



ANNUAL GOVERNANCE STATEMENT

2023/24

February 2025

Executive Summary

North East Lincolnshire Council fully recognises its responsibility for having effective governance and internal control arrangements in place. This is demonstrated by its commitment to the principles of good governance as identified in Delivering Good Governance in Local Government Framework 2016.

The annual review of the Council's arrangements, as described in this Annual Governance Statement, provides assurance that its governance arrangements and system of control are robust and reflect the principles of the Code of Corporate Governance. Over the coming year the Council will take steps to further, strengthen its governance arrangements as highlighted in section 7.

Signed:



Cllr. Philip Jackson
Leader of the Council

Date 17/02/24



Rob Walsh
Head of Paid Service

Date 17/02/24

1. Introduction

North East Lincolnshire Council (the Council) is required by the Accounts and Audit (England) Regulations 2015, regulation 10(1), to prepare and publish an Annual Governance Statement (AGS) in order to report on the extent to which we comply with our Local Code of Corporate Governance. This Statement provides an overview of how the Council's governance arrangements operate, including how they are reviewed annually to ensure they remain effective. A summary of significant issues/challenges that the Council faces is also given. This provides transparency and gives assurance that the Council is committed to continuous improvement in the way in which it functions.

The 2023/24 AGS reported that the review of governance arrangements had identified four main areas where the Council would need to focus its efforts during 2023/24 to address changing circumstances and challenges identified. These were:

- Children and Family services
- The capacity to deliver Council outcomes
- Health and Social Care System

As part of the compilation of the AGS the current position in relation to these areas was reviewed and consideration given as to whether they remained areas of focus in 2024/25 (See section 6).

2. Scope of Responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

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

3. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and those activities through which it accounts to, engages with, and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at North East Lincolnshire Council for the year ended 31 March 2024 and up to the date of approval of the Statement of Accounts.

4. The Governance Framework

The Council adopted a Council Plan covering the period 2022-2025 in February 2022. The refresh of the Plan was approved by Full Council on 22 February 2024. The Council has defined its key strategic priorities as, all people should:

- Reach their full potential through skills and learning
- Benefit from a green economy and high quality environment
- Enjoy good health and wellbeing
- Benefit from a strong local economy
- Live in a safe environment, can have their say about things that are important to them and participate fully in their community

Good governance processes are critical in supporting the delivery of strategic outcomes. The Council operates to a Code of Corporate Governance, which forms part of the Constitution. It is based on the guidance provided by the Chartered Institute for Public Finance and Accountancy (CIPFA) and the Society of Local Government Chief Executives (SOLACE) “Delivering Good Governance in Local Government – a framework” (April 2016). It was subjected to its annual review in December 2022 to ensure that it reflected the Council’s current governance arrangements and the revisions made were approved by the Audit & Governance Committee in February 2023.

[The Constitution | NELC \(nelincs.gov.uk\)](https://nelincs.gov.uk)

It is based on the following principles:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

5. Review of the Effectiveness of the Governance Framework

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The Council’s Corporate Governance Group, made up of the Council’s key senior officers with

governance role and chaired by the Executive Director Place and Resources, is responsible for coordinating this review.

The three lines of assurance model is central to the review of effectiveness as follows:

First Line of Assurance – Management of the control environment at delivery/operational level

Each Assistant Director is annually required to complete an annual self-assessment as to how they seek assurance that their services/functions comply with each of the seven principles. This showed that the principles in the main are embedded in practice in all significant areas of the Council's operations.

In addition, Directors produce reports for Cabinets, Scrutiny and the Audit and Governance Committee which provide assurance on governance and the control environment in specific areas e.g.

- [Adult Social Care Complaints and Ombudsman Annual Report 2023/24](#) – reported to the Health and Adult Social Care Scrutiny Panel 25 September 2024. It provides an overview of the complaints received by the North East Lincolnshire Clinical Commissioning Group (NELCCG). It also highlights service improvements implemented as a result of a complaint. Of the 29 formal complaints received, 18 (62%) relate to Focus. This is a slight increase from the previous year when 11 complaints related fully or partially to Focus. Of the complaints investigated and closed, 6 (35%) were partially upheld, 9 (53%) were not upheld and 2 (12%) were fully upheld. Of the complaints investigated and closed 3 (18%) were re-opened.
- [Childrens Social Care Statutory Complaints and Compliments Annual Report 2023/24](#) – was reported to Cabinet on 21 August 2024. It provides an overview of the activity and analysis of complaints and compliments, and the lessons learnt and improvements identified.
- [Director of Public Health Annual](#) – reported to the Health and Well Being Board on 8 July 2024. The report focusses on 'what makes us healthy' and the role all partners and stakeholders have in improving health and wellbeing and tackling health inequalities.
- [Safeguarding Adults Board Annual Report 2023/24](#) - reported to the Health and Adults Social Care Scrutiny Panel 29 January 2025. This sets out the activities and work undertaken by North East Lincolnshire Safeguarding Adults Board and its members to deliver on the aims and objectives of its Strategic Plan. It also includes performance data including the number of concerns received.
- [Safeguarding Children Partnership Annual Report 2023/24](#) – reported to Children's Scrutiny July 2024 and Health and Wellbeing Board 18 November 2024. The report outlines what the Partnership has achieved, further developments and priorities for the following year.

Second Line of Assurance - (oversight of management activity and separate from those responsible for delivery)

As part of the process for completing the AGS those responsible for the oversight of management activity, separate from those responsible for deliver were asked to provide statements on the overall operation of the control environment in their particular areas of oversight:

- **Assurance provided by the Monitoring Officer in relation to operating within the rule of the law and constitutional arrangements including member code of conduct** – No material issues were identified. The recommendations contained in an independent report into “Nurseries” and outputs of that in terms of potential governance improvements are being considered and progressed.
- **Assurance provided by the Head of People and Culture on human resources policy frameworks and arrangements** – Completion of the induction procedure across the organisation was low. To mitigate this and to ensure that all new starters receive the same experience on their first day, the Council have moved towards a static monthly start date for all new starters. This is proving successful and has been well received.
- **Assurance provided by the Deputy Section 151 Officer on finance issues** – No material issues were identified.
- **Assurance provided by the Health and Safety Manager** – No material issues were identified
- **Assurance provided by the Strategic Lead Business Practice and Performance on the performance framework** – No material issues were identified.
- **Assurance provided by the Assistant Director Policy Strategy and Resources on procurement issues** - There is one procurement challenge which is on-going. The procurement support and advice for that piece of work was provided through an external contractor. The Council has now terminated the agreement with that contractor.

In addition, a range of reports is produced annually or throughout the year which provide assurance form a second line perspective e.g.

- **CIPFA Code of Financial Management Self-Assessment** – reported to Audit and Governance Committee 25 July 2024. The Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the Code authorities will be able to demonstrate their financial sustainability.
- **[Annual Review of the Constitution](#)** – a review was conducted by the Monitoring Officer and the amendments were reported to Full Council on 23 May 2024. Various changes were made to the Constitution including the Scheme of Delegation. It also included a review of the Council’s scrutiny arrangements.

- [Annual Fraud Report 2023/2024](#) – reported to Audit and Governance Committee 18 April 2024. It highlighted the work that has been undertaken for the prevention and detection of fraud, corruption and financial misconduct. No issues of material concern were identified.
- [Annual Scrutiny Report 2023/2024](#) – reported to Full Council on 23 May 2024. It provided a summary of the work undertaken by Scrutiny in 2023-24 and outlined future work programmes.
- [Annual Report of the Standards and Adjudication Committee 2023/24](#) – reported to the Standards and Adjudication Committee on 24 July 2024. It provides a summary of the work carried out by the Committee.
- [Audit and Governance Committee Annual Report 2023/2024](#) – reported to Audit and Governance Committee 18 April 2024 and Full Council on 18 July 2024. It summarises the activities of the Committee and demonstrates how it has discharged its duties. It also reports on the outcome of the Audit Committee's self-assessment against good practice. No issues of non-compliance were identified.
- **Capital Programme Quarterly Update Reports** – the Head of Estates provides quarterly update reports on the delivery of the Capital Programme to the Corporate Governance Group and Major Projects Group. These reports provide an update on the overall status and highlight any specific risks, including slippage on projects. Any significant risks identified in relation to delivery could impact on the delivery of the Councils Economic and Financial Strategy, therefore mitigation may be required, and further actions agreed.
- [Annual Equality Report](#) – reported to Cabinet 12 June 2024. It provides an overview of equalities activity and achievements at the Council over the year and outlines key activities planned for the future year. It includes key information about the Council's workforce and its community. It provides a brief commentary on some of the key data, particularly where there has been a notable change over time, or where the local population needs are different to that of the general population.
- [Information Governance and Security Annual Governance Report 2023/2024](#) - – reported to the Audit and Governance Committee 18 April 2024. This report outlines the key Information Governance activities undertaken by the Council in the calendar year 2022 and provides assurance that the Council across all of its work areas and functions remains compliant with its legal obligations and follows good practice. Four incidents met the criteria requiring reporting to the Information Commissioner's Office (ICO), who determined that no further action was necessary. A further two incidents were reported to the ICO by the data subject, one is still under investigation, whilst for the other the ICO required the Council to take steps to improve its information rights practices.
- [Our Green Annual Report](#) – reported to Cabinet 13 March 2024. The report sets out the Council's aspirations and progress in relation to the following three strategies and its contribution to delivering net zero by 2030:

- North East Lincolnshire Council's Waste Management Strategy (2020)

- North East Lincolnshire Council's Carbon Roadmap (2021)
- North East Lincolnshire Council's Natural Assets Plan (2021)
- [**Risk Management Annual Report**](#) –reported to the Audit and Governance Committee on 25 July 2024. The report highlights the work that has been undertaken in relation to risk management. The report concluded that on the whole the arrangements for managing risk within the council are satisfactory. Whilst there is some understanding of the risk management framework it is not always consistently applied. A review of operational risk registers revealed that in some areas they are not up to date. Work is planned to rectify this issue.
- [**Treasury Management Policy and Statement Strategy Statement**](#) – reported to Cabinet 14 February 2024 and Full Council 22 February 2024. The Statement conformed with Treasury Management regulations and no material breaches were reported.
- [**Treasury Management Outturn**](#) – reported to the Audit and Governance Committee on 7 November 2024. This provided assurance that the Council complied with its legislative and regulatory requirements.
- [**Value for Money Annual Report 2023/2024**](#) - prepared by the Deputy Section 151 Officer and reported to the Audit and Governance Committee 18 April 2024. This report summarises activity during 2022/23 and identifies additional actions for 2023/24 and beyond. A range of service reviews have been undertaken during 2022/23, with further service reviews planned across all areas of the Council's activities in 2023/24. It was concluded that the Council has effective arrangements in place for the achievement of Value for Money.

Third Line of Assurance (independent oversight)

Local Government Association Corporate Peer Challenge

In February 2023, the Local Government Association conducted a peer review of the Council. The outcome of this peer review was reported to Cabinet on 14 June 2023 [6.- Corporate-Peer-Challenge-Report.docxPDF-358KBicon-namepaperclip-prefixfa.pdf \(nelincs.gov.uk\)](#).

The peer team noted the strength of our partnerships, particularly with health, our ambitions for regeneration, our relationship with government and the enthusiasm and commitment of our workforce. A number of areas were identified for improvement including: the need to clarify and communicate priorities; strengthen our approach on skills, equality, diversity and inclusion; address the financial position and member understanding and maximise opportunities to deliver our net zero ambition. An action plan has been agreed to address the recommendations

A progress review was carried out in November 2023. It concluded that:

“North East Lincolnshire Council has made significant progress and can evidence progress on the range of recommendations made in the Corporate Peer Challenge of March 2023. Over the last 8 months members and officers appear to have grown in confidence and

focus and are increasingly optimistic about the future and the council's role in delivering improvement for communities"

[NELC-CPC-Progress-Review.docx \(live.com\)](#)

Adult Social Care Peer Review

In February 2024, a peer review was carried out on Adult Social Care. The peer review identified areas of strength in the integrated arrangements but more attention needs to be given to the capacity in joint commission to further strengthen the arrangement. Strong and stable leadership is apparent but needs to firmly establish under the new s75 arrangements with the ICB.

Head of Internal Audit Annual Report and Opinion 2023/24 – reported to the Audit and Governance Committee 25 July 2024. With the exception of the control environment in Children's and the need to fully implement the partnership arrangements with the ICB no issues of significant concern were identified

External Audit – As per the Audit Completion Report presented to the Audit and Governance Committee on 13 February 2025, the External Auditors, Forvis Mazars, "anticipated issuing an unqualified opinion, without modification, on the 2023/24 financial statements". In relation to the Value for Money opinion "it anticipated having one continuing significant weakness in relation to the arrangements that the Council has in place to secure economy, efficiency and effectiveness in relation to its use of resources". This is due to the inadequate rating for Children's Services provided by Ofsted in its report published on 26 November 2021.

The Office for Standards in Education, Children's Services and Skills (Ofsted)

As previously reported an inspection of the Council's provision of services to Look After Children it was provided with an inadequate rating. In 2023/24 there has been three subsequent monitoring visits by OFSTED

- **May 2023** with a focus on the front door, identified that:
 - The front door response to children in need of help and protection has improved
 - Leaders continue to understand the key strengths and areas for development
 - Strategic improvement plans have gathered pace and momentum (after a very slow start)
 - There have been improvements in workforce quality and processes leading to better overall management of demand
- **October 2023** with a focus on child exploitation, identified that:
 - There was an effective multi agency response to children missing or at risk of exploitation
 - Some improvements in the quality of assessments of need and a strengthened partnership approach to disruption activity
 - Workforce stability had improved

- [January 2024](#), with a focus on permanence, identified that:
 - The response to planning and achieving permanence has improved for some children
 - There are clear and ambitious targets for priority areas for improvement

Other External Inspections and peer reviews - other Inspections have taken place in year:

- CQC inspection of the Public Health Nursing service during 2023/24. A “good” rating was received. Inspectors noted staff’s “compassion and kindness” and the “good care” towards children, young people and families.
- IPCO RIPA Inspection - No significant concerns identified.
- Internal Audit- The five yearly External Quality Assessment was carried out in November 2023. It concluded that Internal Audit “Generally conforms to audit standards” in all areas. This is the highest score available.
- The Council’s approach to managing its fleet effectively is subject to external verification by the Driver and Vehicle Standards Agency (DVSA). The DVSA operate a traffic light system to ensure targeted enforcement and the Council currently has a green rating.
- As part of the ongoing model of sector led improvement across Yorkshire and Humber, a Front Door Health check was undertaken in March 2024, led by system leaders across the region. The feedback from this was overwhelmingly positive, highlighting that we know ourselves, the practice and system changes made to date have been right for children and families and confirmed the developments identified to be appropriate. This will be repeated again in October 2024 with the same health check team to consider ongoing progress.
- Following concerns about the consultation process around future provision of nurseries a report was commissioned from Wilkin Chapman. It identified some areas of potential improvement to the governance framework. Having received the nursery report in February 2024 the matter was referred by Children and Lifelong Learning Scrutiny Panel to full council for review on 7 July 2024. That is due to come before full council on 18th July. In the meantime, the Monitoring Officer has accepted the recommendations, reported to Corporate Governance Group and achieved support, and is in the midst of convening a Member led Constitutional Review Working Group, as reported at the Council’s AGM on 23rd May 2024.

[Nursery Consultation Review \(nelincs.gov.uk\)](https://nelincs.gov.uk)

Local Government and Social Care Ombudsman

The Ombudsman is responsible for independently investigating complaints that have not been resolved by the organisation. The Annual Letter of the Ombudsman was issued in July 2024. Of the nine complaints investigated during 2023/24 89% were upheld

(compared to the national average of 79%). In 100% of cases the Ombudsman was satisfied that the council had successfully implemented their recommendations.

[Ombudsman Letter August 2024](#)

6. Progress on areas identified as areas of focus in 2023/24

The position as of May 2024 as reported by the relevant officers is as follows:

- **Children's Services**

North East Lincolnshire Council's Children's Services has been and continues to be on a transformation journey. Following the outcomes of the ILACS inspection in October 2021, Children's Services were appointed a DfE Commissioner in August 2022, Lincolnshire County Council were identified as Sector Led Improvement Partners and the improvement journey was overseen via the Continuous Improvement Board.

The inaugural Improvement Plan was endorsed through the Continuous Improvement Board in March 2023 which outlined an ambitious and detailed programme of improvement work, and through the board's governance arrangements, there has been regular and routine reporting around the identified workstreams aligned to the priority areas.

Since December 2023, a permanent, experienced senior leadership team has been recruited to drive forward ongoing transformation and sustainable change across the system leading to improved outcomes. A stocktake was undertaken at the end of 2023/24, which demonstrated that progress had been made in relation to the 2023/24 improvement plan. As part of this, there had been a recent amplified focus on rearticulating and embedding the Children's Services Assurance Framework so that it contributes to a safe, sustainable system across the scope of children's services at all levels, with a focus on improving outcomes for children, young people and families,

In lieu of the investment in recruiting a whole scale permanent, experienced leadership team, who have clear strategic intent, and building on the progress made in year, a mutual decision was made between Lincolnshire County Council SLIP, NELC and the DfE that NELC would take on the responsibility for facilitating its own SLIP activity. This is set in the context of work undertaken to develop a new Improvement Plan for 2024/25, to which progress is already being made.

In the context of the Children's Services Assurance Framework, work has been progressed to further strengthen governance and reporting arrangements to ensure effective oversight of SLIP delivery, and to ensure it is contributing to the improvement priorities and to making a difference to children, young people and families in the Borough.

- **Capacity**

Succession planning was completed across the Council, reviewing, and refreshing our plans and ensuring we have clear actions plans in place for identified internal successors to key roles or where we would be seeking external recruitment. Planning for 2024 is now taking place. We continue to make appointments from our graduate programmes into permanent roles across the Council as well as people identified as part of succession planning in 2022/2023. The Council continues to invest in our Grow Your Own strategy with opportunities for interns and undergraduate summer placements and the two-year graduate programme. Since 2019 we have a 95% retention rate of our graduates after year 1, and an average 68% retention rate for years 2, 3 and 4 after their start date. Apprenticeship retention stands at 61% for new starter apprentices and 85% for staff who have undertaken an apprenticeship for upskilling, since 2020.

Academy NEL has had a soft launch throughout 2023, with a formal launch in 2024 planned. The Academy plays a critical part in the attraction, retention and progression of talent through our Grow your Own strategies, it provides development pathways for our Graduates and Apprentices and also facilitates opportunities for employees at all levels wishing to explore and progress their careers through our 5As Leadership Programme. Through continuous performance management of supervision we are able to align the individuals' aspirations and performance needs to the right program or individual learning requirements, this also informs our succession process and enables the right learning for the right person at the right time. A dedicated resourcing team established in 2022/2023 is delivering positive results across the board from Director level down with its progressive recruitment approach to recruiting in a very competitive market. Our relationships with agencies and the engagement of agency workers continues to improve, with plans in 2024 to procure a new agency framework following a period of discovery.

The Council's ambitious capital and regeneration plans, the transformation programme in children and family services as well as changes on the horizon around adult social care do present challenges of capacity and resource to meet competing priorities. Transferring the PMO into the council and transforming the way we deliver and manage projects enables the Council to identify issues and risks quicker so to enable us to address those risks and put in place resolutions. In addition a service transformation team has established a clear process to identify projects and determine level of priority and risk to support the deployment of resources to support the projects. This is reviewed by Assistant Directors on a regular basis and highlights issues around resource and enables broader discussions to take place

- **Health and Social Care System**

The Section 75 agreement with the North Yorkshire and Humber Integrated Care Board is now due to be signed in July 2024.

7. Governance Challenges for 2024/25

The review of governance arrangements has identified the main areas where the Council will need to focus its efforts during 2023/24 to address changing circumstances and challenges identified. Clearly these and other areas will be underpinned by a need to deliver value for money, referenced elsewhere in this statement. Value for Money is defined as the relationship between:

- Economy (cost) - the price paid for providing a service.
- Efficiency (performance) - how much is obtained for what is paid; and
- Effectiveness (quality) - the impact of the service, how successful it is.

Value for Money is not an absolute end in itself and should be considered as a compromise between cost, performance and satisfaction. It is an outcome of the Council's activities and not a process in its own right. Furthermore, it should not be seen in isolation from day to day activities.

Of the three previously identified challenges as shown in section 6 it has been recommended by the Corporate Governance Group that they should remain as areas of focus.:

- **Children's Services**

North East Lincolnshire Children's Services will continue to build on the recent progress to further deliver against the identified priorities within the Improvement Plan, in the context of the wider planning framework. Children's Services will also continue to co-ordinate and facilitate Sector Led Improvement activity to add value to the associated actions and workstreams. Through the DfE Commissioner and Ofsted, there will continue to be an external focus to monitor the pace and progress of change in our local systems and practice and to ensure its impact on children, young people and families. Through the Council's corporate and political leadership, there will continue to be high level challenge and support in our determination to ensure that children, young people and families are at the centre of all we do and that they grow up happy and healthy, safe in their homes and communities with people that love them.

- **Capacity**

As part of AcademyNEL we will provide an annual curriculum of learning opportunities which will support the needs of the individual enabling them to thrive, learn and progress their careers within the Council as well as meet the needs of the organisation. In addition the Academy will continue to provide development pathways that support internships, graduates and apprenticeships supporting our Grow Your Own philosophy and linking into the succession planning framework.

The development of our employee value proposition and establishing a clear branding for TeamNEL will support our resourcing team in attracting candidates with the right skills, behaviours and values, whilst also enabling us to understand how to retain a diverse workforce.

Our employee engagement initiative “I’VE Taken Part” will see us embed our induction survey, employee survey; Employee Voice and our exit survey processes increasing our understanding of our people and place as well as promoting NELC as an inclusive employee.

With the transfer of the PMO function into the Council and the new processes to deliver and manage projects, 2024/2025 will see all new projects being managed under those new arrangements.

- **Health and Social Care System**

The following points have been added or strengthened to the governance arrangements of the section 75:

- Any statutory committee of the ICB or North East Lincolnshire Committee can call in any issue for further scrutiny, information or discussion.
- Joint audits (ICB and NELC) are to be carried out on key areas of the section 75.
- Quarterly reviews of the contractual arrangements are to be carried out between the ICB and NELC. There is now an agreed SLA and cost for each area of activity where the partner organisation is purchasing specific services. The monitoring of these is done at the quarterly reviews and any high risk issues will be escalated to the Joint Committee.
- The commissioning plan is to be reviewed annually with the option for either organisation to vary any part of the agreement in the December prior to the new financial year.