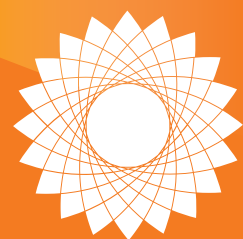


Annual Governance Statement 2013/14



districtnk
100 flourishing communities
North Kesteven District Council

North Kesteven – district

North Kesteven is a large, diverse, rural area, stretching from the Witham in the east almost to the Trent in the west and from the sparsely populated villages to the south of Sleaford to the more densely-populated Lincoln fringe in the north.

There are around 100 communities in the North Kesteven District. The population of the District is 109,263 (National Statistics mid year population estimate 2012). There are two towns with approximately 17,671 people in Sleaford and 13,884 in North Hykeham (Census 2011). Almost 40% of North Kesteven's residents live in communities in the Lincoln "fringe", the area immediately surrounding Lincoln City (including North Hykeham) and about 15% live in Sleaford. Of the remaining 45%, about half live in 57 communities with fewer than 1,000 people and the other half live in communities, not in the Lincoln fringe, with more than 1,000 people.

North Kesteven is one of seven districts in Lincolnshire and covers an area of 92,244 hectares (356 square miles). The District is characterised by small settlements and large areas of arable farmland; 90% of land in the district has been classified as agricultural.



North Kesteven – By Numbers

The Council provides a vast range of services to the **109,200** residents and **4015** businesses in the District, of which **90%** are micro businesses employing less than **9** people

50,000 people of our resident population are in employment

1st place in the top safest Districts in the country

263 new homes delivered

218 jobs created and/or safeguarded as a result of targeted support by the Council

Tourism as a sector is worth **£108.5 million** to the local economy annually, attracting over **2.2 million** visitors in 2013 to the district

467,475 visitors attending the Council's indoor sports and leisure facilities

420, 890 visitors attending the Council's cultural venues and ArtsNK programmes

822 homeless cases prevented through use of housing advice and prevention tools

98% of customers found it easy to access the Council services they require

75% of people are satisfied with the way the Council runs things

568 food hygiene interventions were made of food premises

1,420 planning applications were processed, with **919** pre-planning enquiries and **70** paid pre-planning advices responded to

383,143 Visitors to Council's website

In delivering our services **15** complaints during 2013/14 were considered by the Ombudsman, **1** of which it upheld against the Council.

What is Corporate Governance?

Corporate governance refers to the systems processes, cultures and values by which the Council is directed and controlled, together with how it leads the community and is held to account by them.

The Council's governance arrangements seek to set and meet its aims, objectives and responsibilities in a legal, open, inclusive and targeted manner with costs and resources used economically, efficiently and effectively for seeking continuous improvement in the delivery of its functions.

The Council's governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled, and its activities account to, engage with and lead the local community. The framework combines legislative requirements, good business practice and management processes, ensuring value for money.

↓ Identifying Requirements

- Identifying/communicating/ reviewing the Council's vision
- Translating the vision into the Council's and its partnerships' objectives
- Measuring service delivery quality and value for money in delivering objectives
- Defining Member, Executive and Officer functions along with Partnership arrangements in service/objective delivery
- Establishing and reviewing codes of conduct/ behaviour standards
- Effective decision making framework/robust data retention
- Risk Management
- Development of counter-fraud and anti-corruption strategies
- Effective change management and transformation arrangements
- Financial management and assurance arrangements conforming to CIPFA requirements
- Discharging effectively duties of the Head of Paid Service and the Monitoring Officer
- Delivering the core functions of an audit committee
- Ensuring compliance with relevant legislation/ regulations/policies and procedures/lawful expenditure
- Whistleblowing and public complaint procedures
- Development needs of Members and Senior Officers
- Effective communication and consultation with all sections of the community
- Good governance arrangements for Partnership working

↓ Satisfying Requirements

- Corporate Delivery Plan – (NK Plan)
- Communications Strategy
- Constitution
- Audit Committee
- Internal and External Audit – compliance with CIPFA requirements
- Council, Executive Board and Scrutiny Panels
- Partnership Working/ PartnershipNK
- Codes of Conduct, Whistleblowing and counter fraud arrangements
- Risk Management procedures
- Performance Management framework
- Complaints system
- Financial strategies and monitoring
- Value for Money and Efficiency Member Group
- HR Policies and Procedures
- Corporate Management Team
- Transformation Board/ Team/Programme
- Change Management Policy
- Business Continuity/ Emergency Planning

↓ Assuring Requirements

- Statement of Accounts
- Partnership Boards/ Partnership 'health check'
- External and Internal Audit reports
- Revisions to Constitution
- Independent Person and Monitoring Officer function
- Member and Officer training and development
- Updated Risk Management Strategy
- Anti Fraud and Corruption Policies
- Transformation programme approval
- Workforce and Member Development strategies
- Health and Safety initiatives and compliance procedures
- Public Consultation and continuing communication strategies

↓ Improving on Requirements

- Risk Management training
- Anti Fraud e-learning
- Revise Fraud investigation arrangements
- Delivery of Tranche 2 – Transformation programme
- Audit Lincolnshire – formalise relationship
- Audit of Safety Arrangements
- Business Continuity and Emergency Planning Exercises
- Review Whistleblowing arrangements
- Establish New Member Induction programme
- Review communication channels and revise overall communications strategy

The Council

The Council is composed of 43 Councillors, elected every four years; the last election was held in May 2011, with 5 by-elections held to June 2014.

The Council is responsible, through the Acting Returning Officer, for the election administration process for European, Parliamentary, County, District and Parish Elections, and those relating to the election of the Lincolnshire Police Commissioner.

No issues have been raised by candidates or electors regarding the conduct of the above elections over the immediate past occasions.

All Councillors meet periodically as the full Council, with the conduct of its business defined by formal procedures and rules detailed in the council's Constitution.

The Constitution outlines roles and responsibilities of the executive, non-executive scrutiny and officer functions and the delegation principles involved. Additionally it details aspects of Financial Regulations, Standing Orders and Codes of Conduct.

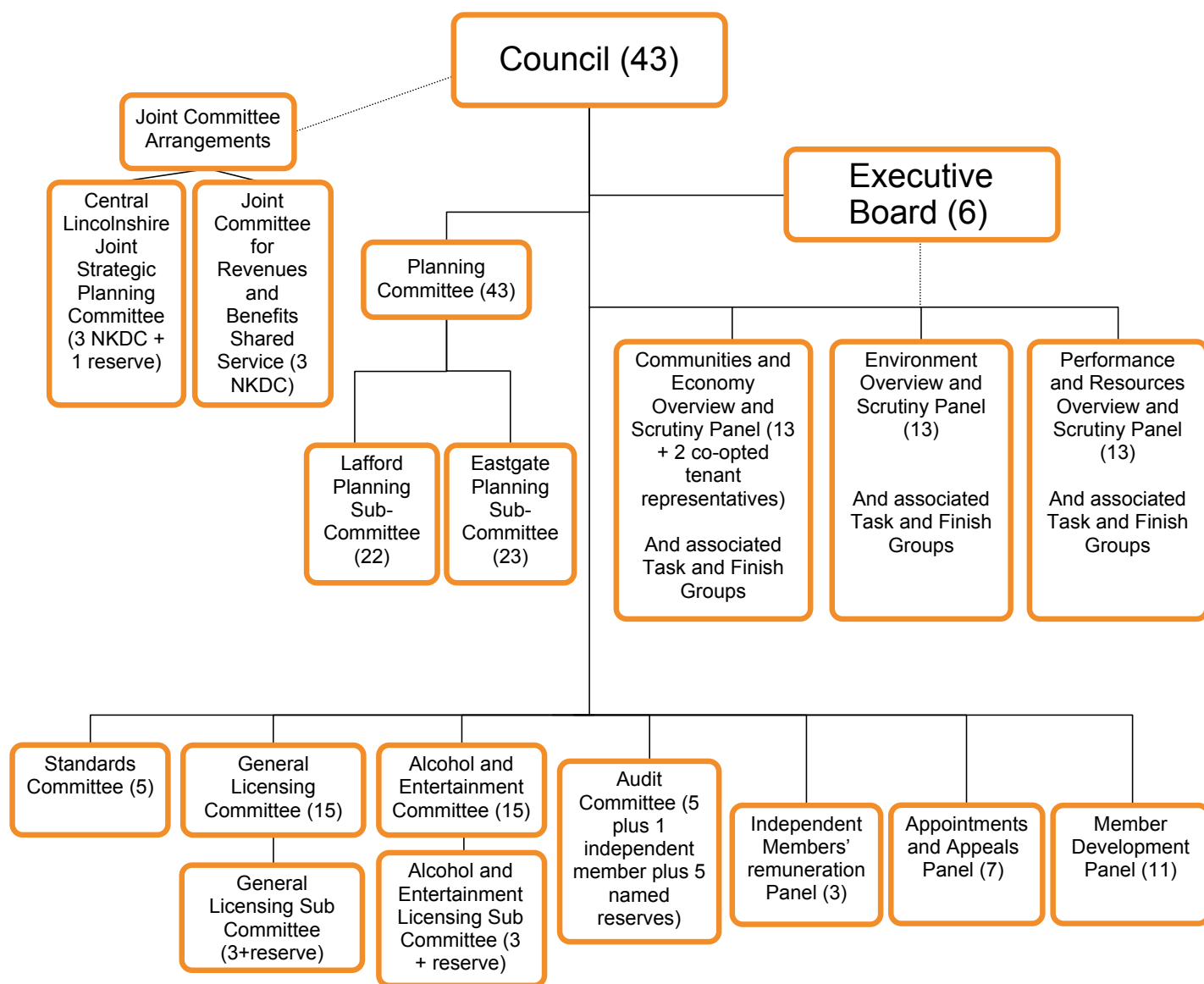
The Constitution is regularly reviewed to ensure it remains fit for purpose, whilst the Monitoring Officer ensures compliance and that the Council's decision making is lawful and fair. The Corporate Director fulfils this role.

The Council's Corporate Delivery Plan (the NK Plan) sets out the Council's vision and aims for the five year period from 2013 – 2017 inclusive, and was formally adopted with four main priorities: Our Economy, Our Homes, Our Communities and Our Council, each underpinned with a set of objectives.

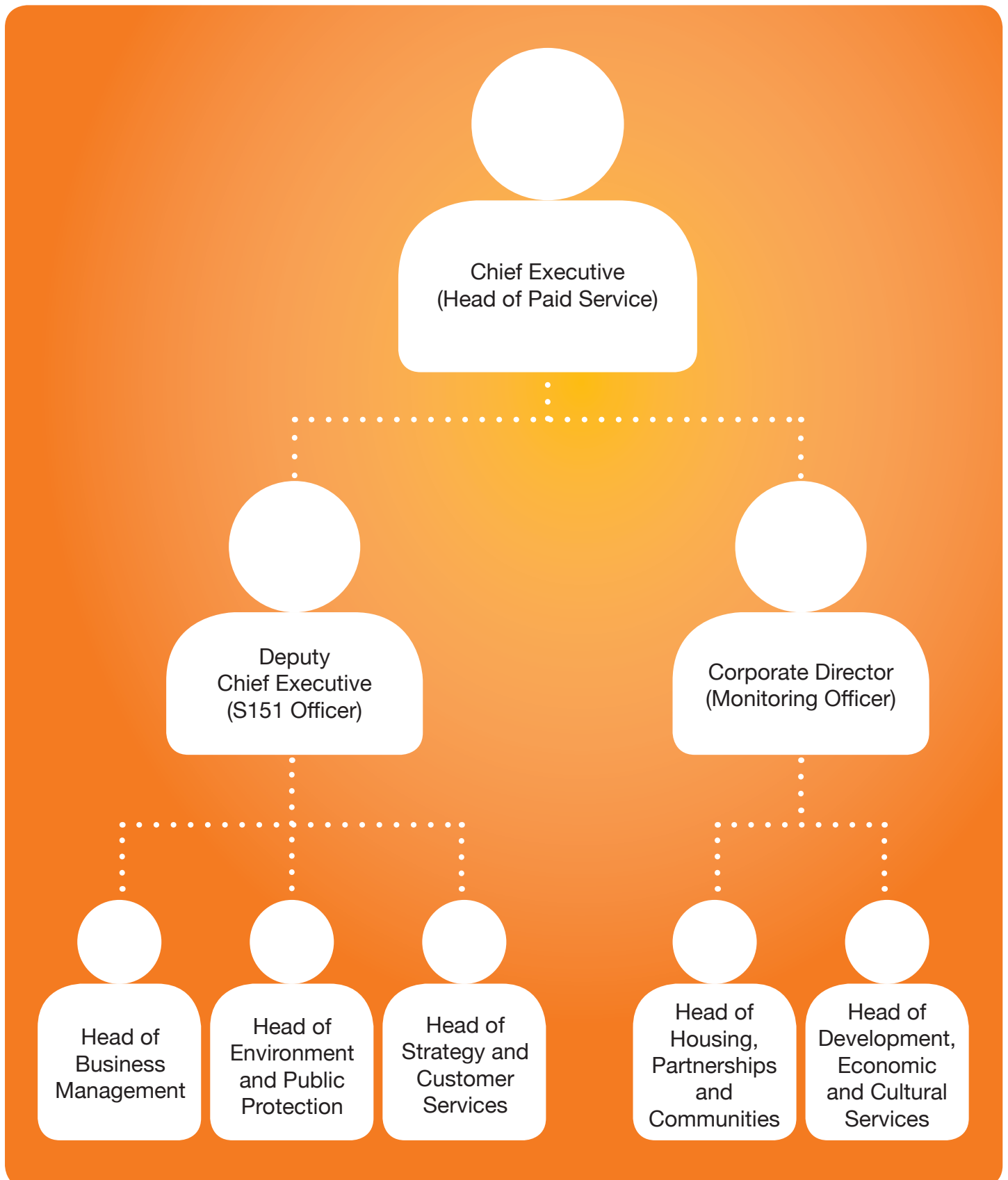
Key to the Corporate Delivery Plan is the Council's vision:

“Working towards 100 flourishing communities”

District NK Council – 43 Members



Corporate and Senior Management Team Structure



The Audit Committee

The Council's Audit Committee, as part of its overall business, fulfils the role of overseeing the Council's Corporate Governance responsibilities and strategy.

The Audit Committee receives key reports dealing with issues relating to good governance.

The table below outlines the Audit Committee's key business for 2013/14.

Date of Committee – June 2013	Date of Committee – September 2013	Date of Committee – November 2013	Date of Committee – January 2014	Date of Committee – March 2014
Monitoring of the Audit Plan progress	Monitoring of the Audit Plan progress	Monitoring of the Audit Plan progress	Monitoring of the Audit Plan progress	Monitoring of the Audit Plan progress
Strategic Risks	Strategic Risks	Strategic Risks	Strategic Risks	Strategic Risks
Corporate Complaints & Ombudsman	Corporate Complaints & Ombudsman	Corporate Complaints & Ombudsman	Corporate Complaints & Ombudsman	Corporate Complaints & Ombudsman
Update on Neighbourhood Planning	Review of the Statement of Accounts 2012/13	Benefit Fraud Progress	KPMG – Annual Audit letter 2012/13	Internal Audit Self Assessment
Draft Annual Governance Statement		Future provision of the Internal Audit & Risk Management services	KPMG – Certification of Grants & Returns 2012/13	Internal Audit Strategy & Audit Plan 2014/15
Annual report of the Audit Committee			KPMG – External Audit Plan 2013/14	Annual Governance Statement process
			Business Continuity & Health and Safety update	Accounting Policies
			Review of Anti-fraud and Corruption Strategy	Protecting the Public Pursue – Audit Commission report
			Review of Whistleblowing Policy	Annual report on Information Management
			Update on Public Sector Internal Audit Standards and Charter	Combined Assurance Status
			Review of Treasury Management Strategy process	
			E-payment system update	

Risk Management

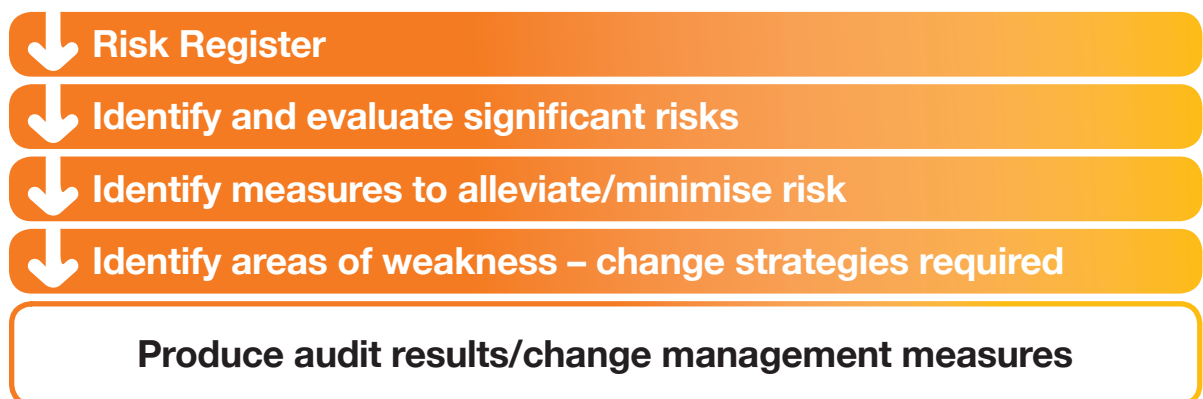
Following management and administrative changes in 2013/14, Audit Lincolnshire now provides Risk Management support to the Council. These changes also encompass a revised Risk Module in 'Inphase', with Audit Lincolnshire meeting quarterly with Heads of Service and their management teams to review risks and ensure both strategic and operational risks are up to date.

In turn the Audit Committee approves the Council's Risk Strategy annually, with a progress report on strategic risks at each meeting.

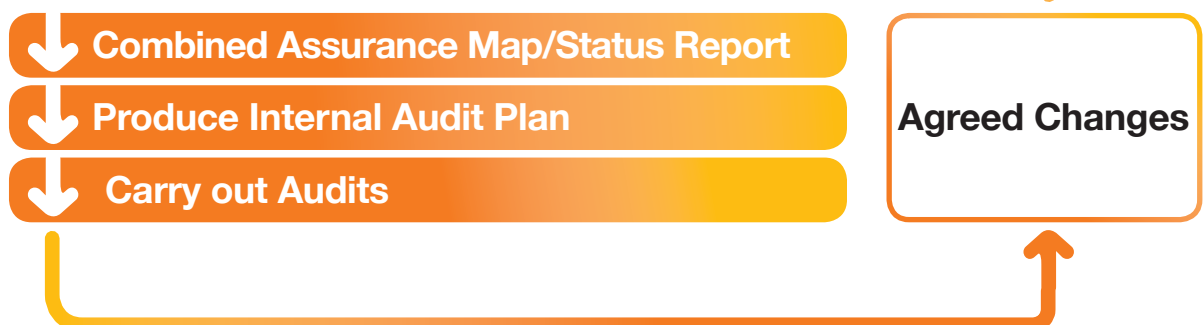
COUNCIL STRATEGY



RISK MANAGEMENT



ASSURANCE



Financial Arrangements

The Deputy Chief Executive is the Council's Chief Financial Officer (section 151 Officer), and is a member of the Corporate Management Team. Through this arrangement the Council conforms to CIPFA's requirements on the Role of the Chief Financial Officer, ensuring the finance function is resourced, fit for purpose and involved in all significant business decisions, with a medium term financial plan in place.

The Audit Committee has approved this position as part of the Council's good governance arrangements.

Managing Finances

The Council has been in a position of reducing budgets due to lower Central Government support since 2008/09 and has since then saved £5.7million from its General Fund budget through various initiatives.

The projections of the Medium Term Financial Strategy produced for 2013/14 leave the Council with the need to find further savings of £1.6million by 2016/17.

As a result of this, the Council has embarked on a Transformation Programme with the first tranche of savings totalling £0.4million established for 2014/15. Tranche 2 programme savings are currently being developed in order to help meet further saving requirements.

The Council has also received grant in the form of New Homes Bonus and has committed to meet half of the savings requirements through this grant.



Internal and External Audit

The Council's Audit Committee is established and operates within the terms of CIPFA's recommendations.

The Audit Committee

- Approves and challenges the Council's Statement of Accounts
- Maintains the Council's assurances around its good governance arrangements
- Has reviewed during the year
 - ↓ Risk Management arrangements
 - ↓ Anti Fraud and Corruption Policies
 - ↓ Anti Money Laundering Strategies
 - ↓ Whistleblowing Policies
 - ↓ Internal Audit Strategy/Plan
 - ↓ Annual Audit Letter/External Audit Report
- Has developed the internal audit role through Audit Lincolnshire including
 - ↓ Updating the combined assurance map
 - ↓ Developing an Audit Charter ensuring Compliance with international audit standards

External Audit

- Unqualified Audit Opinion for 2012/13
- Council represents Value for Money

Significant Governance Issues

The significant issues raised in the 2012/13 Annual Governance Statement have been dealt with over the past year as follows:

Topic	Action Taken
Updating of policies and procedures relating to the Council's ICT	As part of the Government's Public Sector Network compliance requirements, policies and procedures have been updated achieving accreditation, working with West Lindsey to support future ICT shared infrastructure.
Revised Risk Management arrangements following the retirement of the Chief Internal Auditor	Trial measures were implemented for Audit Lincolnshire to provide Risk Management support and a Risk Management Strategy to aid the Council's Heads of Service to review their respective risks.
Re-running of Anti-fraud training for officers and Members	Plans have been drawn up to ensure the requisite training is implemented.
Arrangements to meet the adoption of International Standards for Internal Audit	An "Audit Charter" is in place with Audit Lincolnshire meeting the standards required and establishing an action plan.
Review of the robustness of the Council's Information Management arrangements	A review and update of the Council's Information Management Policies has been reviewed by the Audit Committee, with ongoing work to update formal records of information, to look at the feasibility of moving manual/paper records to electronic formats and to replacing the current intranet to form a repository and organisation wide access to the Council's documents.

Key Improvement Areas/Topics

Identified to be monitored and reported on to the Audit Committee during 2014/15

- Risk Management training for managers
- Conduct Anti-fraud eLearning training for all officers and Members
- Establish revised fraud investigation arrangements
- Delivery of Transformation Tranche 2 business cases
- Formalise relationship with Audit Lincolnshire
- Conduct a full review of the business Continuity Plan
- Implement audit of safety arrangements
- Review Whistleblowing arrangements in light of Government recommendations
- Establish induction programme for new Members
- Completion of revised Communication Strategy and review of communication channels



The Process of Reviewing the Council's Corporate Governance Arrangements

The role of the Council

- Members of the Audit Committee have participated in the annual review of the Council's corporate governance arrangements
- The Leader of the Council and The Chief Executive have overseen the review and signed the Annual Governance Statement

The role of the Executive

- The findings of the governance review have been reported to CMT and the Executive Board for their consideration and approval of the Annual Governance Statement

The role of the Audit Committee

- The findings of the annual governance review have been reported to the Audit Committee and they have satisfied themselves that the Annual Governance Statement properly reflects the risk environment and the actions required to improve it

The role of Officers

- ➔ The Deputy Chief Executive (the Chief Financial Officer) and the Head of Business Management have directed, co-ordinated and overseen the review
- ➔ All Heads of Service have participated in the annual governance review

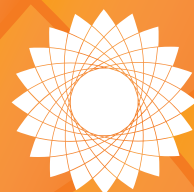
The role of Audit Lincolnshire

- ➔ Audit Lincolnshire's planning processes include consultation with all chief officers and reviews of the corporate risk profile. Audit work is risk based and includes risks in relation to service objectives. Audit Lincolnshire carries out regular systematic auditing of key financial systems and produced a "Combined Assurance" report to holistically assess the sources of assurance gained around all of the Council's functions to better direct the work of the internal audit service in the future

The Role of KPMG

- ➔ The Council's external Auditors, KPMG, Annual Audit Letter for 2012/13 is very positive and provides an unqualified opinion on the financial statements and an unqualified VfM conclusion for the Council. The report confirms that the Council has made proper arrangements to secure economy, efficiency and effectiveness in the use of its resources

Annual Governance Statement **2013/14**



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