



ANNUAL GOVERNANCE STATEMENT

2024/25

July 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 x/xx/25

Sharon Wroot
Head of Paid Service

Date x/xx/25

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 three main areas where the Council would need to focus its efforts during 2024/25 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 2025 and up to the date of approval of the Statement of Accounts.

4. The Governance Framework

The Council Plan is the key policy framework document that underpins the delivery of the Council aims. The previous Council Plan was adopted in February 2022 for the period 2022-2025. A new plan for [2025-2028](#) has been developed and was approved by Full Council on 12 December 2024. The Plan is structured by four themes:

- Stronger Economy
- Stronger Communities
- Greener Future
- Effective and Enabling Council

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 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

This is supported by the Council's Assurance Framework. An Assurance Framework is a structured means of identifying and mapping the main sources of assurance the organisation has, which includes internal and independent external sources. This is to be considered by the Audit and Governance Committee 17 July 2025.

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 (up to 31 May 2025), 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. The following control weaknesses were identified:

- Strengths Based Practice. Has been delayed due to service capacity in Focus to implement
- The Children's Services spend is over budget as a result of the additional pressures on the system due to the impact of capacity and lack of sufficiency in the market to implement control measures, though this is an improving picture and is on a positive trajectory
- Delays in capital projects outside of the Council's control such as delays in utility works, external permits or response from market during procurement
- Significant challenges relating to Housing Options & temporary accommodation

In addition, Directors, Assistant Directors and Statutory Officers 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.

- [Children's Services Improvement Journey](#) – reported to each Children and Lifelong Learning Scrutiny Panel. ELC Children's Services were judged to be Inadequate by Ofsted in October 2021. This report seeks to update scrutiny panel members on NELC's Children's Services improvement journey and ensure that scrutiny members are briefed on the performance and implementation of the transformation programme that will deliver the Improvement Plan.
- [5.-Annual-Equality-Report-Covering-Report.docx.pdf](#) – reported to Cabinet 11 June 2025. It provides an overview of equalities activity and achievements at the Council over the past year and outlines key activities planned for the future year. In addition, it includes information about its workforce and census information about the local community broken down to ward level (where possible) relating to the protected characteristics. The report complies with the Public Sector Equality Duty as set out in the Equality Act 2010.
- [Our Green Annual Report](#) – reported to Cabinet 12 March 2025. 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)
- [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 14 November 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 delivery were asked to provide statements on the overall operation of the control environment in their particular areas of oversight:

- Monitoring Officer in relation to operating within the rule of the law and constitutional arrangements including member code of conduct
- Assistant Director People & Organisational Development on human resources policy frameworks and arrangements
- Deputy Section 151 Officer on finance issues
- Occupational Health Safety and Wellbeing Manager on health and safety arrangements
- Assistant Director Policy, Strategy and Resources on the performance framework
- Strategic Procurement and Contract Management Lead on procurement issues
- Data Protection Officer on the information governance arrangements
- Assurance provided by the Head of ICT on security arrangements

No material issues were identified although the following points were noted in their statements:

- An emerging matter is that of artificial intelligence and the ethical approach to its use, governance and overall cyber safety and security – Monitoring Officer
- Induction period review completion on time is improving through reporting at the quarterly People Panels, but this can be improved with more timely reporting from People and Culture and timely completion by managers - Assistant Director People & Organisational Development
- There is one procurement challenge which is on-going - Strategic Procurement and Contract Management Lead

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

- **Annual Review of the Code of Corporate Governance** - it was subjected to its annual review in December 2024 to ensure that it reflected the Council’s current governance arrangements and the revisions made were approved by the Audit & Governance Committee in January 2025. From the review some areas of development were identified, none of which were significant.
- [Annual-Equality-Report-Covering-Report.docx.pdf](#) – reported to Cabinet 11 June 2025. This report provides key information and analysis of the Council’s

performance and provisional financial outturn position at the end of the 2024/25 financial year.

- **CIPFA Code of Financial Management Self-Assessment** – to be reported to Audit and Governance Committee 17 July 2025. 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 drawing on the recommendations of the Constitution Review Working Group, and the amendments were reported to Full Council on 22 May 2025. Various changes were made to the Constitution including the Scheme of Delegation. It also included recommendations made by the Constitution Review Working Group. This Group was re-established to maintain regular oversight of the review and development of the Constitution.
- **Annual Fraud Report 2024/25** – reported to Audit and Governance Committee 3 April 2025. 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 and it confirmed (based on a self-assessment included in the report) that the Council was compliant with CIPFA's Code of Counter Fraud subject to a small number of areas for development.
- **Annual Scrutiny Report 2024/25** – reported to Full Council on 22 May 2025. It provided a summary of the work undertaken by Scrutiny in 2024-25 and outlined future work programmes.
- **Audit and Governance Committee Annual Report 2024/25** – reported to Audit and Governance Committee 3 April 2025. It summarises the activities of the Committee and demonstrates how it has discharged its duties. It also reports on the outcome of the Audit and Governance Committee's self-assessment against CIPFA guidance. No issues of non-compliance were identified.
- **Capital Programme Quarterly Update Reports** – the Assistant Director Policy, Strategy and Resources 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 Strategies, therefore mitigation may be required, and further actions agreed. At the end of the 2025/25 financial year a capital forecast underspend of £18.9m was identified. The underspend is in the main driven by reprofiling of capital work reflecting revised timelines in several of the more complex and multi-faceted projects. This is being monitored throughout the year.
- **Information Governance and Security Annual Governance report 2024/25** — reported to the Audit and Governance Committee 3 April 2025. This report outlines the key Information Governance activities undertaken by the Council in the calendar year 2024 and provides assurance that the Council across all of its

work areas and functions remains compliant with its legal obligations and follows good practice. Data incidents are investigated to identify lessons learnt and potential improvements to processes, with an approach of data minimisation followed.

- **Procurement Annual Report** – reported to Audit and Governance Committee 3 April 2025. The report highlights the Council's procurement activities undertaken within the calendar year 2024 and provides assurance of its compliance with its legal obligations, including the implementation of the Procurement Act which came into force on 24 February 2025.
- **Risk Management Annual Report** – to be reported to the Audit and Governance Committee on 17 July 2025. The report highlights the work that has been undertaken in relation to risk management. The report will conclude that on the whole the arrangements for managing risk within the Council are satisfactory.
- **Treasury Management Policy and Strategy Statement** – reported to Cabinet 12 February 2025 and Full Council 20 February 2025. The Statement conformed with Treasury Management regulations and no material breaches were reported.
- **Value for Money Annual Report 2024/25** - prepared by the Deputy Section 151 Officer and reported to the Audit and Governance Committee 3 April 2025. This report summarises activities undertaken during 2024/25 and identifies additional actions for 2025/26 and beyond. The focus of work in relation to VFM during 2024/25 has been on supporting delivery of the Council Plan through transformation and change in targeted areas. It was concluded that the Council has effective arrangements in place for the achievement of Value for Money.

Third Line of Assurance (independent oversight)

Head of Internal Audit Annual Report and Opinion 2024/25 –

In his Annual Report to be considered by the Audit and Governance Committee on 17 July the Head of Audit and Assurance provided Satisfactory Assurance on the adequacy of the Council's systems of governance, risk management and internal control, although the following areas were identified for improvement:

- Capacity to meet the Council's obligations in relation to Homelessness
- The operation of governance arrangements underpinning the Section 75 agreement between the Council and the Humber and North Yorkshire Integrated Care Board
- Consistent compliance with the Council's procurement and contract management processes
- Although good and improving controls are in place in relation to Children's Service's external placements and High Needs Block, they still remain high risk areas due to inherent cost pressures relating to both of them

External Audit – the Council's External Auditors, Forvis Mazars, are timetabled to provide an opinion on the Council's statement of accounts and on value money by 30 September 2025.

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

There has been one Ofsted monitoring visit in 2024/25 (September 2024), focussed around children in need and children in need of protection, and the Council have also engaged in an Ofsted Annual Engagement Meeting (AEM) (August 2024). There was no judgement associated with this visit, or the AEM, but they contributed to evidencing the ongoing progress in the Council's improvement journey and reinforcing our self-assessment and ongoing action.

There has also been a number of regulatory Children's Homes inspections, which has resulted in 6/7 being rated as Good by Ofsted (and one rated as Requires Improvement), all of which have associated development plans.

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

- **Annual Prevent Duty Assurance Process** - The Home Office has given the Council some positive feedback about the quality and effectiveness of its local arrangements.
- **Matrix Standard Assessment** - Skills and employability marked excellent in the assessment carried out by the Growth Company.
- **Adults Mental Health Practitioner Peer Review** - There were a number of recommendations to improve practice. The main recommendation relating to governance was the strengthening of the oversight of the DASS. This has been resolved by the introduction of a bi annual oversight board chaired by the DASS
- **Children's Services Peer Reviews** - The Council have engaged in peer reviews in relation to corporate parenting and virtual school and inclusion. The Council have had external scrutiny via a front door health check and engaged in a regional self-assessment challenge event.
- **Public Health Peer Review** – North and North East Lincolnshire Public Health service joined forces and took part in a combined LGA self-assessment and a sector led improvement ADPH Peer Review during 2024-25. The peer review focussed on how well embedded the public health function is both within and across the Northern Lincolnshire Councils and also across the system. A number of recommendations were made by the peer review team and a joint Northern Lincolnshire Public Health action plan is now being finalised to identify how the Council will meet those recommendations. This action plan also takes into consideration the outcomes from the LGA self-assessment.
- **Cyber Assessment Framework (CAF) for Local Government** – This year the Council engaged with the organisational aspects of the CAF and focused on Managing Security Risk and Minimising the Impact of Incidents for this. It reported that "Analysis of evidence submitted demonstrates that the council apply good practices identified by the CAF in many areas". 48/59 Indicators of Good Practice met for 'Achieved' status.

- **IT Health Check** - The IT Health Check is a mandatory requirement for any central or local government body or public sector organisation needing to use the Public Services Network (PSN). This was carried out in February 2025 by an external company. The report found zero critical issues and eight high vulnerabilities. This is the first time the Council has ever had zero critical issues and the number of high vulnerabilities is very low too.

Local Government and Social Care Ombudsman

The Ombudsman is responsible for independently investigating complaints that have not been resolved by the organisation. Of the 28 complaints received during 2024/25, seven were investigated, of which six were upheld (86% compared to the national average of 80%). In 100% of cases the Ombudsman was satisfied that the council had successfully implemented their recommendations.

6. Progress on areas identified as areas of focus in 2024/25

The position as of May 2025 as reported by the relevant officers is as follows:

• Capacity

In May 2025 we launched the refreshed People Strategy 2025/28. One of its four key aims is to "Attract, develop and retain a skilled and diverse workforce" and there are a number of actions to achieve this objectives over the next three years.

As part of AcademyNEL we have provided an annual curriculum of learning opportunities which supports 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 continues 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 has supported 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. The introduction of a standardised start day for all new employees into NELC has seen a 90% attendance at the Corporate Induction, and an 84% response to the induction survey which is sent to all new starters one month after their start date. Staff surveys have shown satisfaction with the Council.

Our employee engagement initiative "I'VE Taken Part" has seen 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.

During 2025/26 we will be integrating colleagues from our former regeneration partner into the Council's workforce.

- **Children's Services**

North East Lincolnshire Council's Children's Services has been and continues to be on a transformation journey. The DfE Commissioner, appointed in August 2022, remains in place to ensure oversight, and there continues to be routine reporting through the Continuous Improvement Board. North East Lincolnshire Council continues to develop, co-ordinate and oversee its own Sector Led Improvement programme involving a number of local authority partners and individuals aligned with our priority areas of focus.

Following the inaugural improvement plan, endorsed in March 2023, a further plan for 2024/25 was endorsed at the Continuous Improvement Board in March 2024, and has subsequently been reviewed and refreshed in November 2024. There has been regular and routine reporting around the identified workstreams aligned to the priority areas, which has demonstrated significant progress against the strategic objectives.

The recruitment and embedding of a permanent leadership and management workforce continues to drive forward improvement and transformation activity. There has been a range of change management processes that have come to fruition across the scope of Children's Services, and as a result of the revised structures and recruitment activity, there is a more stable workforce in place to continue to drive forward our priority areas of focus and embed practice improvement.

We remain committed to listening, learning, reviewing and adapting and through the Children's Services Assurance Framework, Children's Services have developed robust arrangements which contribute 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.

Work undertaken to develop our 2024/25 self-assessment clearly articulates our improvement and transformation journey and clarifies our current position and identified areas for ongoing development and transformation. We are anticipating an Inspection of Local Authority Children's Services in 2025, and there is an amplified focus on inspection preparedness and readiness. We are also anticipating further inspection activity in relation to SEND and Youth Justice in 2025/26, and there is leadership and management oversight and capacity in place to plan for and co-ordinate arrangements.

- **Health and Social Care System**

The section 75 continues to be fully enacted. A joint audit of the governance arrangements of the s75 has been carried out by both NELC and the ICB. Recommendations are being reviewed by the relevant governance boards.

Based on the above it was concluded that Children's Services and Health and Social Care System remain areas of governance challenges.

7. Governance Challenges for 2025/26

The review of governance arrangements has identified the main areas where the Council will need to focus its efforts during 2025/26 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.

Based upon the assurance systems in place the following have been proposed areas for focus in 2025/26:

- Children's Services - Looked After Children and Special Educational Needs and Disabilities (SEND)
- Health & Social Care Partnership
- Homelessness and Temporary Accommodation
- Procurement and Contract Management
- Corporation Bridge
- Transfer of Equan's Services

The final AGS will have supporting narrative and actions against them.