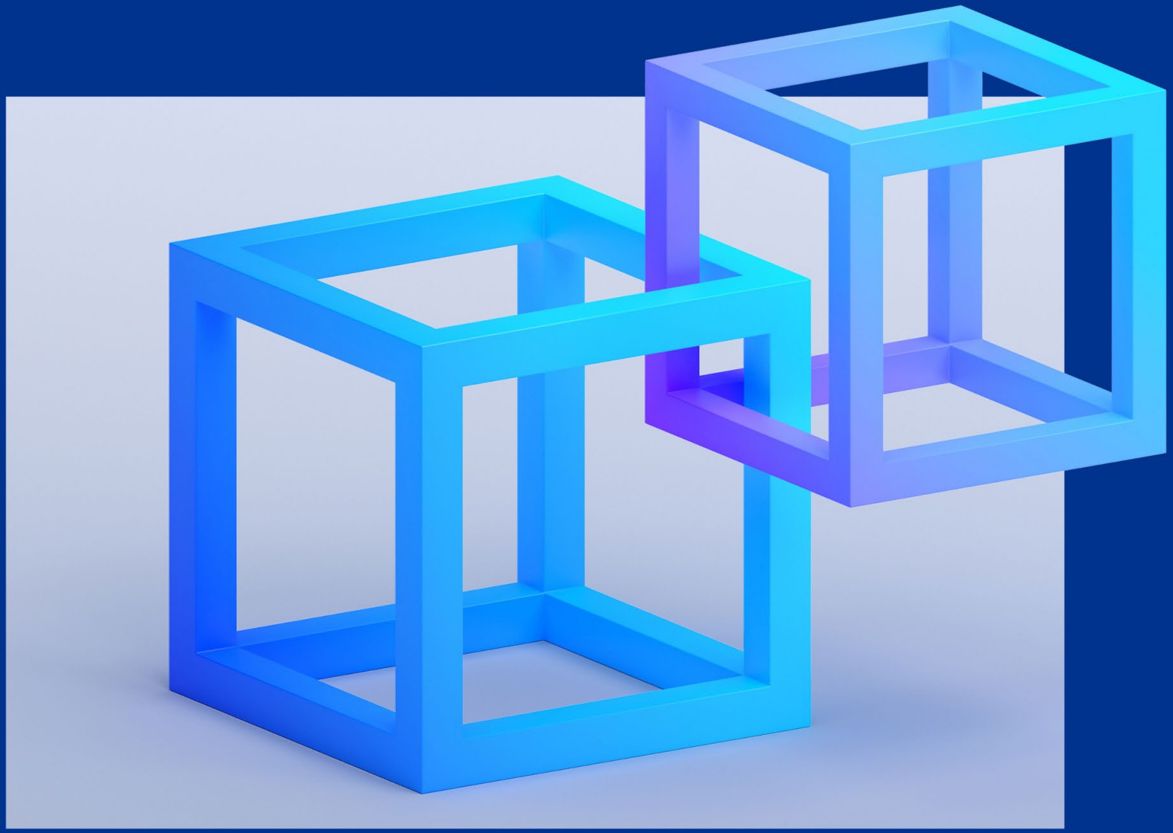
West Lindsey District Council

Report to the Governance and Audit Committee



VfM risk assessment for the year ending 31 March 2026

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01 July 2026

Introduction

To the Governance and Audit Committee of West Lindsey District Council

We are pleased to have the opportunity to meet with you on 21 July 2026 to discuss our audit of the financial statements of West Lindsey District Council, as at and for the year ending 31 March 2026.

This report outlines our risk assessment in relation to our Value for Money (VfM) conclusion responsibilities.

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

Contents

The engagement team

Debra Chamberlain is the engagement director on the audit. She has over 20 years of experience in public sector audit.

Debra Chamberlain shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include Francesca Shaw and Eva Barrow with 8 years and 4 years of experience respectively.

Yours sincerely,

Debra Chamberlain

29 June 2026

Restrictions on distribution

This report is intended solely for the information of those charged with governance of West Lindsey District Council and the report is provided on the basis that it should not be distributed to other parties; 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.

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:

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

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

We aim to complete all audit work no later than 2 days before audit signing.

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 Chamberlian (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 raise your complaint as per the following process Complaints.

Value for money

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

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

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

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

Risk assessment processes

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

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

Reporting

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

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

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

Financial sustainability	Governance	Improving economy, efficiency and effectiveness
How the body manages its resources to ensure it can continue to deliver its services.	*How the body ensures that it makes informed decisions and properly manages its risks.*	*How the body uses information about its costs and performance to improve the way it manages and delivers its services.*

Value for money

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

Process

Understanding the Council's arrangements → **Evaluation of Council's value for money arrangements** → **Value for money conclusion and reporting**

Understanding the Council's arrangements:

- Financial statements planning
- Internal reports, e.g. IA
- Mgmt. Inquiries
- External reports, e.g. regulators
- Assessment of key processes
- Annual report

Evaluation of Council's value for money arrangements:

- Targeted follow up of identified value for money significant risks
- Continual update of risk assessment

Value for money conclusion and reporting:

- Conclusion whether significant weaknesses exist

Outputs

Risk assessment to Governance and Audit Committee

Our risk assessment will provide a summary of the procedures undertaken and our findings against each of the three value for money domains. This will conclude on whether we have identified any significant risks that the Council does not have appropriate arrangements in place to achieve VFM.

Value for money assessment

We will report by exception as to whether we have identified any significant weaknesses in arrangements.

Public commentary

Our draft public commentary will be prepared for the Governance and Audit Committee alongside our annual report on the accounts.

Public commentary

The commentary is required to be published alongside the annual report.

Summary of risk assessment

Summary of risk assessment

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

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

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

We have not identified any significant risks that there are not appropriate arrangements in place as part of the procedures we have undertaken. We have provided a summary of the procedures performed and our key findings from these on pages 6 to 18.

We have not raised any performance improvement observations as a result of our work.

Value for money arrangements

Financial sustainability

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

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

Summary of risk assessment

Budget setting

The Council operates a structured budget-setting process coordinated by the Finance Business Partner (FBP) team under the oversight of the Business Support Team Leader and Section 151 Officer. The process commences with a formal budget setting briefing which establishes responsibilities, timetables and key assumptions for the forthcoming budget cycle. Responsibility for budget development is shared across Finance Business Partners, Budget Managers, Directors, Management Team (MT) and Members, ensuring ownership throughout the organisation. Service Business Plans and consultation with residents and businesses are also used to inform the budget-setting process.

Prior to meetings with Budget Managers, Finance Business Partners review historical expenditure and income trends, current year performance, service activity levels and known future commitments to identify potential efficiencies, income opportunities and budget pressures. Corporate assumptions relating to inflation, pay awards, pension costs, funding assumptions and council tax levels are agreed centrally and applied consistently across service areas. Proposed budgets, savings and growth requests are challenged through meetings with Budget Managers and Directors before progressing through the Council's governance framework.

Emerging cost pressures are identified through review of budget monitoring information, approved committee decisions, service business plans and known future developments. Pressures that cannot be managed within existing resources are incorporated into the budget model and considered as part of the Medium-Term Financial Plan (MTFP). Capital programmes, reserves and fees and charges are also reviewed to assess affordability, future funding requirements and financial sustainability.

The budget is subject to multiple levels of review and approval. Significant pressures and budget proposals are reviewed by Management Team before progressing through Prosperous Communities Committee and Corporate Policy and Resources Committee. The Executive Business Plan, MTFP, revenue budget, capital programme and associated council tax proposals are subsequently presented to Full Council for approval.

As part of our review, we also considered the Council's budget-setting process for 2026/27. We noted that the Medium-Term Financial Plan 2026/27 to 2030/31, Budget 2026/27 and Capital Programme 2026/27 to 2030/31 were approved by Full Council on 2 March 2026 following consideration through the Council's established governance and scrutiny arrangements. This demonstrates that the budget-setting process described above was operating effectively during the year under audit.

Value for money arrangements

Financial sustainability (Cont.)

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

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

Summary of risk assessment (continued)

Budget monitoring

The Council's budget monitoring arrangements are set out within the Financial Procedure Rules contained in the Constitution. Budget Managers, Directors and Assistant Directors are responsible for monitoring performance against approved budgets, whilst overall financial oversight is maintained by the Chief Finance Officer (CFO). Budget monitoring is supported through the Council's OneFinance system, which provides live budget management information and forecasting functionality.

Budget holders receive regular budget monitoring reports showing revised budgets, actual expenditure, commitments, forecast outturn positions and variance analysis. Financial performance is reviewed jointly by Budget Managers and Finance Business Partners during each monitoring cycle, with material variances challenged and forecast positions validated prior to reporting. Variances exceeding established thresholds require narrative explanations and consideration of mitigating actions.

Budget monitoring reports are prepared quarterly and reported to both Management Team and the Corporate Policy and Resources Committee. Reports include revenue, capital and treasury management performance, forecast outturn positions, significant variances and emerging risks. Our review of monitoring reports identified evidence of active challenge and investigation of significant favourable and adverse variances, together with management commentary explaining underlying causes and corrective actions where required.

Consistency between financial and operational plans

We reviewed the Executive Business Plan and Medium-Term Financial Plan (MTFP) 2025/26 - 2029/30, which set out the Council's strategic priorities, revenue budget, capital programme and medium-term financial forecasts. The MTFP acts as the primary mechanism through which strategic priorities and operational plans are translated into financial plans and budgets.

Through review of the MTFP and enquiry of management, we confirmed that significant operational developments, staffing requirements, capital investment plans, service delivery priorities and known financial pressures have been incorporated into the Council's medium-term financial forecasts. We noted that the revenue budget, capital programme and reserves strategy are integrated within the MTFP, demonstrating alignment between financial planning and operational objectives.

Value for money arrangements

Financial sustainability (Cont.)

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

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

Summary of risk assessment (continued)

Based on our review and discussions with management, we are satisfied that relevant strategic and operational plans have been considered in developing the Council's financial plans and that identified changes and investment requirements have been appropriately reflected within the MTFP.

Assessing and managing financial sustainability risks

The Council's arrangements for managing financial sustainability are supported through the Medium-Term Financial Plan, annual business planning process, regular budget monitoring arrangements and wider risk management framework. The Executive Business Plan and MTFP identify a number of key assumptions underpinning long-term financial sustainability, including growth in local tax bases, service transformation activity, commercial investment and delivery of efficiencies through service redesign and technology. We also reviewed the Quarter Two Strategic Risk Register 2025/26 and noted that the Council has identified a strategic risk relating to its ability to set a sustainable balanced budget for future years. The register sets out mitigating actions including maintenance of the Medium-Term Financial Plan, ongoing budget monitoring, business planning and regular review of financial assumptions and funding pressures. Financial sustainability risks are reviewed regularly by Management Team and reported quarterly to the Governance and Audit Committee, providing ongoing oversight and challenge.

The Council continues to maintain a strong financial position. Management confirmed that the Council does not currently consider it necessary to develop or present a formal savings programme to Members given the balanced budget position and the level of available reserves, which totalled £30.104m as at 31 March 2026.

Whilst we do not consider the absence of a formal savings programme to represent a significant weakness given the Council's current financial resilience, it is imperative to consider alternative arrangements if funding gaps and spending pressures increase while the General Fund reserve remains static. The Council does not currently operate a structured framework for identifying, monitoring and reporting delivery of savings initiatives. This may become increasingly important from 2027/28 onwards as future financial pressures emerge and delivery of efficiencies becomes a more significant component of the Council's medium-term financial strategy.

Value for money arrangements

Financial sustainability (Cont.)

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

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

Summary of risk assessment (continued)

The Council has established robust arrangements for budget setting, medium-term financial planning and budget monitoring, supported by clear governance, officer challenge and Member oversight. Budget assumptions and emerging pressures are considered as part of the annual budget-setting process and financial performance is monitored and challenged throughout the year through established reporting arrangements.

The Council continues to maintain a strong reserves position and balanced budget. However, we identified an opportunity to strengthen arrangements through the development of a more formal savings programme and associated monitoring framework. Whilst this does not currently represent a significant weakness, it may become increasingly important as future funding pressures emerge and planned efficiencies become a more significant component of maintaining financial sustainability.

Risk assessment conclusion

Based on the risk assessment procedures performed we have not identified a significant risk associated with financial sustainability.

Value for money arrangements

Governance

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

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

Summary of risk assessment

Governance Structure

The Council operates within a comprehensive governance framework established through its Constitution, which sets out how the Council conducts its business, makes decisions and ensures accountability, transparency and effective governance. The Constitution is supported by Codes of Practice, Protocols and Procedures and provides a clear framework based on applicable laws and regulations for local authorities.

The governance structure comprises Full Council as the primary decision-making body, supported by a defined committee structure including the Overview and Scrutiny Committee, Governance and Audit Committee, Planning Committee, Licensing Committee, Corporate Policy and Resources Committee, and Prosperous Communities Committee. This structure provides appropriate separation between decision-making, scrutiny and assurance functions, supporting robust governance and effective performance monitoring.

Roles and responsibilities for members and officers are clearly defined within the Constitution. Full Council retains responsibility for approving the budget and policy framework, whilst committees exercise responsibilities within delegated authority limits. Statutory responsibilities for the Head of Paid Service, Monitoring Officer and Chief Finance Officer are formally documented, ensuring clear accountability and governance oversight.

The Constitution is subject to ongoing monitoring and formal annual review by the Monitoring Officer and Governance and Audit Committee, ensuring governance arrangements remain current and effective.

Risk Management

The Council maintains a comprehensive Risk Management Framework which establishes arrangements for identifying, assessing, monitoring and managing risks across the organisation. Risks are categorised by type and impact, including strategic, operational, programme, contractual, partnership, fraud and information-related risks.

The framework requires risks to be recorded and assigned to responsible officers, with risks assessed based on inherent and residual risk scores and supported by defined mitigation plans. Risk responses are considered through established approaches including avoidance, transfer, treatment, tolerance and termination.

Value for money arrangements

Governance (Cont.)

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

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

Summary of risk assessment (continued)

The Council's risk appetite is formally defined and has been assessed as "Creative and Aware", reflecting a willingness to take considered risks where this supports delivery of strategic objectives while maintaining appropriate controls.

Strategic risks are reviewed through quarterly reporting to Management Team and Governance and Audit Committee, while operational risks are managed through service-level monitoring arrangements. The Corporate Governance Team maintains oversight of the corporate risk register to ensure consistency and completeness of reporting. Responsibilities for risk management are clearly allocated across members, senior officers and governance committees, providing an appropriate framework for risk oversight and accountability.

Scrutiny of Key Decisions

Decision-making is undertaken in accordance with the principles established within the Council's Constitution and is supported by a structured governance framework and Project Management Framework. Decisions are developed through documented business cases, project initiation documents and committee reports, with proposals subject to review and challenge through Programme Boards, Management Team and Committees as appropriate.

Significant decisions are supported by business cases prepared using a standardised five-case model framework, incorporating strategic, economic, commercial, financial and management considerations. Business cases include objectives, options appraisal, financial implications, resource requirements, risks, governance arrangements and procurement considerations to support robust and informed decision-making.

The Overview and Scrutiny Committee forms a key component of the governance framework and is responsible for reviewing and scrutinising decisions, challenging officers and members, and ensuring transparency and accountability. Review of committee minutes demonstrates active scrutiny and challenge across a range of strategic, operational, workforce, planning and capital-related decisions. Members regularly challenged assumptions, requested additional information and considered financial, operational, legal and policy implications before decisions were progressed.

Value for money arrangements

Governance (Cont.)

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

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

Summary of risk assessment (continued)

Overall, decision-making processes are structured, evidence-based and subject to appropriate challenge and oversight, ensuring significant decisions are supported by comprehensive analysis, consideration of value for money and compliance with statutory and governance requirements.

Anti-Fraud Controls

The Council has developed and maintained a comprehensive framework of counter fraud and anti-corruption arrangements aligned to the principles of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption.

Key elements of the framework include the Counter Fraud, Corruption and Bribery Policy, the Anti-Money Laundering and Financial Crime Policy, and the Report a Concern (Whistleblowing) Policy. These policies establish a zero-tolerance approach to fraud and corruption and provide arrangements for preventing, detecting, investigating and responding to suspected fraud, bribery, corruption and financial crime.

The framework defines roles and responsibilities across members, officers and committees and incorporates a risk-based approach consistent with the Fighting Fraud and Corruption Locally framework. Supporting arrangements include whistleblowing mechanisms, fraud response procedures, investigation protocols and awareness activities.

Oversight is provided through regular reporting to the Governance and Audit Committee, including the Annual Counter Fraud Report and internal audit reporting. These arrangements provide evidence of a structured and monitored approach to managing fraud and corruption risks.

Standards of Behaviour

The Council has established a comprehensive framework of codes of conduct and supporting policies governing standards of behaviour, conflicts of interest, whistleblowing and ethical conduct.

Value for money arrangements

Governance (Cont.)

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

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

Summary of risk assessment (continued)

The Officer Code of Conduct sets out expected standards of behaviour for employees and includes requirements relating to integrity, accountability, gifts and hospitality, declarations of interests, relationships with contractors and suppliers, confidentiality and anti-fraud responsibilities. The conduct framework is supported by disciplinary policies and procedures which establish arrangements for addressing misconduct and policy breaches.

The Council maintains a formal whistleblowing framework through its Report a Concern (Whistleblowing) Policy, which provides confidential channels for employees, contractors and members of the public to raise concerns without fear of victimisation. The arrangements are reinforced through wider counter fraud and financial crime policies.

Review of the governance framework indicates that these policies are formally documented, publicly available and supported by established communication and awareness arrangements. Accordingly, we are satisfied that the Council has appropriate arrangements to communicate expected standards of behaviour and ethical conduct across the organisation.

Compliance with Laws and Regulations

The Monitoring Officer is responsible for ensuring the Council's compliance with applicable laws and regulations. The Constitution requires the Monitoring Officer, in consultation with the Chief Finance Officer, to report any proposal, decision or omission that could give rise to unlawfulness or maladministration.

Through inquiry procedures and review of available regulatory information, including consideration of relevant external regulatory bodies, no matters were identified which indicate significant breaches of legislation or regulatory requirements, nor any issues which could give rise to a significant weakness in governance arrangements.

Value for money arrangements

Governance (Cont.)

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

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

Summary of risk assessment (continued)

Financial Plan 2025/26 and Communication of Financial Risks

As noted within the Financial sustainability section above, the Council's budget-setting and financial planning arrangements are governed through the Constitution, Financial Procedure Rules, committee structure and established reporting processes. The 2025/26 budget was developed and scrutinised through the Council's formal governance arrangements before receiving the appropriate approvals in accordance with delegated responsibilities and constitutional requirements.

Financial risks were communicated throughout the budget-setting process via budget reports, financial planning papers and committee reporting, which included consideration of key assumptions, funding pressures, demand-led expenditure risks, inflationary impacts, savings requirements and other factors affecting the Council's medium-term financial sustainability. Reports presented to Members included details of financial uncertainties, mitigations and reserve positions, enabling informed decision-making and effective scrutiny of the proposed budget.

Ongoing communication of financial risks is supported through regular budget monitoring reports, treasury management reporting, Progress and Delivery reporting, and governance oversight by the Corporate Policy and Resources Committee, Governance and Audit Committee and Full Council where appropriate. These arrangements ensure that emerging financial risks are identified, monitored and reported to Members on a timely basis.

Based on our review, we are satisfied that the Council has appropriate arrangements in place for the review and approval of the 2025/26 financial plan and for communicating relevant financial risks to those charged with governance.

Value for money arrangements

Governance (Cont.)

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

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

Summary of risk assessment (continued)

Local Government Reorganisation

We note that Local Government Reorganisation (LGR) continues to evolve nationally and may have implications for the Council's future governance arrangements, organisational structure, service delivery model and long-term financial planning. At the time of our risk assessment, there remains uncertainty regarding the final scope, timing and implementation requirements applicable to West Lindsey District Council.

Management has commenced consideration of the potential implications of LGR and is monitoring developments as further guidance and proposals emerge. Given the ongoing nature of the programme, we have not identified any specific weaknesses in the Council's current governance arrangements arising from LGR at this stage.

We will continue to monitor developments and obtain an updated understanding of the Council's preparations, governance arrangements and risk management response as part of our final Value for Money procedures, when greater certainty over the proposed reorganisation and implementation arrangements may be available.

Risk assessment conclusion

Based on the risk assessment procedures performed we have not identified a significant risk associated with governance.

Value for money arrangements

Improving economy, efficiency and effectiveness

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

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

Summary of risk assessment

Performance of Services

The Council has established processes to utilise financial, performance and risk management information to support effective service management and delivery, with a focus on achieving value for money. Responsibility for financial planning and performance monitoring is embedded throughout the organisation, involving Budget Managers, Finance Business Partners (FBPs), Directors, Management Team (MT), the Corporate Policy and Resources Committee (CP&R) and Full Council.

The Council utilises performance information to assess whether services are being delivered economically, efficiently and effectively. Where performance monitoring identifies areas requiring improvement, management develops and implements actions to address inefficiencies and improve service delivery. The impact of these actions is monitored through the Council's established performance reporting arrangements, enabling Management Team and Members to assess whether the intended improvements are being achieved and to challenge progress where necessary.

Where performance falls below target for two or more consecutive reporting periods, the Council implements Performance Improvement Plans (PIPs) to identify root causes and establish management actions designed to improve performance. Progress against the Council's performance indicators is reported through the quarterly Progress and Delivery Reports presented to Management Team and Committees, providing ongoing oversight of areas where performance improvement measures have been implemented.

The Council's performance management arrangements are further supported by its risk management framework. The Strategic Risk Register records strategic risks relating to service delivery, financial sustainability, organisational capacity, legislative compliance and other key corporate risks. Strategic risks are reviewed monthly by Management Team and reported quarterly to the Governance and Audit Committee, ensuring ongoing monitoring, challenge and oversight of factors that could affect the delivery of the Council's objectives.

Value for money arrangements

Improving economy, efficiency and effectiveness (Cont.)

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

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

Summary of risk assessment (continued)

Efficiency Plans

As previously discussed in the Financial Sustainability section, the Council does not currently consider it necessary to develop or present a formal savings programme to Members given the balanced budget position and the level of available reserves. We have therefore been unable to assess the arrangements around the development of efficiency plans and how they are implementation and monitored.

Benchmarking

The Council uses external benchmarking information to support financial planning and performance assessment. As part of the annual budget-setting process, management reviews fees and charges using benchmarking data and market information to assess cost recovery and ensure charges remain appropriate. The Council also considers external economic forecasts and treasury management advice when preparing financial plans and monitoring its financial position.

In addition, the Council participates in benchmarking through the Association for Public Service Excellence (APSE), submitting service delivery information annually and receiving benchmarking reports which enable performance and efficiency comparisons with other local authorities. We also reviewed the LGA Value for Money Profile and CIPFA Financial Resilience Index. These indicators demonstrated that the Council's expenditure levels and financial resilience are broadly consistent with comparator authorities and did not identify any significant concerns requiring further investigation.

Value for money arrangements

Improving economy, efficiency and effectiveness (Cont.)

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

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

Summary of risk assessment (continued)

Partnerships

The Council actively works with partner organisations in support of its strategic objectives and service delivery arrangements. Partnership risks are specifically included within the scope of the Council's Risk Management Strategy and are considered through the wider risk management framework where they may affect delivery of Council objectives.

Partnership-related risks may be escalated into the Strategic Risk Register where appropriate and are subject to regular review and governance oversight. Through our review of the Council's governance, risk management and performance monitoring arrangements, we did not identify any partnership arrangements that give rise to significant value for money concerns.

Outsourced Services

The Council did not engage in any significant outsourced public service contracts during 2025/26. Certain support functions are delivered through shared service arrangements, including payroll administration provided by North Kesteven District Council and NNDR administration provided by the City of Lincoln Council.

These arrangements operate under formal agreements and are subject to the Council's normal governance and oversight processes. We have not identified any significant value for money concerns arising from these arrangements. The Council also does not operate any significant joint venture, insourcing or PFI arrangements.

Risk assessment conclusion

Based on the risk assessment procedures performed we have not identified a significant risk associated with Improving economy, efficiency and effectiveness.

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