

Annual Governance Statement 2023/24

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 which reports 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 Annual Audit and Inspection Letter. The Council received an unqualified audit opinion on its 2023/24 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.

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 reviewed by Management Team quarterly and reported to the Governance and Audit Committee.

The governance framework has been in place at the Council for the year ended 31st March 2024, 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

A previous action arising from the 2022-23 Annual Governance Statement was to appoint a permanent Monitoring Officer. A permanent monitoring officer and Assistant Director of People and Democratic Services started at the Council on 6th November 2023

The Council consists of 36 seats and their allocation is broken down below. At the time of approval of this statement no single political party held a majority.

| Group | Number of Members |
|---------------------------------|--------------------------|
| Liberal Democrat Administration | 18 |
| The Opposition Group | 15 |
| Lincolnshire Independents | 2 |
| Unaligned Independent | 1 |

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) 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.

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

- Adopted and embedded a District Health and Wellbeing Strategy, aligned to the county wide strategy and delivering improvements through five strategic levers.
- Delivered the Employment and Skills Partnership Action Plan, including commissioning a comprehensive skills study to understand and support the skills needs of people across the district.
- Provided funding to support delivery of 11 innovative community wellbeing projects across the district.

Our Place

- Continued to deliver projects within the Levelling Up Fund 'Thriving Gainsborough Programme' including a full refurbishment of the bus station and commencing work on the flagship cinema site in the town centre.
- Delivered a programme of activity and community events supported by UKSPF funding, such as the hugely successful Revive Festival in Gainsborough and WordFest in Market Rasen.
- Used UKSPF funding to continue offering a fully funded 121 business support which has supported over 40 local businesses across West Lindsey.
- Launched an Antiques Market to enhance the market offering in Gainsborough town centre.
- Completed renovation work to preserve the historic character of 9-11 Market Place and properties in Market Street, Market Rasen which has also delivered the first banking hub for the district.
- Maintained delivery of projects outlined in the Council's Growth Programme
- Constructively challenged the Home Office regarding the RAF Scampton to ensure the realisation of the £300 million investment and development opportunity.

Our Council:

- Progressed the Council's transformational Together 24 Programme, incorporating people led change and technology enabled service reviews. This has led to delivery of a new Development Management system, enhancing the service for both customers and staff.
- Development of the agile working policy.
- Completion of training and induction programme for elected members
- Secured over £400k of grant funding to install solar panels at West Lindsey Leisure Centre to support our efforts to reduce carbon emissions.

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 is reviewed annually to ensure it continues to be fit for purpose. Notwithstanding that the Constitution provides a solid basis for good governance, this year the Council has agreed to an external review of the Constitution. Changes resulting from the review will be brought forward to Council in 2024-25 for approval.

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.

West Lindsey's next full peer challenge is scheduled to take place in January 2025 and officers are working to prepare for this in collaboration with key stakeholders and decision makers. The peer challenge will consider the following five areas, local priorities and outcomes, organisational and place leadership, governance and culture, financial planning and management, and capacity for improvement.

The Internal Audit Plan 2023/24 was agreed by the Governance and Audit Committee.

The Annual Internal Report for 2023-24 was presented to the Governance and Audit Committee in July 2024. The report stated that for the twelve months ending 31 March 2024 there was a sound control environment in place across the majority of review areas in the 2023/24 audit plan. This control environment worked effectively to ensure the delivery of corporate objectives.

The substantial assurance awards in high-risk areas including key controls and cyber demonstrated the strength of commitment to deliver effective internal control and the appropriateness of risk-based resource allocation. The Council received an overall internal audit opinion of substantial assurance noting that there was one internal audit where the Council received a limited assurance opinion. The action plan arising from the procurement audit has been included in Section 6 of this statement accordingly.

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. Significant Governance Issues

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.

6. Governance Risks - Areas for Improvement during 2024-25 (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 2023-24 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. The Council will produce a workforce development strategy in 2024-25.
- Financial settlement – continue to update the MTFS as we gain greater certainty on the level of funding for future years.
- Continue the review of procurement procedures. The Council received a limited assurance internal audit review in 2023-24. An action plan is in place and will be monitored by the Governance and Audit Committee.
- An external review of the constitution has taken place in October 2024 with findings reported back to Governance and Audit Committee.
- An independent fraud risk assessment was carried out in 2023-24; a fraud risk action plan will be reported to Governance and Audit Committee in Quarter

Two 2024-25 and implementation will be monitored by the Governance and Audit Committee.

7. Approval of the Annual Governance Statement 2023-24

The council is satisfied that appropriate and effective governance arrangements have been in place for 2023-24.

Signed by:

Ian Knowles
Chief Executive, West Lindsey District Council
Xx/xx/2024

Councillor Trevor Young
Leader, West Lindsey District Council
Xx/xx/2024