

Governance and Business Resilience

# ANNUAL GOVERNANCE STATEMENT 2022-23

2022-2023



**North Kesteven**  
DISTRICT COUNCIL

# Contents

|                                      |                   |
|--------------------------------------|-------------------|
| <b>Executive Summary</b>             | <b>Page 3</b>     |
| <b>Governance Arrangements</b>       | <b>Page 4 - 5</b> |
| <b>Review of Effectiveness</b>       | <b>Page 6 - 8</b> |
| <b>Risk Management</b>               | <b>Page 8</b>     |
| <b>Significant Governance Issues</b> | <b>Page 9</b>     |
| <b>2022 - 2023 Action Plan</b>       | <b>Page 9</b>     |
| <b>Looking Back on 2021 - 2022</b>   | <b>Page 10</b>    |

# Executive Summary

As the Leader and Chief Executive of North Kesteven District Council we are pleased to present our Annual Governance Statement for 2022-2023.

The Council's vision is focused on A District of Flourishing Communities, where communities are healthier, more productive, entrepreneurial, creative and engaged. This vision provides the framework through which services are shaped and delivered in pursuit of a happier, more vibrant district where people are actively engaged in their communities.

Good governance remains essential to the Council's ability to deliver its vision and our Annual Governance Statement for the period April 2022 to March 2023 sets out to capture our principles and governance arrangements and the systems in place which ensure a cycle of review and continuous improvement.

We remain committed to the principles of good governance embedded within our Local Code of Governance (our governance framework) focusing on:

- Behaving with integrity
- Ensuring openness and engagement
- Working together to establish a viable and clear direction for the future
- Identifying and delivering the actions that are required to ensure the Council achieves its goals
- 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
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting and audit to deliver effective accountability

Our commitment extends not only to the core principles of good governance but also to addressing issues identified and the process of continuous review and improvement.

During what has been a challenging year, North Kesteven is pleased to report that there have been no significant governance issues identified during our annual review and our governance arrangements remain fit for purpose.

Areas of improvement have been identified and these include the need to review and update the Council's contract and procurement arrangements, further embedding improvements to our risk management procedures and satisfying ourselves that arrangements for internal audit remain effective and appropriately resourced.

Throughout the coming year we will continue to monitor progress with the actions identified to ensure progress and improvement.

Signatures



Ian Fytche  
Chief Executive



Richard Wright  
Leader of the Council

# Governance Arrangements

## Corporate Governance

The Council's corporate governance arrangements ensure that we provide effective, value for money and efficient services in a compliant and transparent way which achieve the desired outcomes for service users, communities and other stakeholders.

Our governance arrangements ensure that when the Council conducts its business and delivers services it:

- Operates in a lawful, open, inclusive and honest way which meet the needs of our communities and service users
- Safeguards public money, ensuring it is properly accounted for and spent wisely
- Manages risk in an effective way
- Identifies opportunities for development and continuous improvement
- Welcomes challenge and scrutiny

## The Governance Framework

Governance comprises of the arrangements put in place to ensure the intended outcomes for stakeholders are defined and achieved to support the Council's desired outcomes.

The Council sets out these arrangements in our Code of Local Governance – our *governance framework*. Our Code sets out how we operate in order to demonstrate compliance, ongoing improvement and our commitment to maintaining the highest ethical standards and governance.

The Code places sustainable economic, societal and environmental outcomes as a key focus for the Council's governance framework. This 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 Council's governance framework is based on the CIPFA/SOLACE guidance – Delivering Good Governance in Local Government. The framework sets out seven core principles for good governance and can be found here - <https://www.n-kesteven.gov.uk/your-council/how-the-council-works/governance-and-business-resilience/>

## 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.

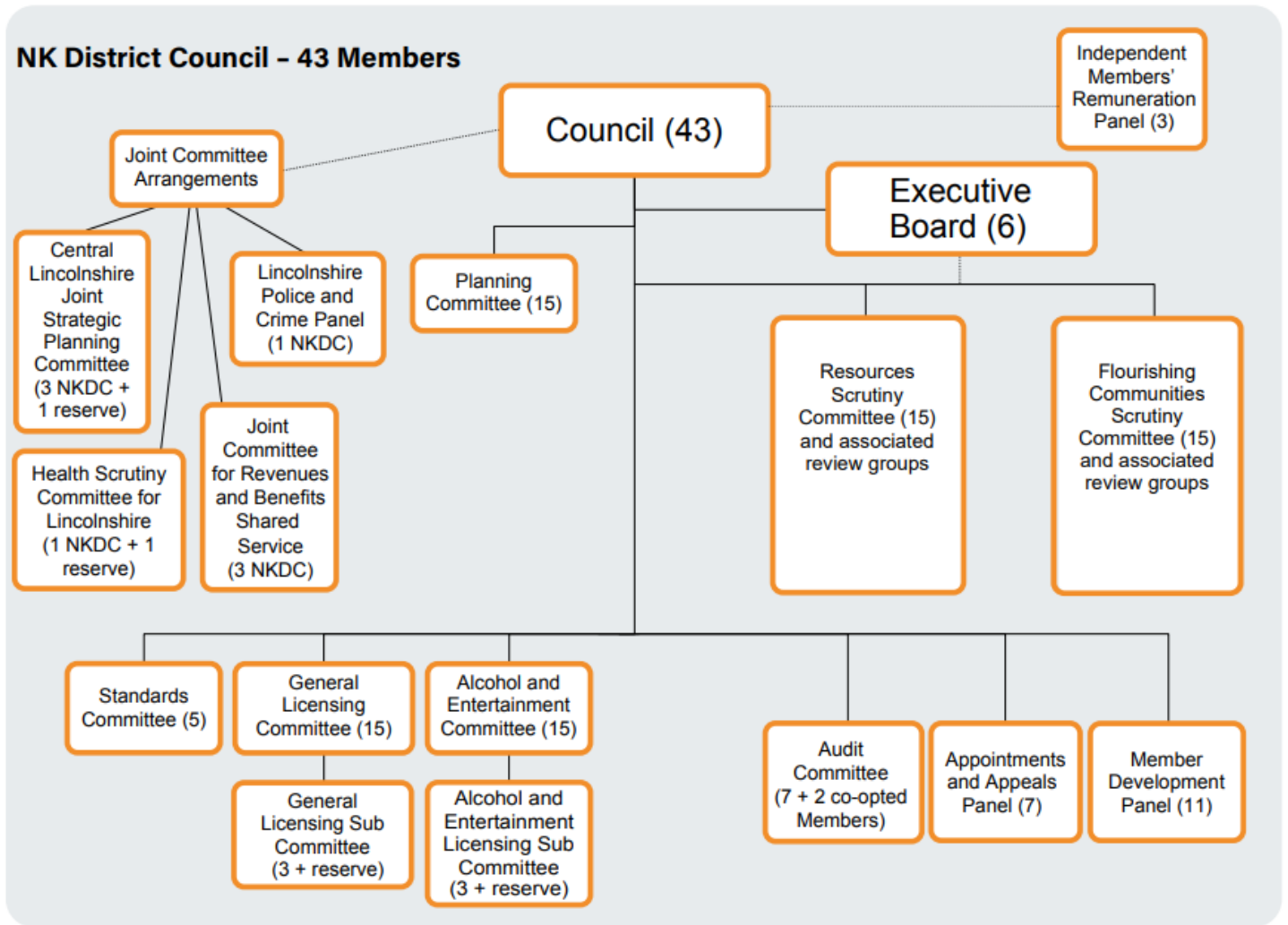
The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in exercising its functions having regard to a combination of economy, efficiency and effectiveness.

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 Chief Executive, the Deputy Chief Executive, together with the Director of Resources (Section 151 Officer), are members of the Council's Corporate Management Team.

The Monitoring Officer role is a statutory responsibility, required to report on matters they believe to be illegal or amount to maladministration. The Monitoring Officer is also responsible for matters relating to the conduct of councillors and the operation of the Councils Constitution.

## Our Council



## Review of Effectiveness

We review the effectiveness of our governance arrangements throughout the year as part of our ongoing cycle of improvement.

A formal review of the effectiveness of our governance arrangements takes place annually in the autumn.

During the annual review the Council seeks assurance on the effectiveness of its governance arrangements from a variety of sources such as:

- Constitution
- Local Code of Governance
- 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
- Lafford Homes Arrangements
- Counter Fraud Arrangements

In year review arrangements allow for elected member review and scrutiny as set out in the Council's constitution and senior management review through the Governance Risk and Assurance Project Board.

During 2022 a comprehensive review of the Council's decision making process was undertaken which has led to constitutional changes and updates (refer to page 10 Action Plan).

The Audit Committee was subject to a full review of its effectiveness in the summer of 2022. This review identified a need to update the committee's terms of reference to better align them to the Chartered Institute of Public Finance and Accountancy (CIPFA) 2022 revised position statement for audit committees in local authorities and police. Refer to page 10 Action Plan.

[CIPFA-Audit-Committee-Position-Statement-2022 \(1\).pdf](#)

## Head of Internal Audit Opinion

The Head of Internal Audit concludes in their annual report that their overall assessment of assurance is that for the twelve months ending 31 March 2023 the Council's arrangements for governance, risk management and control frameworks continued to perform well:

|                          |  |
|--------------------------|--|
| <b>Governance</b>        | <b>Performing Well</b> — No concerns that significantly affect the governance, risk and control framework and successful delivery of the Council priorities. |
| <b>Risk</b>              | <b>Performing Well</b> – No concerns that significantly affect the governance, risk and control framework and successful delivery of the Council priorities. |
| <b>Internal Control</b>  | <b>Performing Well</b> - No concerns that significantly affect the governance, risk and control framework and successful delivery of the Council priorities  |
| <b>Financial Control</b> | <b>Performing Well</b> – No concerns that significantly affect the governance, risk and control framework and successful delivery of the Council priorities  |

## Other Assurance Sources

The Council seeks assurance on the effectiveness of its governance arrangements from a number of sources in addition to internal audit, including:

- The Council's External Auditors - Mazars
- Our work on ICT and cyber security which has resulted in the Council successfully achieving Public Services Network accreditation
- Internal annual review of compliance with the Transparency Code and its requirements

In addition to the annual review, the Council has conducted a number of supplementary reviews which focused on providing assurance that our governance arrangements are effective and fit for purpose during 2022-2023, including the following-

### Centre for Governance and Scrutiny (CfGS) Governance Risk and Resilience Framework

Internal Audit have conducted a review to assess the extent to which the Council has embedded the Centre for Governance and Scrutiny's (CfGS's) Governance, Risk and Resilience framework to improve its governance arrangements and ensuring that they remain fit for purpose.

This is a high-level review which focused on how the Council has reflected and embraced the culture and behaviours highlighted within the CfGS's Seven Characterises of Good Governance and the measures in place to address any negative behaviours.

The CfGS document can be found here <https://www.cfgs.org.uk/governancerisk/>

### Local Government Association (LGA) Peer Challenge Review

During 2021 the Council undertook a LGA Peer Challenge. The details of the original peer review report can be found here –

[Appendix 3 NKDC Key points summary of the LGA Peer Report.pdf \(n-kesteven.gov.uk\)](#)

The finding from the peer relating to organisational leadership, governance and culture is as follows;

*The controlling group works well, with a positive, collective, inclusive approach. Relationships between Members and officers are positive and respectful. Members are very supportive of staff and their work. Operations are run by a strong, competent SMT, which understands the Council’s strategic direction. Chief officers are highly respected by Members and colleagues alike. The Constitution is solid, and the Code of Conduct operates effectively. Governance documentation is sound, and audit performs strongly.*







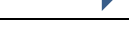
Ongoing review of the action plan developed to implement the recommendations from the peer review has been carried out with a report to the Councils Executive Board in January 2022 providing assurance that the Council remains focused on ongoing and continuous improvement.

## Risk Management

A full review of the Council’s Strategic Risk Register has been carried out and risk ratings have been reviewed to take into account changes to the local, national and global threat levels with particular regard to environment and financial risks.

Early identification of emerging risks has been successfully integrated into the Council risk and performance management systems, service delivery planning and improvements made through new and enhanced project management arrangements, with oversight being provided by Audit Committee and the Governance, Risk and Assurance Project Board.

Following review, the Council’s strategic risks are described below:

| Risk   | Current Risk Rating | Previous Risk Rating | Direction of Travel   |
|--|---------------------|----------------------|---|
| Failure to deliver the Local Plan                                    | Low                 | Low                  |  |
| ICT not effective or cyber secure                                    | Medium              | Medium               |  |
| Ineffective delivery of key investment programmes                    | Medium              | Medium               |  |
| Increasing or unknown financial pressure                             | High                | High                 |  |
| Failing to identify and respond to policy or legislative change      | Low                 | Low                  |  |
| Failure to maintain a workforce that is highly skilled and motivated | Medium              | Medium               |  |
| Failure to meet climate change obligations                           | Medium              | Medium               |  |

During 2022, the Executive Board approved a new Risk Management Policy, and this is in the process of being implemented. The Policy sets our clear roles, responsibilities and governance arrangements for risk management with Audit Committee having independent oversight for monitoring the effectiveness of the policy through 6 monthly update reports presented by the Governance and Business Resilience Manager.



## Significant Governance Issues

The annual review of the Council's governance arrangements by internal and external sources indicates that there have been no significant governance issues identified.

The overall assessment of assurance is that *successful delivery of good governance appears probable*.

The annual review of our governance arrangements has identified the following as areas requiring action to ensure a cycle of continuous improvement;

- Deliver and embed the constitutional changes following the 2022 constitution review.
- Communicate and monitor the effectiveness of the Council's risk management policy and procedures
- Implement improvements to the process for the publication of Freedom of Information Requests
- Deliver and communicate the Council's revised contract procedure rules and internal control and procurement arrangements
- Implement improvements to the process for the publication of spend data following the introduction of the new financial management system

The Action Plan below sets out the action required to ensure improvement and the lead officer responsible for the action.

## Annual Governance Statement 2022 to 2023 Action Plan

| Action   | Lead Officer                               |
|--|--|
| Deliver and embed the constitutional changes following the 2022 constitution review.   | Assistant Director of Democratic Services  |
| Communicate and monitor the effectiveness of the Council's risk management policy and procedures   | Governance and Business Resilience Manager |
| Implement improvements to the process for the publication of Freedom of Information Requests.  | Corporate Information Manager              |
| Deliver and communicate the Council's revised contract procedure rules and internal control and procurement arrangements.                  | Governance and Business Resilience Manager |
| Implement improvements to the process for the publication of spend data following the introduction of the new financial management system. | Strategic Finance Manager - Accountancy    |

## Looking Back – Annual Governance Statement Action Plan 2021 to 2022

A number of improvement actions were identified as part of the 2021/2022 Annual Governance Statement.

The table below shows progress with the identified actions. Some of the actions are distinct projects with a pre-determined completion date, others are actions with an ongoing cycle of continuous improvement.

Where outstanding actions are identified the Council's Governance Risk and Assurance Project Board will continue to monitor progress and effectiveness.

| Action   | Progress  |
|--|---|
| Communicate and monitor the effectiveness of the Council's risk management policy and procedures   | On-going to ensure a cycle of continuous improvement.   |
| Deliver and communicate the Council's contract and procurement arrangements  | Ongoing to take into consideration the introduction of the new procurement rules and anticipated accent of the Procurement Bill |
| Review the arrangements for internal audit to ensure they remain effective and appropriately resourced   | Complete  |
| Ensure the actions and recommendations arising from the FM Code review are implemented   | Complete  |
| Review the Council's arrangements for accepting, declining, and declaring Gifts, Hospitality and Register of Interests to ensure they remain fit for purpose and transparent | Complete  |
| Deliver and communicate the Council's Sundry Debt Recovery Policy  | Complete  |
| Publish details of Council owned land assets in line with the Transparency Code requirement  | Complete  |