



Lewes District Council

Annual Governance Statement

Responsibility

Lewes District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It also needs to ensure that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

In discharging this overall responsibility, the council is required to put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

What is governance?

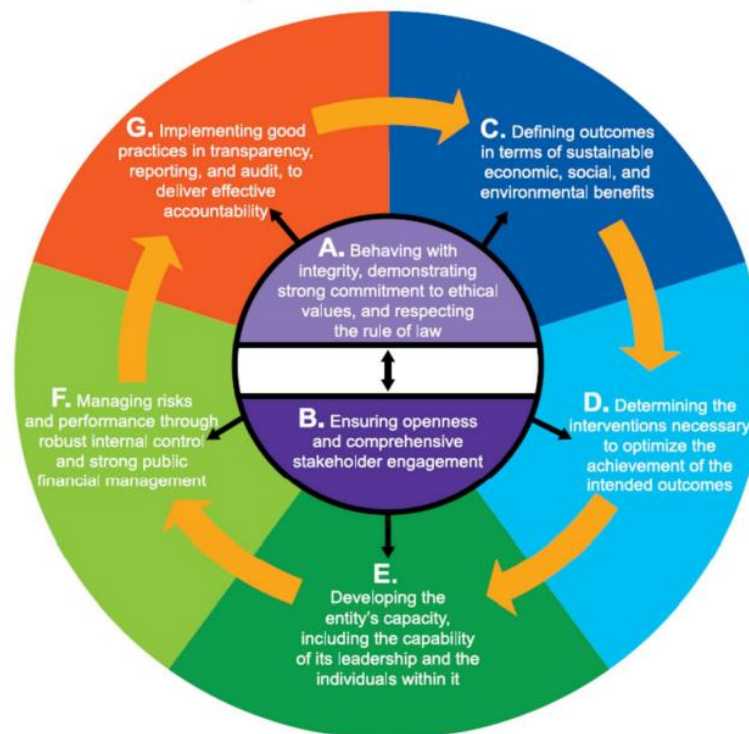
Governance is about how the council ensures that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems, processes, cultures and values by which the council is directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

Lewes District Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is available on the website (www.lewes-eastbourne.gov.uk/access-to-information/financial-information/corporate-governance) and contains a table which demonstrates how the council meets the core principles.

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The principles of good governance are given in the CIPFA/SOLACE *Delivering Good Governance in Local Government Framework 2016* from which the following diagram is taken.

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



Source: CIPFA 2016

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it is accountable to, engages with and leads its communities. It enables the authority to

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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 ongoing 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.

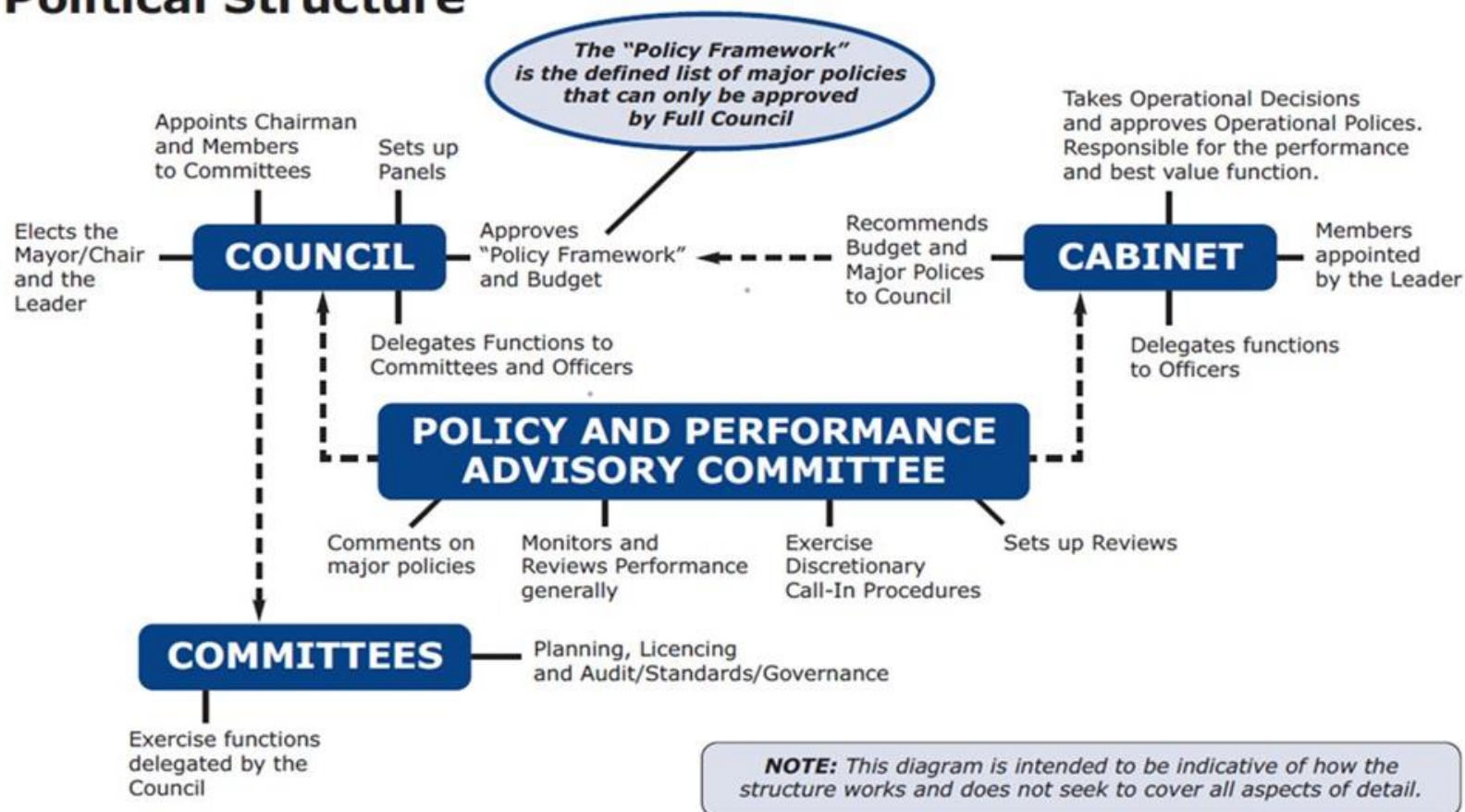
The production of this Annual Governance Statement forms part of the governance framework by providing a review of the governance arrangement in operation during the financial year.

The Governance Framework

The diagram on the next page shows how the political structure of the council works and interacts.

How it Works...

The Modernised Political Structure



Roles and Responsibilities

Head of Internal Audit

The head of internal audit (Chief Internal Auditor) provides an independent opinion on the control environment. This is based on the work of the internal audit team in delivering a risk-based audit plan of a breadth sufficient for the head of internal audit to place reliance on it to base their opinion on.

Monitoring Officer

The Head of Legal Services is the designated Monitoring Officer. The Monitoring Officer has the duty to ensure that the council, its officers and its elected Councillors, maintain high standards of conduct.

Chief Finance Officer – S. 151 Officer

The Director of Finance and Performance (Chief Finance Officer) has been designated as the s.151 Officer. They are responsible for ensuring that the council controls and manages its money efficiently.

Scrutiny and Review

Scrutiny and review is provided by the following:

Audit and Standards Committee

The committee provides assurance by carrying out independent scrutiny of areas such as audit, risk management, counter fraud and financial accountability. It does this by way of reviewing reports provided to its quarterly meetings.

For more information see: <https://democracy.lewes-eastbourne.gov.uk/mgCommitteeDetails.aspx?ID=423>

Policy and Performance Advisory Committee

The committee reviews the delivery of services and performance and supports the work of the Cabinet and Council. It allows Councillors outside the Cabinet, and members of the public, to have a greater say in council matters by investigating issues of local concern.

For more information see: <https://democracy.lewes-eastbourne.gov.uk/mgCommitteeDetails.aspx?ID=641>

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Cabinet

The Cabinet is responsible for most day-to-day decisions of the council. Each member is assigned a portfolio identifying areas of responsibility for which they provide a political lead at Cabinet meetings and for working in consultation with officers.

For more information see: <https://democracy.lewes-eastbourne.gov.uk/mgCommitteeDetails.aspx?ID=417>

Corporate Management Team

The team provides strategic management and planning. The team also considers the annual Internal Audit plan, Strategic Risk Register and Annual Governance Statement.

External Audit

The external auditors audit the financial statements and provide an opinion on these. They produce an Annual Audit Letter which assesses how the council manages its resources and delivers value for money.

Review of Effectiveness

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 review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. A quarterly meeting is also held to discuss governance matters.

The governance framework has been in place at the council for the year ended 31 March 2024.

One element used to gain assurance is information gathered from Managers' Assurance Statements. These statements contain questions based on the core principles of good governance as well as other areas such as safeguarding, the Bribery Act and the Regulation of Investigatory Powers Act. These are completed by senior managers and any issues raised are considered.

Companies

The council is also expected to report on separate bodies set up by the council and to give a full picture of the relationship with those bodies. The following table gives the details of these bodies and, where appropriate, it includes a link to where information can be found in respect of information such as reports and accounts.

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Name and incorporation date (where appropriate)	Current Status and summary purpose	Categorisation (Company number and nature where appropriate)	Governance and Board make up	Council shareholder interest where appropriate	Notes
<p>Aspiration Homes LLP (Limited Liability Partnership)</p>	<p>Company Active</p> <p>Incorporated on 30 June 2017.</p> <p>To ensure the councils have the overall capacity to maximise housing investment and funding opportunities. To act as the asset holding vehicle for affordable housing properties that cannot, for financial accounting or other reasons be held in EBC or LDC respective Housing Revenue Accounts.</p>	<p>Limited Liability Partnership LDC and EBC</p> <p>Company number: OC41800</p>	<p>Governed by LLP Agreement and an Executive Committee of 6 - made up of 3 elected members from each authority.</p>	<p>Lewes District Council Ownership of voting rights - More than 25% but not more than 50% Right to surplus assets - More than 25% but not more than 50%</p> <p>Eastbourne Borough Council Ownership of voting rights - More than 25% but not more than 50% Right to surplus assets - More than 25% but not more than 50%</p>	<p>Aspiration Homes will act as the asset holding vehicle for affordable housing properties developed through the EHICL and LHICL commercial development programmes.</p> <p>Support has included a £10 million loan to be funded from borrowing by LDC to Aspiration Homes LLP.</p> <p>www.lewes-eastbourne.gov.uk/about-the-councils/wholly-owned-companies-and-other-incorporated-entities</p>
<p>Lewes Housing Investment Company Ltd (LHICL)</p>	<p>Company Active</p> <p>Incorporated on 4th July 2017</p> <p>To undertake more commercial development, place shaping activities and hold associated respective assets, in a way which meets legal and regulatory requirements and ensures that the council has distinct control over such assets.</p>	<p>Company LDC only</p> <p>Company number: 10848011</p>	<p>Governed by Articles of Association and a Board of 5 directors made up of senior staff and Elected Members from Lewes District Council.</p>	<p>Wholly owned by Lewes District Council</p>	<p>To enable the council to undertake non HRA development and use associated forms of tenancies</p> <p>www.lewes-eastbourne.gov.uk/about-the-councils/wholly-owned-companies-and-other-incorporated-entities</p>

Managing the Risk of Fraud and Corruption

The CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and guidance suggests it is good practice to make a statement on the adequacy of an authority's counter fraud arrangements in the annual governance statement.

This code contains five principles:

- Acknowledge responsibility
- Identify risks
- Develop a strategy
- Provide resources
- Take action

The Chief Internal Auditor is satisfied that the council meets these principles by having a Counter-Fraud and Audit team who review risks across the authority and direct their work as appropriate. It is therefore considered that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud and uphold its zero tolerance.

Financial Management Code

With local authorities across the UK facing the challenges of reduced funding and increased demand for services, the need for robust financial management has never been more important. The CIPFA Financial Management Code (FM Code) sets out the principles by which authorities should be guided in managing their finances and the specific standards that they should seek to achieve. The self-regulation approach is also to prevent local authorities 'failing' and avoid any need for any external control or reductions in current powers. It is up to each authority to determine the extent to which it complies with the FM Code and to identify what action it may wish to take to better meet the standards that the FM Code sets out.

In 2023/24 the Director of Finance and Performance (Chief Finance Officer – S151 Officer) has taken account of the requirements of the CIPFA Financial Management Code and has acknowledged the approaches to Value for Money and the Council's financial resilience. A significant amount of the Code activities continues to be implemented by various teams across the Council including – the Finance Service, Internal Audit, other service departments, etc.

The Director of Finance and Performance (Chief Finance Officer – S151 Officer) has identified the Lewes District Council long-term financial viability as the key risk area regarding future compliance with the Code and this is being assessed through a combination of: the budget setting process; the Medium Term Financial Strategy; regular reviews of the Council's capital programme; Treasury Management Strategy and the provision of clear and regular financial updates/training to Members. The Council has a satisfactory record of financial management and so, analysing the council's structures, processes, and procedures against the FM Code's

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Financial Management Standards, shows a reasonable level of compliance with these principles. However, there are areas where further actions/consideration needs to be given to ensure full compliance with every aspect of the FM Code.

Local Government Association – Peer Challenge

The LGA peer challenge, which was undertaken jointly with Eastbourne Borough Council, has been referenced in the previous Annual Governance Statement.

The full report can be found on the LGA website [LGA Corporate Peer Challenge: Lewes District Council | Local Government Association](#)

A report with recommendations for improvement was received by the council in January 2023. A formal response to the report was agreed by Cabinet in July 2023. A follow-up ‘check in’ session was scheduled to be undertaken by the LGA in July 2023 but has yet to take place.

Strategic Risk Register

The council maintains a strategic risk register which is reviewed quarterly by the Corporate Management team and changes are reported to the Audit and Governance Committee. The review considers the internal controls, to ensure early prevention and/or mitigation of risks and governance concerns, and the risk scores.

Quarterly meetings to discuss governance

Quarterly meetings are held to discuss any governance issues. The members of the meeting are the Chief Internal Auditor, Director of Finance and Performance (Chief Finance Officer – S. 151 Officer), Head of Democratic Services (Monitoring Officer), Head of Legal Services and the Governance & Compliance Lead & Group Company Secretary. No significant issues were raised.

Managers’ Assurance Statements

One of the sources of assurance for the Annual Governance Statement should come from Senior Managers responsible for the operation, management and monitoring of controls within their area of responsibility. The Managers’ Assurance Statement is intended to collect this assurance by covering operational, project and partnership responsibilities as well as the Bribery Act, Safeguarding, Regulation of Investigatory Powers Act. The senior manager can highlight concerns and the necessary actions required to improve governance. Assurance statements are sent out to Directors, Assistant Directors and Heads of Service. Once completed their contents are used to inform the governance statement.

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The full list of responses received through these statements were considered by the Corporate Management team and the following was noted:

Firstly, it was noted that many of the comments/subjects have their root cause in the current economic environment and its financial impact on the council. This has led to the council delivering services within tight budgets and reduced capacity. Whilst this is acknowledged, it is not felt that this has caused any significant governance issue and all the issues raised in the returned statements are being managed.

Establishment List

The Chief Financial Officer acknowledged that there are misalignments between the establishment and the financial system. However, this is already being reviewed with a view to addressing the issue. It is felt that this is an area for improvement rather than constituting a governance issue.

Waste Fleet Replacement

This appears to be an issue around lead-in time and it was also noted in the returned statement that lessons have been learned from this procurement exercise and will be taken forward to the next procurement exercise.

Asset Register

Only one person raised this concern which they considered “substantial”. However, they also explained that the error had been noted and addressed. This is therefore also not considered to be a governance issue.

The Corporate Management team are therefore of the opinion that there are no significant governance issues. However, the concerns noted above have been included here in the body of the Annual Governance Statement for transparency.

Statement by Head of Democratic Services (and Monitoring Officer):

As Head of Democratic Services (and Monitoring Officer), I am not aware of any major governance issues in my area or elsewhere in the organisation.

Work has progressed on updating the scheme of delegations to officers to improve clarity. The new scheme of delegations was approved and adopted by Full Council in November 2023. Work is also progressing on reviewing and updating other sections of the council’s constitution where appropriate. This included the Council’s Code of Corporate Governance, which was last reviewed in 2017. The requirement for a Code of Corporate Governance is set out in the CIPFA publication “Delivering Good Governance in Local Government”.

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The Code of Conduct for Members is also kept under general review by the Monitoring Officer, although it should be stated that there is nothing inherently inadequate or defective with the existing code or the council's arrangements for dealing with complaints about councillor conduct (in so far as legislation allows).

Opinion of the Chief Internal Auditor

The Internal Audit team was carrying a vacancy for five months of the year. The post was filled in September and the team have been able to catch up on work and it is felt that it has still been possible to undertake an adequate breadth of coverage.

The Chief Internal Auditor is required to give an opinion of the overall adequacy and effectiveness of the control environment. The control environment is considered in three ways: the production of the Annual Governance Statement the effectiveness of Internal Audit, and the results of the work of Internal Audit.

Effectiveness of Internal Audit: a self-assessment against the mandatory Public Sector Internal Audit Standards has been carried out and shows that the work of the Internal Audit team is carried out in accordance with the standards. The Public Sector Internal Audit Standards require an external review to be carried out at least every five years. Wealden, Rother and Chichester District Councils, along with Lewes and Eastbourne, agreed to carry out reciprocal external assessments in 2023/24. The external review of Lewes and Eastbourne was carried out in the summer and reported to the Audit and Governance Committee in November. This review supported the results of the self-assessment, in that the Internal Audit function generally conforms with the Standards.

The work of Internal Audit: audit reviews carried out by the Internal Audit team and reported to and considered by the Audit and Governance Committee quarterly. Follow ups have traditionally not been carried out on annual audits as they are repeated every year. However, it has been noted that there were some recommendations being repeated. These are now being reported monthly to the Finance Departmental Managers team meetings, and quarterly to the Audit and Governance Committee.

While the governance framework is in place and working and Internal Audit are carrying out their work in accordance with the Public Sector Internal Audit Standards, the opinion on the control environment has to be caveated by the repeated recommendations on annual audit reviews.

As reported last year, the Chief Internal Auditor has some concerns about risk management at the departmental/operational level. One audit review of the overall framework has been carried out during the year and the report is currently out in draft, awaiting agreement of the recommendations made.

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UPDATE ON SIGNIFICANT GOVERNANCE ISSUES 2022/23

No significant issues were reported in 2022/23.

SIGNIFICANT GOVERNANCE ISSUES 2023/2024

There are no significant governance issues to report.

STATEMENT

We have been advised on the implications of the result of the review of effectiveness of the governance framework by the Audit and Governance Committee and that, subject to the actions identified above, the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Signed on behalf of Lewes District Council:

Leading Member

Date:

Chief Executive

Date: