AUDIT AND GOVERNANCE COMMITTEE

DATE	16/07/2026
REPORT OF	Assistant Director Law and Governance
SUBJECT	Draft Annual Governance Statement 2025/26
STATUS	Open

CONTRIBUTION TO OUR AIM

Good governance is fundamental to the effective delivery of the Council's services and achieving its strategic aims. Open and transparent decision making; financial and budgetary control; effective scrutiny arrangements; strategic risk management and effective partnership working all impact on the way the Council runs its business for the benefit of local people.

EXECUTIVE SUMMARY

It is a requirement of the Accounts and Audit Regulations (2015) for the Council to annually produce, and contain within the statement of accounts, an Annual Governance Statement (AGS). The AGS lays out the Council's governance framework, how it obtains assurance that the governance framework is operating as intended, and (where applicable) those areas for further focus in 2026/27.

RECOMMENDATIONS

That the Audit and Governance Committee considers whether the draft AGS provides a sufficient level of assurance on the adequacy of the Council's governance arrangements to allow the Committee to fulfil its role and recommends its adoption by the Council subject to any changes that may be required up to the approval of the statement of the accounts.

REASONS FOR DECISION

The production of the AGS is a statutory requirement. It is a responsibility of the Audit and Governance Committee as the body charged with governance to review it and recommend its adoption by the Council.

1. BACKGROUND AND ISSUES

1.1. Under Section 2 of the Accounts and Audit Regulations (2015), councils must ensure that it has a sound system of internal control which:

- *"Facilitates the effective exercise of its functions and the achievement of its aims and objectives;*
- *ensures that the financial and operational management of the authority is effective; and*
- *includes effective arrangements for the management of risk".*

1.2. The regulations also state that the Council must:

- conduct a review at least once in a year of the effectiveness of its system of internal control;

- prepare an Annual Governance Statement;
- consider the findings of the review by Full Council or by a relevant committee;
- following the review approve an annual governance statement, prepared in accordance with proper practices in relation to internal control;
- a draft Annual Governance Statement is published at the same time as the publication of the draft accounts; and
- ensure that the statement is approved in advance of the approval of the statement of accounts.

1.3. The AGS sets out the Council's governance arrangements in place and considers their effectiveness. The Council's governance arrangements are set out in its Code of Governance which was updated and approved by the Audit and Governance Committee in January 2026. The Code is based upon guidance provided by the Chartered Institute for Public Finance and Accountancy (CIPFA) and the Society for Local Government Chief Executives (SOLACE) "Delivering Good Governance in Local Government – a framework" (April 2016).

1.4. The Council's Local Code of Corporate Governance is framed around seven core principles of good governance for the local government sector. All councils are expected to adopt the core principles and, most importantly, demonstrate evidence of their compliance.

1.5. The three lines of assurance model is central to the review of effectiveness of the Council's governance arrangements as follows:

- First Line – (Management of the control environment at delivery/operational level).

Each Director is required to complete an annual self-assessment as to how assurances are sought to confirm that the services and functions they are responsible for comply with each of the seven principles.

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

- Second Line - (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.

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

- Third line (independent oversight) - e.g., Internal Audit/External Audit/ External Inspections.

1.6. The draft AGS 2025/26 is attached and shows that the Council has well-established governance arrangements that are monitored and reviewed on a regular basis. However, the review of governance arrangements has identified the principal areas where the Council will need to focus its efforts during 2026/27 to address changing circumstances and challenges identified. These are highlighted in section 7 of the AGS.

1.7. This conclusion will be updated should any significant issues arise between the date the draft is adopted and the completion of the external audit on the statement of the accounts. When the Committee receives the audited accounts, this will be accompanied by the final version of the AGS, where it will be asked to recommend to the Leader and the Chief Executive to sign it on the Council's behalf.

2. RISKS, OPPORTUNITES AND EQUALITY ISSUES

The Annual Governance Statement is a statutory requirement and there is potential reputational risk if it was not produced, or if it fails to accurately reflect any relevant issues relating to the Council's governance arrangements. Any significant issues identified in the AGS should be reflected in the Council's risk registers.

3. OTHER OPTIONS CONSIDERED

Not applicable. The production of an AGS is a requirement of the Accounts and Audit regulations 2015.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

There is inherent reputational risk related to those areas identified for focus in 2026/27. Monitoring arrangements have put in place to manage these risks. The draft AGS w published on the Council's website.

5. FINANCIAL CONSIDERATIONS

None specifically related to the production of the AGS.

6. CHILDREN AND YOUNG PEOPLE'S IMPLICATIONS

Inspections carried out by OFSTED are an important source of assurance for the AGS, and the outcome of them is referred to in the statement.

The SEND (Special Educational Needs and Disability) Reform has been identified in section 7 of the AGS as an area of focus for 2026/27.

7. CLIMATE CHANGE, NATURE RECOVERY AND ENVIRONMENTAL IMPLICATIONS

The Council's approach the environment is included in the Council's Code of Governance and is considered as part of the annual review of the Council's

governance arrangements.

8. PUBLIC HEALTH, HEALTH INEQUALITIES AND MARMOT IMPLICATIONS

The Health and Well Being Strategy is a key part of the Council's government arrangements, and the Director of Public Health's Annual Report is a source.

9. FINANCIAL IMPLICATIONS

As part of the supporting evidence to the AGS there is a requirement to assess the Council's financial management arrangements against the CIFA's code of financial management. No significant gaps requiring specific reporting in the AGS have been identified.

It is important that governance issues are addressed as soon as practicable in order to avoid any significant financial liabilities.

10. LEGAL IMPLICATIONS

The legal implications of the contents of this report are covered in its body.

11. HUMAN RESOURCES IMPLICATIONS

The HR aspects are covered within the contents of the report.

12. WARD IMPLICATIONS

The report covers issues affecting the whole operation of the council and therefore is relevant to all wards.

13. BACKGROUND PAPERS

Accounts and Audit Regulations (2015)
Delivering Corporate Governance in Local Governance Framework (April 2016)
Local Code of Corporate Governance (January 2026)
Annual Governance Statement 2024/25

14. CONTACT OFFICER

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Simon Jones
Assistant Director, Law and Governance

Stronger Economy: Stronger Communities.
Together we can be stronger.

Our Council Plan pledges to work with partners to invest in our people and our place.

ANNUAL GOVERNANCE STATEMENT

2025/26

July 2026

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. In May 2025 an addendum to the Framework was issued

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:

Oliver Freeston
Leader of the Council

Date x/xx/26

Sharon Wroot
Head of Paid Service

Date x/xx/26

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 as well an update on areas identified in the previous AGS. This provides transparency and gives assurance that the Council is committed to continuous improvement in the way in which it functions.

2. Scope of Responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and 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 2026 and up to the date of approval of the Statement of Accounts.

4. The Governance Framework

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.

The Council also complies with the CIPFA/SOLACE Code of Practice on Good Governance for Local Authority Statutory Officers (June 2024). The three statutory officers – Head of Paid Service (Chief Executive), Chief Finance Officer (Section 151 Officer), and Monitoring Officer – operate within a well-defined governance framework. NELC's Constitution and corporate policies embed the principles of the "Golden Triangle" of governance, ensuring these officers have clear roles, act with appropriate authority, and collaborate effectively.

In addition, the Council Plan is the key policy framework document that underpins the delivery of the Council aims. An updated plan for 2025-2028 was approved by Full Council on 12 December 2024. The Plan is structured by four themes:

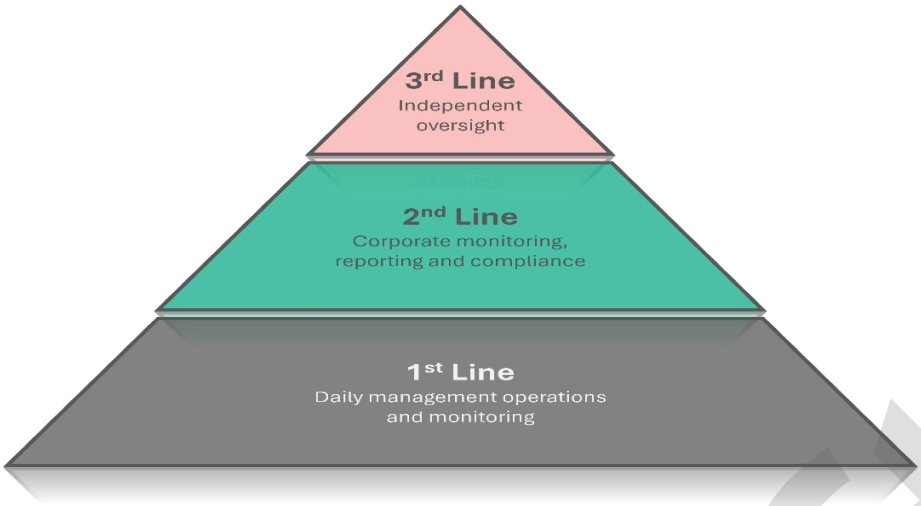
- Stronger Economy
- Stronger Communities
- Greener Future
- Effective and Enabling Council

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 a governance role and chaired by the Monitoring Officer, is responsible for coordinating this review.

The Code of Governance is subject to annual review and update, and as part of the review an assessment is made as to whether it continues to reflect the Council's governance arrangements. The updated version was presented to the Audit and Governance Committee on 29 January 2026. It was reported thar it continued to reflect the Council's arraignments subject to some small changes.

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



- Role of First Line of Assurance: The first line of assurance refers to operational management and staff who directly own and manage risks within their day-to-day activities. They are responsible for designing and implementing effective internal controls, maintaining compliance with organisational policies, and embedding risk management into routine processes.

- Role of the Second Line of Assurance: The second line provides oversight and guidance to ensure that risks are managed effectively and compliance is maintained across the Council. It consists of specialist functions such as risk management, finance, information governance, legal, procurement, and performance teams.

- Role of the Third Line of Assurance: The third line provides independent and objective assurance on the effectiveness of governance, risk management, and internal controls across the organisation. Its key characteristic is its independence. Unlike the first and second lines (which are part of management), the third line operates independently from operational and oversight functions, and, with the exception of internal audit, is pre-dominantly provided externally.

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

Each 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 and challenges were identified:

- There is a significant transformation change program to ensure that the Council meets its statutory duties in relation to housing and address areas that need improvement
- There is further work to do in some parts of social work delivery (Focus) and Housing in relation to stakeholder engagement

- In relation to Adults Social Care there was a forecast £2m overspend due to an additional 200 people requiring social care support throughout 2025/26
- Children's Services expenditure was over budget as a result of the additional pressures on the system, mostly because of significant external placement and transport costs due to a lack of sufficiency, and due to limited influence in the market to implement control measures, though this is an improving picture and is on a positive trajectory
- The Children's Services assurance framework has been refined to take account of new assurance mechanisms, and in the context of listening, learning, reviewing and adapting, it continues to be refreshed as appropriate to ensure it articulates the scope of assurance mechanisms across the scope of Children's Services, and the wider children's system, in the context of a changing landscape
- An area of financial challenge is around housing benefit subsidy which is driven largely by factors outside control, i.e. linked to temporary housing and support accommodation
- The Council is undergoing significant transformational change post Equans, with multiple and conflicting priorities putting strain on internal change management approach. New change management governance arrangements proposed to be implemented in 2026/27 and remain in place for at least two years

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.

- **Adult Social Care Complaints and Compliments 2024/25** – reported to Health and Adult Social Care Scrutiny Panel 1 October 2025. It provides an overview of the activity and analysis of complaints and compliments, and the lessons learnt and improvements identified. During 2024/25 the ICB Experience team received 26 formal complaints about adult social care which compares to 29 in 2023/24. 17 (65%) of the formal complaints received were related to services provided by Focus. There were six compliments logged and 283 logged by Focus Adult Social Work.

- **Biodiversity Duty Report 2024 - 2026** – reported to Cabinet 11 March 2026. Local authorities and local planning authorities are required to publish a biodiversity report which sets out how they will comply with the biodiversity duty and outlining their actions and intentions towards conserving and enhancing biodiversity within their borough. The report details strategies, policies, and actions implemented by the council. The report concluded that the Council has demonstrated a continued commitment to deliver biodiversity uplift for its residents in line with its statutory duty.

- **Our Green Future Annual Report 2025** – reported to Cabinet 1 April 2026. 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)

The report concluded that Council continues to identify innovative solutions and funding in relation to delivering net zero but cannot guarantee the future availability of external funding.

- **Health Protection Annual Report for North Lincolnshire 2024/25** – reported to the Health and Wellbeing Board 12 February 2026. This report provides a summary of the assurance functions of the Northern Lincolnshire Councils Health Protection Board and reviews performance for the Health and Wellbeing Board. The report sets out assurance arrangements, performance/key activities in 2024/25 and priorities for 2025/26 over a number of key domains. No significant issues were identified.

- **Independent Reviewing Service Annual Report 2024/25** – reported via Safeguarding Children Partnership (SCP) Board and the Corporate and Community Parenting Board. During 2024/25 the children in the Council's care population has continued to decrease (7%) due to "more consistent, robust and effective decision making and joined up approaches to care planning and reviewing across services to identify the right plan at the right time for our children".

- **Safeguarding Adults Board Annual Report 2024/25** - reported to the Health and Adults Social Care Scrutiny Panel 28 January 2026. 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.

- **Safeguarding Children Partnership Annual Report 2024/25** – reported via the SCP Board. The report sets out the work carried out by North East Lincolnshire SCP Board and sets out the activities, impacts and outcomes in delivering the SCP Local Arrangements, and the progress made in relation to the SCP priorities which are focussed around early help, neglect, child exploitation and child sexual abuse.

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 from them.

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 2025 to ensure that it reflected the Council's current governance arrangements and the revisions made were approved by the Audit & Governance Committee in January 2026. From the review some areas of development were identified, none of which were significant.

- **CIPFA Financial Management Code of Practice** – will be reported to Audit and Governance Committee in July 2026. 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** – reported to Full Council 21 May 2026. A review of the Constitution was conducted by the Monitoring Officer. Minor changes were made including the Scheme of Delegation. It also included recommendations made by the Constitution Working Group.

- **Annual Fraud Report 2025/26** – reported to Audit and Governance Committee 16 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 2025/26** – reported to Full Council on 21 May 2026. It provided a summary of the work undertaken by Scrutiny in 2025-26 and outlined future work programmes.

- **Annual Standards and Adjudication Committee Report** – will be reported to the Standards and Adjudication Committee in July 2026. It provides a summary of the work carried out by the Committee.

- **Annual Report of the Audit and Governance Committee** – reported to Audit and Governance Committee 16 April 2026. 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.

- **Information Governance and Security Annual Report** –- reported to the Audit and Governance Committee 16 April 2026. This report outlines the key Information Governance activities undertaken by the Council in the calendar year 2025 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 16 April 2026. The report highlights the Council's procurement activities undertaken within the calendar year 2025 which includes the launch of a contract management toolkit and the Guide to Assessing Slavery in the Supply Chain. It also 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 2025/26** – will be reported to the Audit and Governance Committee in July 2026. This report will highlight the work that has been undertaken in relation to risk management.

- **Treasury Management Policy and Strategy Statement 2026/27** – reported to Cabinet 11 February 2026 and Full Council 19 February 2026. The Statement conformed with Treasury Management regulations and no material breaches were reported.

- **Treasury Outturn Report 2026/27** – will be reported to the Audit and Governance Committee in July 2026. This will provide assurance that the Council complied with its legislative and regulatory requirements.

- **Value for Money Annual Report 2025/26** - prepared by the Deputy Section 151 Officer and reported to the Audit and Governance Committee 16 April 2026. This report summarises activities undertaken during 2025/26 and identifies additional actions for 2026/27 and beyond. 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 – to be reported to Audit and Governance Committee in July 2026. The report will include the following opinion "Based on the work completed during 2025/26, Internal Audit concludes that the Council has a generally satisfactory framework of governance, risk management. and internal control. Across most areas reviewed, there is clear evidence of established governance arrangements, active management of risk, and controls operating effectively to support the achievement of objectives. While the maturity and consistency of these arrangements vary across the Council, the issues identified generally reflect opportunities to strengthen and further formalise arrangements in some areas, rather than any fundamental weakness in governance, risk management, or control

Areas highlighted by audit were:
- Homelessness
- Audit Social Care
- Enforcement"

External Audit – the Council's External Auditors, Forvis Mazars, are expected to provide an unqualified opinion on the Council's statement of accounts and on value money conclusion by 30 November 2026.

Care Quality Commission (CQC)

An Adult Social Care Local Authority Assessment completed in August 2025. It was given a 'requires improvement'. The areas for improvement are:

- Embedding strengths based practice
- Improving take up of direct payments
- Support for informal carers (Care Act 2014)
- Equipment and adaptations
- Delays in assessments and reviews.

An improvement board has been put in place to oversee the required actions.

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

- A full Inspection of Local Authority Children's Services took place in July 2025, which culminated in a NELC Children's Services being rated as Good overall, with Outstanding leadership and management. The Ofsted report recognised that 'the service has undergone profound and positive change' and that 'many children, young people and care leavers are benefitting from help with their needs are first identified and through their social care experience'.

- There has been a number of regulatory Children's Homes inspections, which has resulted in all seven being rated as 'Good'.

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

- The Council engaged in an informal peer review in relation to children with disabilities; as well as a mock inspection process relating to SEND and a regional self-assessment challenge event in relation to SEND. Details are outlined below:

    - LGA Area SEND Peer Review which concluded in May 2026 focussed around a number of key lines of enquiry, in relation to effectiveness of governance and assurance; transitions and preparing for adulthood; partnership approach to waiting well; effectiveness of the Joint Strategic Needs Assessment; and voice and engagement of children, young people and parents/carers. Overall, the peer review team identified a range of strengths in relation to relational practice and partnership working, children and families at the centre, strong leadership commitment and a clear focus on developing our local response to the reforms. A number of considerations and recommendations were highlighted and the SENDAP Partnership Board will oversee the delivery of partnership action

- Children's Disability Service (CDS) peer review, undertaken as part of the regional Sector Led Improvement Programme. The review focused on culture, safeguarding practice, pathways, and the quality and impact of support to disabled children and their families. The review concluded that "NEL has made clear and meaningful progress since the 2021 inspection. The service benefits from committed leadership, a reflective workforce, and strengthening safeguarding practice" It included some recommendations for improvement

- The Council maintained compliance with Public Services Network Code of Connection and the NHS Data Security and Protection toolkit

Local Government and Social Care Ombudsman

The Ombudsman is responsible for independently investigating complaints that have not been resolved by the organisation. Of the 46 complaints received during 2025/26, ten were investigated all of which were upheld (100% compared to the national average of 85%). 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 2025/26

The 2024/25 AGS reported that the review of governance arrangements had identified seven main areas where the Council would need to focus its efforts during 2025/26 to address changing circumstances and challenges identified. The position as of May 2026 as reported by the relevant officers is as follows:

- **Children's Services**

  The journey from the 2021 inspection to the full Inspection of Local Authority Children's Services in July 2025, was significant, with an amplified focus and pace of transformational change which began late 2023. This was demonstrated by the outcomes of the inspection in which we were judged to be good with outstanding leadership and management.

  Since then, we have continued the progress with a consensus that the inspection was a marker in the sand, and that we need to continue to embed, sustain, create and innovate to further enhance partnerships and practice, and so that even more children and young people have improved outcomes and experiences across the Borough. This continuing journey has resulted in substantial benefits for children and young people, who are now more likely to:

  - be listened to, with their views taken into account and their needs met
  - be supported by permanent staff, resulting in fewer changes in their workers
  - receive early support from across the system, reducing the likelihood of needing statutory services
  - remain living within their own family and community
  - as care leavers, live in suitable accommodation as they transition into adulthood

- as children in our care, live with our own NELC foster carers rather than Independent Fostering Agency carers
- have positive, inclusive school experiences

Taking account of our self-assessment, the outcomes of our assurance framework and local and national policy drivers (significantly in relation to the children's reforms) we have identified further priority actions and workstreams to ensure we continue on our improvement and transformation journey, which will have an impact on our systems, processes and practice across the scope of the children's system.

- **Health and Social Care System**

  Following changes to the NHS and the role of ICB's there is agreement that the section 75 arrangements continue in North East Lincolnshire. A recent follow up audit identified that the issues around the governance arrangements up to 31 March 2026 had largely been addressed.

  North East Lincolnshire is in the first tranche of the National Neighbourhood Health Implementation Programme. This is the priority transformation programme for health and social care in 2026/27

- **Homelessness and Temporary Accommodation**

  Housing has moved under the Director of Adult Social Care and a new Assistant Director for Housing and Communities started at the beginning of December 2025. A housing board has been established overseeing a substantial transformation programme. Initial priorities include a review of Home Choice Lincs, the re procurement of housing related support and the development of a homeless and rough sleeping strategy.

- **Procurement and Contract Management**

  The issues identified have largely been addressed. The Procurement Act 2023 increased responsibilities from 2025, particularly around transparency and reporting. NELC has responded by introducing new procedures required to comply with the Act, mandatory procurement training for managers, a contract management toolkit, and appointing a Commercial Contracts and Relationships Manager (December 2025) to strengthen oversight and provide additional support to contract managers.

  The 2025 in-sourcing of the Equans contract brought additional procurement expertise into the Council. Staff are being supported to achieve Chartered Institute of Procurement and Supply (CIPS) accreditations, with agency support now used only where necessary.

  Following engagement in early 2026, a service review has taken place to ensure that capacity is sufficient, that we maximise professional expertise and ensure resilience, with a continued focus on development and best practice to 'grow our own' procurement experts.

Overall, strong progress has been made with investment in training, tools and leadership, demonstrating commitment to robust governance, compliance and effective use of public resources.

- **Corporation Bridge**

  There have been well rehearsed issues in the completion of the works on Corporation Road Bridge. The Council has appointed bridge restoration experts Taziker Ltd to carry out the remaining works, The appropriate scrutiny panel is being kept updated on project progress.

- **EQUANS Post - Transfer Governance Arrangements After 1st July 2025**

  On 1st July 2025, all services previously outsourced through the Equans contract, transferred back in-house to the council, including TUPE transfer of c270 staff, transfer of equipment and assets and novation of multiple contracts. Project management and exit board arrangements have been in place for the past 18 months to oversee a smooth transition to contract close. Transition has gone well, most risks from the initial project plan have now been closed, albeit some on-going risks remain relating to final accounts sign-off.

  Since 1st July 2025, the Equans Scrutiny Working Group has been monitoring service implementation and business continuity issues, as well as considering the initial service transformation plans. To assist in that process, a number of external Gateway Review have been carried out by Commercially Public to provide added assurances on delivery of the transformation plans. In April 2026 the Equans Scrutiny Working Group considered the last Gateway Review. The group recommended a step down in project governance as transfer and stabilisation of services was considered a success. The group further recognised that plans are in place to continue the ambitious post contract service transformation programme, with future progress being reported back through the general scrutiny panel programme.

- **Local Government Reorganisation (LGR)**

  Since the publication in December 2024 of the English Devolution White Paper, setting out the government's ambition to proceed with devolution and local government reorganisation at pace, a position statement was reached by this Council in March 2025 to the extent that the Council should continue to operate within its current administrative boundaries. A proposal was developed around this notion and duly submitted to government in November 2025. At the time of writing a decision as to the preferred direction of government is awaited and all indications point to this being communicated in Summer 2026. Work continues post-submission to gear up the Council to a position of general preparedness should the preferment of government be to reorganise. Whilst this poses a challenge in terms of resource and capacity, that matter will be closely reviewed at

appropriate levels of the Council including Leadership.

7. Governance Challenges for 2026/27 and Action Plan

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 2026/27:

Care Quality Commission Inspection

North East Lincolnshire Council Adult Social Care (ASC) delivery of its statutory duties under the Care Act 2014 was inspected by the Care Quality Commission in 2025 and found to be 'requires improvement'. This includes provision delivered by Focus Independent Social work and Navigo who are commissioned by NELC to deliver the majority of statutory functions under the Care Act 2014.

The post inspection improvement plan has been in place since January 2026 and has included support from external consultants who are working with Focus to review and improve their systems, processes and use of data as well as support from ADASS to undertake peer reviews of practice. This complements system wide improvement work led by the DASS and the senior team within NELC.

The improvement activities are overseen by the CQC Improvement Board which includes elected members and representatives of partner organisations. In addition, the DASS has regular meetings with the designated Care and Health Improvement Advisor to discuss progress and report progress in accordance with the plan.

CQC have outlined the revision to how they will carry out assessments in the future. It is likely that we will have an annual conversation with the regulator prior to any on site assessment.

Failure to demonstrate sufficient improvement could lead to the authority having areas that are deemed 'inadequate' which would trigger a statutory Section 50 (of Care Act 2014) improvement process which involves direct DHSC involvement in management and improvement of adult social care.

Procurement and Contract Management

There are further challenges in terms of the changes to the S75 arrangements with the Integrated Care Board (ICB) that are currently being assessed, which will have an impact on procurement and contract management resource and focus. There is also further development planned in terms of a new procurement framework for some services previously managed under the Equans contract.

Until these changes are fully embedded, it is prudent to retain procurement and contracting as an area of focus, so that the organisation is assured that there is no detrimental impact to the progress that has been made.

Housing Transformation

Whilst most of the MHCLG metric are showing that NELC's performance is in line with our peers, there is a increased focus on the delivery of the Council's response to the new national homelessness strategy. The housing team are also undertaking a series of changes that improve the access people have to safe, secure and affordable housing

The Housing Transformation Plan addresses areas of improvement that the Council is undertaking across housing options to improve performance.

SEND Reform

North East Lincolnshire's SEND system is facing significant and growing pressure from rising complexity of need, increasing statutory demand, and escalating costs linked to independent placements, unregistered alternative provision and transport. Without decisive reform, the number of children and young people with an Education, Health and Care Plan is forecast to rise substantially by 2029, despite a falling 0–25 population. The reform programme is therefore focused on shifting the system upstream: strengthening earlier help, improving ordinarily available inclusive provision, expanding local specialist capacity, and ensuring families can access advice and support before needs escalate. This is intended to improve outcomes for children and young people while also reducing avoidable demand and improving value for money.

- **The case for change is urgent:** demand for EHCPs, specialist placements and high-cost provision is rising, creating increasing pressure on children, families, schools and the High Needs Block.
- **The strategic response is clear:** reforms will build a more inclusive 0–25 system, with stronger local partnerships and more children having their needs met closer to home.
- **Earlier support is central:** the universal offer, self-assessment, cluster consultation and Experts at Hand model will provide practical routes to specialist advice and reduce reliance on statutory pathways.

- **Local sufficiency must grow:** support bases, specialist bases and capital adaptations will expand the continuum of local provision and reduce dependence on independent and non-maintained specialist placements.
- **Workforce capability is a key enabler:** mainstream and specialist settings will be supported to identify need earlier, respond consistently and embed evidence-informed inclusive practice.
- **Family confidence must improve:** clearer communication, co-production, youth voice and more consistent practice across education settings will be essential to rebuilding trust in the local offer.
- **Financial sustainability depends on reform:** slowing growth in high-cost placements, alternative provision and transport will be critical to stabilising the High Needs Block and improving value for money.
- **Impact will be tracked through clear metrics:** reduced EHC needs assessment requests against forecast, increased local capacity, fewer high-cost placements than projected, and quarterly monitoring of expenditure and deficit trajectories.

Significantly, this is both an improvement and sustainability agenda: the reforms are designed to secure better experiences and outcomes for children and families, while creating a more coherent, inclusive and financially sustainable local SEND system.