / Opinion issued	Actions agreed				Target Governance and Audit Committee meeting	Actual Governance and Audit Committee meeting
		Advisory	Low	Medium	High		
Fraud Risk Assessment - Follow Up	Final Report Issued / Reasonable Assurance	0	1	3	0	July 2025	July 2025
Follow Up 1	Final Report Issued / Reasonable Progress	0	3	1	0	September 2025	September 2025
Cyber Security Operations	Final Report Issued / Substantial Assurance	0	1	1	0	November 2025	November 2025
Members Onboarding and Training	Final Report Issued / Substantial Assurance	0	2	0	0	November 2025 ¹	
Grant Funding and Grant Management	Fieldwork commencing 20 October 2025					January 2026	
Financial Resilience and Scrutiny	Fieldwork commencing 3 November 2025					January 2026	
Procurement	Fieldwork commencing 1 December 2025					January 2026	
HR System Readiness	Fieldwork commencing 1 December 2025					January 2026	
Combined Assurance	Fieldwork commencing 1 December 2025					January 2026	
Planning Enforcement	Fieldwork commencing 5 January 2026					March 2026	
Emergency Planning / BCP	Fieldwork commencing 26 January 2026					May 2026	
Climate Change Strategy	Fieldwork commencing February 2026					May 2026	
Follow Up 2	Fieldwork commencing 9 March 2026					May 2026	

¹ Although this report has been finalised by management in the specific audit area, this will now be presented to the January 2026 meeting. This is due to the timings of the Management Team meeting to formally approve the report taking place the day before the Chairs Briefing, thus not allowing enough time to be included in the papers.

APPENDIX B: OTHER MATTERS

Quality assurance and continual improvement

To ensure that RSM remains compliant with the PSIAS framework we have a dedicated internal Quality Assurance Team who undertake a programme of reviews to ensure the quality of our audit assignments. This is applicable to all Heads of Internal Audit, where a sample of their clients will be reviewed. Any findings from these reviews are used to inform the training needs of our audit teams.

As part of the Quality Assessment and Improvement Programme, none of your files were selected for Internal Quality Monitoring programme during 2024/25. From the results of the reviews undertaken across our client base, there are no areas which we believe warrant flagging to your attention as impacting on the quality of the service we provide to you.

In addition to this, any feedback we receive from our post assignment surveys, client feedback, appraisal processes and training needs assessments is also taken into consideration to continually improve the service we provide and inform any training requirements.

Post assignment surveys

We are committed to delivering an excellent client experience every time we work with you. Your feedback helps us to improve the quality of the service we deliver to you. Following the completion of each product, we include a link to a brief survey in each report we issue.

APPENDIX C: KEY PERFORMANCE INDICATORS

	Delivery				Quality		
	Target	Actual	Notes*		Target	Actual	Notes*
Audits commenced in line with original timescales*	Yes	Yes		Conformance with PSIAS	Yes	Yes	
Draft reports issued within 10 days of debrief meeting	10 working days	6 working days (average)		Liaison with external audit to allow, where appropriate and required, the external auditor to place reliance on the work of internal audit	Yes	Yes	
Management responses received within 10 days of draft report	10 working days	10 working days (average)		Response time for all general enquiries for assistance	2 working days	2 working days	
Final report issued within 3 days of management response	3 working days	2 working days (average)		Response for emergencies and potential fraud	1 working day	N/A	

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Notes

This takes into account changes agreed by management and the Governance and Audit Committee during the year. Through employing an agile or a flexible approach to our service delivery we are able to respond to your assurance needs.

FOR FURTHER INFORMATION CONTACT

Rob Barnett, Head of Internal Audit

Email: Robert.Barnett@rsmuk.com

Aaron Macdonald, Managing Consultant

Email: Aaron.Macdonald@rsmuk.com

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rsmuk.com

The matters raised in this report are only those which came to our attention during the course of our review and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Actions for improvements should be assessed by you for their full impact. This report, or our work, should not be taken as a substitute for management's responsibilities for the application of sound commercial practices. We emphasise that the responsibility for a sound system of internal controls rests with management and our work should not be relied upon to identify all strengths and weaknesses that may exist. Neither should our work be relied upon to identify all circumstances of fraud and irregularity should there be any.

Our report is prepared solely for the confidential use of West Lindsey District Council, and solely for the purposes set out herein. This report should not therefore be regarded as suitable to be used or relied on by any other party wishing to acquire any rights from RSM UK Risk Assurance Services LLP for any purpose or in any context. Any third party which obtains access to this report or a copy and chooses to rely on it (or any part of it) will do so at its own risk. To the fullest extent permitted by law, RSM UK Risk Assurance Services LLP will accept no responsibility or liability in respect of this report to any other party and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by any person's reliance on representations in this report.

This report is released to you on the basis that it shall not be copied, referred to or disclosed, in whole or in part (save as otherwise permitted by agreed written terms), without our prior written consent.

We have no responsibility to update this report for events and circumstances occurring after the date of this report.

RSM UK Risk Assurance Services LLP is a limited liability partnership registered in England and Wales no. OC389499 at 6th floor, 25 Farringdon Street, London EC4A 4AB.

AUDIT OUTCOME OVERVIEW – CYBER SECURITY OPERATIONS

Background:

We have conducted a review of the Council's cyber security – operations controls, ie IT asset management, logging and monitoring, and incident management arrangements. The objective of this review was to assess whether the controls and processes in these areas were appropriately designed and operating effectively to support the security, integrity, and resilience of the Council's IT environment.

Effective management of IT assets, logging, and incident response is essential for maintaining control over the Council's technology environment and ensuring operational resilience. Accurate inventories and asset registers help identify and protect critical assets, while robust logging and monitoring enable timely detection of security incidents. Strong incident management processes, supported by disaster recovery procedures, help minimise the impact of disruptions and support business continuity. Together, these controls reduce cyber and operational risks, ensure regulatory compliance, and maintain stakeholder confidence.

Conclusion:

Our review found that the Council has implemented key controls across asset management, logging and monitoring, and incident management. The Council uses LanSweeper as its asset management tool for both hardware and software. A Security Information and Event Management (SIEM) solution has also been implemented, capturing logs from the firewall, internet traffic, end-user devices, email systems, and Microsoft Defender, which serves as the anti-virus solution. In addition, Active Directory activity is monitored through AD Audit Plus and Microsoft Defender, covering events such as login failures, account modifications, deletions, creations, password changes, and account lockouts. For Incident Management, the Council has developed a Cyber Incident Response Plan to guide the incident monitoring, detection and response. The ICT Business Continuity Plan, which is regularly reviewed in conjunction with Lincolnshire Resilience Form (LRF)'s requirement, helps ensure timely response and resolution for major disruptions. In addition, staff receive training on identifying and reporting cyber incidents, and cyber-related staff undergo more specialised training on incident escalation and subsequent recovery procedures.

However, we have identified areas requiring improvement to strengthen Council's cyber security controls. In particular, there is no clear ownership, formal approval, or timely review of key IT policies and procedures, including the Information Systems Asset Management Policy, Cyber Security Monitoring Policy, Change Management Procedure, and ICT Disaster Recovery Policy. In addition, the Council has not established a documented log retention policy defining the retention period and scope of logs maintained within its SIEM tool, Microsoft Sentinel.

As a result, we have agreed one medium and one low priority action.

Internal Audit Opinion:



Minimal
Assurance



Partial
Assurance



Reasonable
Assurance



Substantial
Assurance

Taking account of the issues identified, the board can take substantial assurance that the controls upon which the organisation relies to manage this risk are suitably designed, consistently applied and effective.

Audit themes:

Policies and Procedures

- Several key IT governance documents, including the Information Systems Asset Management Policy, Cyber Security Monitoring Policy, and Change Management Procedure, are not subject to appropriate ownership, approval, or timely review. For example, the Asset Management Policy has not been reviewed since its approval in February 2024, the Cyber Security Monitoring Policy is not scheduled for review until 2028, the Change Management Procedure lacks clear ownership and evidence of formal approval, and the IT Disaster Recovery Policy has not been reviewed since 2022, as per its scheduled review cycle. The absence of defined ownership and review cycles increases the risk that security controls may be based on outdated or incomplete requirements, reducing the Council's ability to respond to emerging cyber threats. This could lead to gaps in monitoring, change management, asset governance, and incident response, increasing the likelihood of unauthorised access, data breaches, and prolonged recovery following a cyber incident. **(Medium)**

Information Technology

- The Council has implemented a monitoring and alerting framework using Microsoft Sentinel, which aggregates logs from key sources, including the firewall, antivirus, internet traffic, end-user devices, and email systems through tools such as Microsoft Azure and Defender. Security events are actively monitored, categorised by severity, and assigned to responsible personnel for investigation.
- Active Directory is monitored through AD Audit Plus and Microsoft Defender, capturing events such as login failures, account modifications, deletions, creations, password changes, and lockouts. Additional metadata, including IP addresses and user activity types, is also collected. Any incidents identified are automatically notified to designated personnel within the IT Helpdesk for investigation.

Record Keeping

- The Council has implemented LanSweeper as its asset management solution, maintaining both the hardware and software asset registers. LanSweeper is deployed across all hardware within the estate and automatically scans devices as they connect to the Council's network. Exports reviewed confirmed that the registers capture key asset details such as make and model, operating system, purchase type, support arrangements, warranty status, serial numbers, and scan history. More granular information can also be accessed for specific assets, including build version, active/inactive status, physical location, last scan dates, and SCCM server details.

Log Retention

- A Security Information and Event Management (SIEM) solution is in place (Microsoft Sentinel), capturing logs from the firewall, internet traffic, end-user devices, email systems, and Microsoft Defender, which serves as the anti-virus solution. However, the Council has not formally documented the retention period of these logs within any approved policy or procedure. **(Low)**

SUMMARY OF MANAGEMENT ACTIONS

The action priorities are defined as:

High
Immediate management attention is necessary.

Medium
Timely management attention is necessary.

Low
There is scope for enhancing control or improving efficiency.

Ref	Action	Priority	Responsible Owner	Date
1	Management will ensure that key IT policies and procedures, including the Information Systems Asset Management Policy, the Cyber Security Monitoring Policy, Change Management Procedure, and IT Disaster Recovery Policy, are: - Formally approved and assigned clear ownership. - Dated and subject to version control. - Reviewed on a regular basis, with the frequency appropriate to risk and regulatory requirements, and following any significant changes to the environment, to ensure they remain accurate, relevant, and aligned with best practice.	Medium	ICT Shared Services Manager	31 March 2026
2	Management will formally document its log retention policy within an appropriate governance document, such as the Cyber Security Monitoring Policy. This documentation may include: - The retention duration (e.g. 90 days) - The scope of logs covered (e.g. security, application, system logs) - A schedule for periodic review to ensure continued relevance and alignment with regulatory requirements.	Low	ICT Shared Services Manager	31 March 2026

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By virtue of paragraph(s) 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted