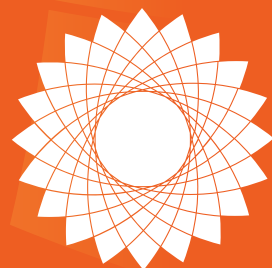


Annual Governance Statement 2015/16



districtnk
North Kesteven District Council

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Introduction

North Kesteven District Council has its headquarters in Sleaford Lincolnshire and administers an area of 922.5km².

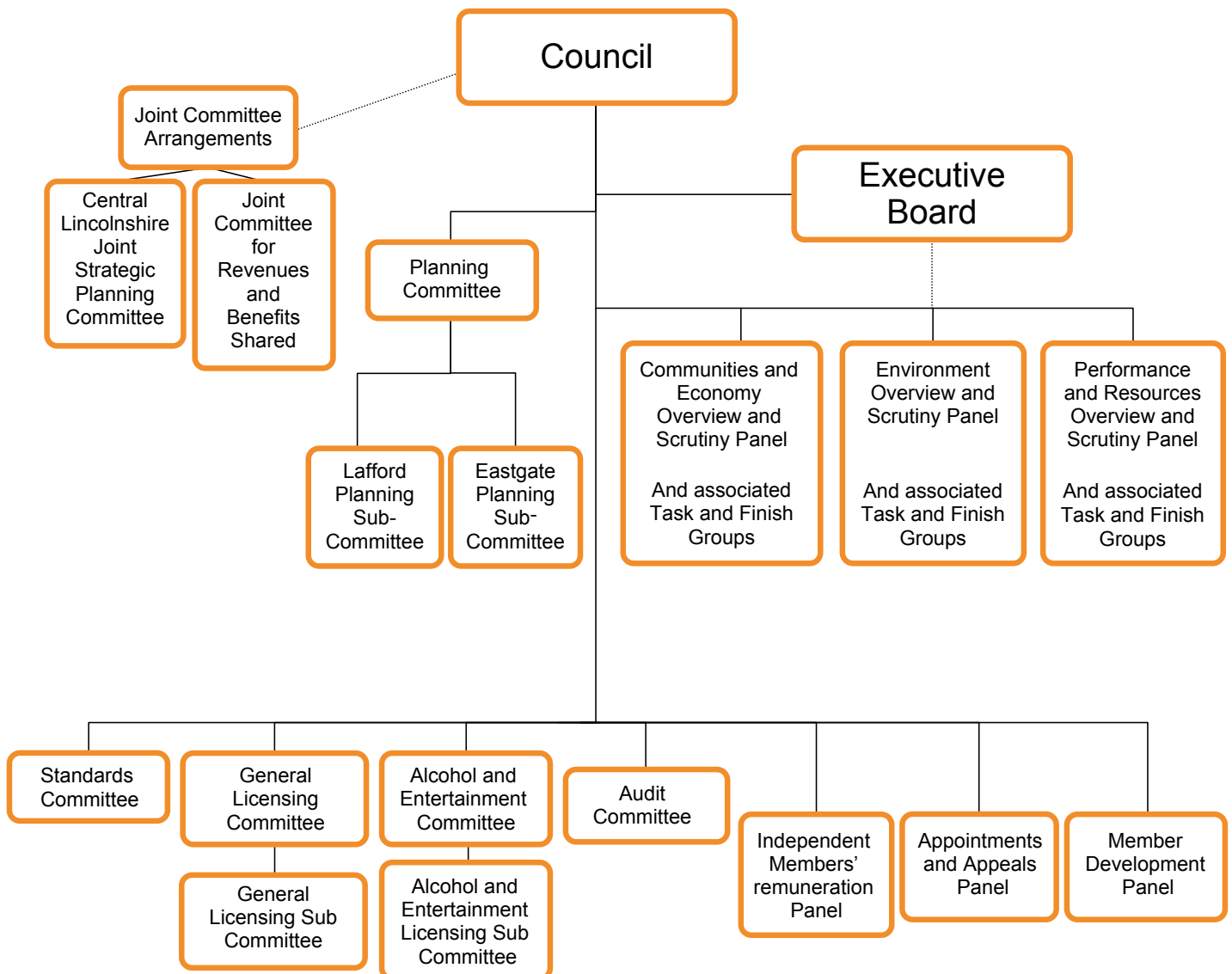
North Kesteven is a large diverse rural area stretching from the Witham in the east almost to the River Trent in the west.

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 District Council operates a Leader and Cabinet which means a number of decisions are taken by a cabinet of Members chaired by the Leader of the Council.



District NK Council – 43 Members



Scope of Responsibility

North Kesteven District Council is responsible for ensuring that its activities are conducted in accordance with the law and proper standards and 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 exercising its functions having regard to a combination of economy, efficiency and effectiveness.

In discharging its responsibilities the Council has put in place arrangements for the governance of its activities which facilitate the effective exercise of its functions including arrangements for the management of risk.

The Head of Finance and Resources is a member of the Councils Corporate Management Team and Section 151 Officer. Through this arrangement the Council conforms with the governance to the CIPFA requirements and guidance as set out in the CIPFA framework.

North Kesteven District Council has in place corporate governance arrangements and has adopted a local Governance Charter. This Charter is consistent with the CIPFA/SOLACE Framework “Delivering Good Governance in Local Government”.

This Annual Governance Statement explains how North Kesteven District Council has complied with the Charter and Framework and it also meets the requirements of Accounts and Audit (England) Regulations 2011 which require s all relevant bodies to prepare and publish an annual governance statement.

The Process of Reviewing the Council's Corporate Governance Arrangements

To ensure an effective and fit for purpose review of the Councils governance arrangements to a team of Members and Officers reviewed over 60 pieces of evidence and considered these against the CIPFA Guidance and the Councils Governance Charter with full engagement as follows;

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

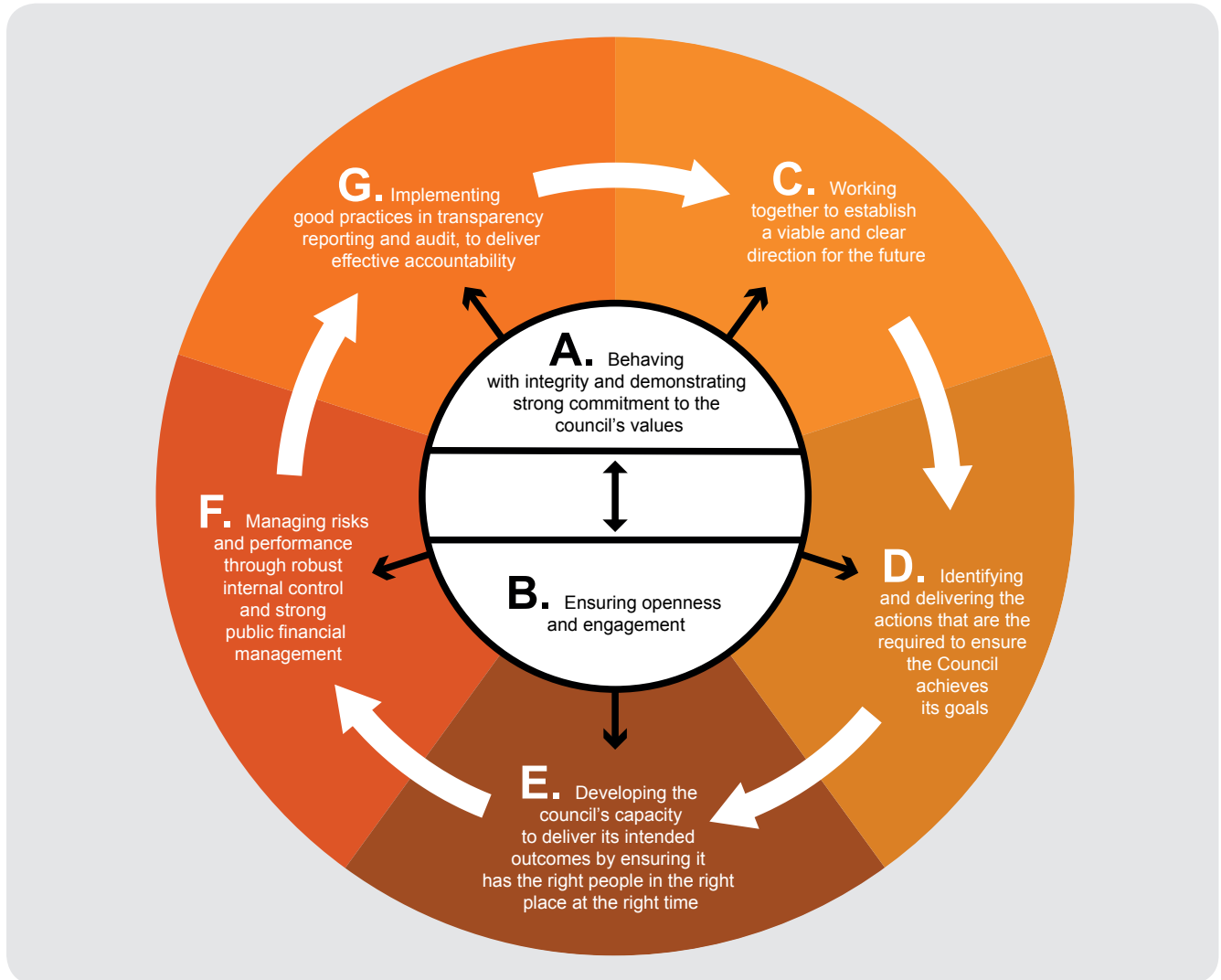
- The findings of the governance review have been reported to CMT and the Executive Board for their consideration and approval of the Annual Governance Statement

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

Purpose

The Council's Governance Charter comprises the systems and processes, culture and values by which the Council is directed and controlled. The Charter places sustainable economic, societal and environmental outcomes as a key focus for the Council's governance framework and has been developed to enable the Council to shape its own approach to effective governance which takes into account the Council's Vision, Corporate Objectives and Values.



The purpose of the Charter is to do the right things, in the right way for the right people in a timely, inclusive, transparent, efficient and accountable manner.

At the heart of the Council's Governance Charter are the core Principles of good governance. The Charter uses the International Framework as its foundation but has interpreted the core Principles to ensure they accurately reflect the Council's governance arrangements, behaviours and outcomes.

The Council's Governance Charter sets out the Council's commitment to the Principles of good governance, establishes the Council's local structure and ensures that it operates effectively in practice and in a way which supports our corporate priorities.

North Kesteven District Council is committed to ensuring good governance throughout its activities and the code/charter commits the Council to following the principles as set out below:



A. Behaving with integrity and demonstrating strong commitment to the Council's values. How we do this:

- Members and officers behave with integrity and lead by example at all times
- Creating the environment to ensure that the statutory officers and other key post holders are able to fulfil their responsibilities
- Striving to use the authority's full powers for the benefit of its citizens, its communities and other stakeholders
- Dealing with breaches of legal and regulatory provisions effectively
- Ensuring fraud, corruption and misuse of power are dealt with effectively



B. Ensuring openness and engagement. How we do this:

- Demonstrating, documenting and communicating the Council's commitment to openness
- 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, being clear about the impact and consequences of those decisions.
- Effectively engaging with stakeholders to ensure that outcomes are achieved successfully and sustainably
- Developing formal and informal collaborative arrangements with other institutional stakeholders (such as other public sector bodies, third sector or private sector entities) to allow for resources to be used more efficiently and outcomes achieved more effectively



C. Working together to establish a viable and clear direction for the future. How we do this:

- Having a clear vision and strategy of the Council's purpose and intended outcomes defined on a sustainable basis within the resources that will be available
- Managing expectations effectively with regard to determining priorities and making the best use of the resources available
- Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the authority's intended outcomes and short-term factors.
- Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible and appropriate.



D. Identifying and delivering the actions that are required to ensure the Council achieves its goals. How we do this:

- Engaging with internal and external stakeholders in determining how services and other interventions can best be delivered
- Ensuring best value is achieved and establishing and implementing robust control processes that cover strategic and operational plans, priorities and targets by preparing budgets in accordance with organizational priorities, strategies and the medium term financial plan
- Considering feedback from 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
- 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 optimizing resource usage
- Ensuring the achievement of 'social value' through service planning and commissioning

Continued:

**E. Developing the council's capacity to deliver its intended outcomes by ensuring it has the right people in the right place at the right time. How we do this:**

- Ensuring the capabilities of senior management enable the Council to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks
- Reviewing operations and performance on a regular basis to ensure their continuing effectiveness and enable learning
- Developing and maintaining robust procurement policies and procedures which place emphasis on the Council's ethical values and objectives and deliver cost effective goods and services
- Appointing a senior officer (the S151 officer) responsible for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts and maintaining an effective system of internal financial control
- Appointing a senior officer (the monitoring officer) is responsible for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with
- Ensuring members and senior officers have the appropriate skills, knowledge resources and support to fulfil their roles and responsibilities
- Implementing appropriate human resource policies and ensuring that they are working effectively and creating an environment where staff can perform well and ideas and suggestions are welcomed.

**F. Managing risks and performance through robust internal control and strong public financial management. How we do this:**

- Recognising that risk management is an integral part of all activities, is regarded as a continuous process and the implementation of robust and integrated risk management arrangements which are aligned with achieving the authority's objectives
- 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 or function which is independent of the executive provides a further source of assurance regarding the authority's arrangements for managing risk and maintaining an effective control environment
- Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to ensure the security of personal data used
- Ensuring well developed financial management is integrated at all levels of planning and control including management of financial risks and controls.

**G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability. How we do this:**

- Reporting at least annually in a timely manner to demonstrate to stakeholders in an understandable way on issues including how the authority is performing, whether it is delivering value for money and the stewardship of its resources
- Ensuring that an effective external audit service is in place and acting on recommendations made for corrective action
- Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to the authority's governance arrangements and recommendations are acted upon
- Welcoming peer challenge, reviews and inspections from other bodies.

Reviewing the Effectiveness of Our Governance Arrangements

To ensure a thorough review of the effectiveness of the Council's governance arrangements has been undertaken a full review of the policies, procedures, codes, values, culture and other documentation was conducted.

The review measured the arrangements against a pre-determined 'ideal state'. Where a mismatch between its ideal state and current state was identified an improvement was noted.

Each piece of the Council's governance controls have been aligned to one of the seven Charter Principles to ensure the review is fit for purpose and meets the requirements of current Codes of Practice. The following arrangements were reviewed;

- **Constitution**
- **Financial Controls**
- **Code of Conduct**
- **Access to Information**
- **Whistleblowing Arrangements**
- **Council Values**
- **Consultation Arrangements**
- **Strategic Planning**
- **Partnership Working Arrangements**
- **Challenge and Review Processes**
- **Statutory Enforcement Policies**
- **Organisation Development Systems**
- **Performance Measures**
- **Internal and External Control Mechanisms**
- **Risk Management Procedures**

Statement of Significant Governance Issues and Overall Assurance

The review of the governance arrangements has identified no significant issues and the overall assessment of assurance has been determined to be:

Successful delivery of good governance appears probable however constant attention is required to ensure the identified improvements are delivered and that further governance issues do not arise. To ensure a cycle of continuous improvement the following items have been identified as requiring action;

| | |
|---|--|
| Principle A Behaving with Integrity and demonstrating commitment to the Councils values | Overall Assessment Good |
| Significant Governance Issues | None |
| Improvement Areas | <ul style="list-style-type: none"> • Embed Council's values throughout the organisation • Communicate and promote the Councils Whistleblowing arrangements |
| Principle B Ensuring openness and comprehensive engagement | Overall Assessment Good |
| Significant Governance Issues | None |
| Improvement Areas | <ul style="list-style-type: none"> • Implement the Customer Strategy • Develop the Communication Strategy • Embed the Impact Assessment processes |
| Principle C Working together to establish a clear and viable direction for the future | Overall Assessment Good |
| Significant Governance Issues | None |
| Improvement Areas | <ul style="list-style-type: none"> • Embed new Service Delivery Plans |
| Principle D Identifying the actions necessary that make a difference to achieving our goals | Overall Assessment Good |
| Significant Governance Issues | None |
| Improvement Areas | <ul style="list-style-type: none"> • Embed the new performance and project management process |

| | |
|--|--|
| Principle E Developing the Councils capacity to deliver its intended outcomes by ensuring it has the right people in the right place at the right time | Overall Assessment Good |
| Significant Governance Issues | None |
| Improvement Areas | <ul style="list-style-type: none"> • Implement and embed the Our People Strategy • Embed Council's values throughout the organisation • Embed the Impact Assessment processes |

| | |
|---|--|
| Principle F Managing risks and performance through robust internal control and strong public financial management | Overall Assessment Good |
| Significant Governance Issues | None |
| Improvement Areas | <ul style="list-style-type: none"> • Complete the implementation of the Risk Management Strategy • Explore governance arrangements for commercial activities |

| | |
|---|---|
| Principle G Implement good practices in transparency, reporting and audit to deliver effective accountability | Overall Assessment Good |
| Significant Governance Issues | None |
| Improvement Areas | <ul style="list-style-type: none"> • Review annual assurance mapping exercise and ensure findings are robustly challenged • Review the Council's Information and Data Security controls |



New and emerging governance issues which are currently being monitored include:

- **Data Security controls and information governance arrangements**
- **Impact of Devolution for Lincolnshire**

To maintain a cycle of continuous improvement to the Council's governance arrangements ongoing review will take place throughout the year to monitor progress with improvement actions and the identified emerging risks.

Looking Back on 2014/15

A number of improvement actions were identified as part of the 2014/15 Annual Governance Statement. the table below shows progress with the identified actions;

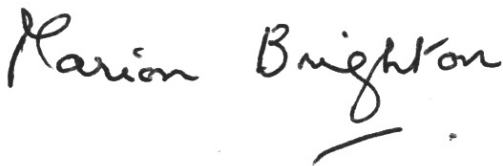
| Action Identified | Progress |
|---|----------|
| Ongoing delivery of transformation plans | On track |
| Start 3 year corporate plan from 2016/2017 | Complete |
| Incorporate F.I.T. framework and revise methodology | On track |
| Review Terms of Reference for the Central Lincolnshire Coordination of Delivery Group | On track |
| Personal development plans and induction programme for new members | Complete |
| Ensure Code of Conduct training is included in Member Induction program | Complete |
| Year 1 actions for Our People Strategy to be implemented | Complete |
| Establish specific Audit Committee Training | Complete |
| Review committee structure/roles and Scheme of Delegation with regard to: <ul style="list-style-type: none"> • Scrutiny role within the Governance Framework • Standards Committee Review | Complete |
| Delivery of new requirements for Transparency Regulations | On track |
| Undertake review of the effectiveness of Audit Committee | On track |
| Review Strategic Risks and wider arrangements | Complete |
| Risk Training for Managers | On track |
| Implement Internal Audit actions relating to financial controls | On track |
| Establish revised fraud investigation arrangements | Complete |
| Align fraud risk with CIPFA counter fraud guidance notes and toolkit | On track |
| Update Anti Money Laundering Policy | Complete |
| Review contract management | On track |
| Business continuity and emergency plan review | On track |
| Implement Audit of fire safety arrangements | Complete |

We have been advised on the result of the review of the effectiveness of the governance framework and that the arrangements continue to be regarded as fit for purpose but recognise that to ensure continuous improvement areas have been identified which require additional work.

We propose over the coming year to take steps to address the matters identified to further enhance our governance arrangements.

We are satisfied that these steps will address the need for improvement and will take steps to monitor their implementation as part of our next annual review.

Signed

A handwritten signature in black ink that reads "Marion Brighton". The signature is written in a cursive style with a horizontal line underneath.

Cllr Marion Brighton OBE
Leader of the Council

A handwritten signature in black ink that reads "Ian Fytche". The signature is written in a cursive style.

Ian Fytche
Chief Executive