



## Annual Governance Statement for Lincolnshire County Council 2011

### Scope of Responsibility

- 1.1 Lincolnshire County Council is responsible for making sure that its business is conducted in a lawful and proper way. Public money needs to be protected and properly used economically, efficiently and effectively. We therefore have a duty under the Local Government Act 1999 to ensure secure continuous improvement in the way our role is carried out, having regard to economy, efficiency and the effectiveness of what we do.
- 1.2 As we carry out this overall responsibility, we need to put in place good arrangements to manage our business effectively to deliver services to the people of Lincolnshire. This includes arrangements for the management of any risks we may face.
- 1.3 To help with these responsibilities we have put together and adopted a governance and assurance structure which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. This statement explains how we have followed the code and also meets the requirements of the

latest Accounts and Audit Regulations in relation to the publication of a statement of internal control.

### 2 The purpose of the governance framework

- 2.1 Each local government body operates through a Governance Framework which brings together a set of legislative requirements. As we follow the framework it helps us to ensure accountability for the proper conduct of our business, through the publication of an annual governance statement.
- 2.2 The Framework consists of the systems and processes, cultures and values by which the Council is directed and controlled. It sets out how we account to and engage with the people of Lincolnshire. It's about **Community Leadership**. It helps us monitor our progress in achieving our goals and whether or not those goals are leading to effective and top quality services.

### 3 The governance framework

3.1 We have put in place assurance arrangements that help us test and gain confidence that the governance framework is operating as intended and that we are:

*“doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner”*

3.2 The Executive and senior managers have approved the governance framework and they have accepted responsibility for its implementation.

3.3 An officer governance group is in place that is responsible for monitoring the framework’s effectiveness and make sure that any concerns raised during the year are acted upon.

3.4 Through the Audit Committee, elected Members oversee our financial processes, audit and risk management including the effectiveness of the corporate governance framework.

3.5 Our Governance Framework is defined by the six principles of good governance as shown below:

#### 3.6 **Engaging with local people to raise the profile of the Council and demonstrate public accountability.**

- We continue to put the public first in how we work, looking and seeking their views to help determine decisions on how we use public money, demonstrating clear accountability to

the public. [The Constitution](#) gives clarity to all staff and the community to whom we are accountable and what for.

- Clear communication and consultation is in place with all sections of the community and operates effectively. The outcomes of inspections are published on our website <http://www.lincolnshire.gov.uk/>
- We have built and will continue to build strong relationships with our partners. Our long term vision to 2030 sets out the overall strategic direction for the economic, social and environmental wellbeing of Lincolnshire. This demonstrates strong collaboration in delivering services to the County and our priority to build and maintain strong, good relationships.
- We have responded to the requirements to deliver significant funding reductions and continue to deliver a high quality of service by reviewing how we manage ourselves and provide services to the citizens of Lincolnshire.
- We comply with the transparency initiative promoted by Government and publish details of relevant salaries and expenses together with all payments of £500 or more. This commenced in January 2011.

#### 3.7 **Focusing on the purpose of the Council and improving future outcomes for the whole county.**

- We communicate the vision and purpose of the authority to the public by setting out our objectives and priorities for the year within our [Business Plan](#).

- We make sure the public receive high quality services by measuring our success and publically reporting our overall financial position in our [Statement of Accounts](#). We continually seeking to provide world class customer service learning from what our customers tell us as shown by our [Community Engagement Strategy](#) and our [Customer Service Charter](#).
- We will continue to make sure the Council delivers excellent value for money as we review our [Financial Strategy](#) and by using our Financial Strategy to set out how we will respond to the economical challenges we are facing whilst ensuring top rate services.

### 3.8 **Members and officers working together to achieve a shared purpose and being clear about roles and responsibilities**

- We make roles and responsibilities within the Council clear to ensure effective leadership through showing how the Council operates and how decisions are made to make sure we are accountable to local people. The following all help us to achieve this:
  - § [The Constitution](#)
  - § [Code of Conduct](#)
  - § [Role of Standards Committee](#)
  - § [Codes and Protocols](#)
- Roles of staff are set out in our [Employment manual](#) along with conditions of employment including [Members](#)

[Allowance](#) in order to make sure that strong working relationships exist between elected Members and Officers.

- Ensuring that relationships between the authority and the public are clear is vital to us and helps us to establish what to expect from each other. In order to do this we open [Council Meetings](#) to the public and effectively monitor the way services are delivered as shown in the [Role of Monitoring Officer](#). The Council also has a [Consultation Strategy](#) which we use to ensure that the Council's vision, aims, and priorities are carried out in consultation with the public.

### 3.9 **Demonstrating the values of the Council through excellent standards of conduct and behaviour**

- We have a commitment to making sure that both our members and our officers display the highest possible standards or behaviour and conduct. A [Code of Conduct](#) has been adopted to ensure and promote good conduct in officers.
- We are dedicated to promoting a strong culture to prevent and detect fraud. This is supported by our [Counter Fraud Policy](#) and our [Whistleblowing policy](#).
- If for any reason someone feels that the Council has failed to do something that should have been done or has done something badly or feel that they have been treated unfairly we have a [Complaints Policy](#) to proactively deal with complaints and learn from our mistakes.

- Our [Standards Committee](#) was set up in 2002 to make sure that the Council's leadership sets a tone for the organisation by creating an atmosphere of respect, openness and support. The Committee makes sure that the Council promotes good ethical conduct of Councillors and non elected staff and also ensures we maintain a commitment to [Equality and Diversity](#) when making decisions to help develop positive, trusting relationships.

### 3.10 **Taking informed transparent decisions and demonstrating clear accountability**

- As a local authority we must be clear about how decisions are taken and also listen and act upon constructive scrutiny. The Audit Committee was established in 2006. It promotes and maintains high standards of good governance including making sure an adequate risk management and control environment exist and that financial performance and accounting is properly and lawfully monitored. Reports and minutes of the Audit Committee meetings are available on [Audit Committee Records](#).
- Our [Overview and Scrutiny](#) Management Committee exists to review and scrutinize any decision made by the Executive, Executive Councillor or key decision made by an officer. It examines the County Council's overall performance and advise our Overview and Scrutiny Committees of any areas of performance requiring detailed consideration.

- The Executive Director – Performance and Governance is the designated Monitoring Officer with the responsibility for ensuring the lawfulness of decisions taken by us as detailed in the [Constitution part3](#).
- Risk Management is about taking measured risks when making decisions or where we need to encourage innovation in times of major change. This will put us in a stronger position to deliver our goals and provide excellent services. Our risk management process is well established in the way we work. The Audit Committee is responsible for reviewing how effective our risk management procedures are. Our Corporate Risk Register is regularly reviewed and more details can be found in our [Risk Management Strategy](#)

### 3.11 **Developing the capability of members and officers to be effective in their work**

- Making sure that members and officers have the skills, training, experience and support to perform well is one of our key priorities. Our [People Strategy](#) helps us to achieve this. The People Strategy is one of our most important strategies as it helps us to effectively engage with our staff and ensure their commitment to achieving our vision, aims and values.
- We ensure that skills required by Members and staff are assessed and developed to enable roles to be carried out more effectively through our [Competency Framework](#) and our [Competency Policy](#)

- The Councillor Learning and Development Group co-ordinates activities and training for our members to ensure they are effective in their roles.
- In recognition to our commitment as an employer that achieves the most by getting the best from its people we attained the [Investors in People](#) award
- During the year the Council has undertaken significant workforce change. Our employment policies have supported our staff through these difficult times.

#### **4 Review of Effectiveness**

- 4.1 The County Council should carry out an annual review of how effective its governance framework is. This is informed by the:
- Executive managers
  - Head of Internal Audit's annual report
  - Strategic Risk Manager's annual report
  - Standards Committee's annual report
  - By comments made by external auditors and other agencies.

#### **5 Our Assurance Arrangements**

There are a number of ways we assess if our governance arrangements are working. These are:

#### **5.1 Corporate Governance Group**

The Corporate Governance Officer group was set up to help ensure the Council adopts good governance in running its business and making sure we are '*doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner*'.

#### **5.2 Internal Audit**

Internal Audit exists to provide assurance that the Council maintains an effective control environment that enables it to manage its business well and deliver effective services to the public. It helps the Council achieves its objectives, ensure that effective and efficient operations are maintained, and it safeguards its resources. It provides constructive and independent challenge to management on the way things are done.

#### **5.3 External Audit**

The Councils financial statements and annual governance statement are an important way we account for our stewardship of Public funds.

The Audit Commission, our External Auditors, audit our financial statements and gives an opinion on these.

They also assess how well we manage our resources and deliver value for money to the people of Lincolnshire.

#### 5.4 **Audit Committee**

The Audit Committee is a vital overseeing group that promotes good governance, ensures accountability and reviews the way things are done. The Audit Committee examines areas such as audit, risk management, counter fraud and financial accountability. The Committee exists to challenge the way things are being done and making sure the right processes are in place. It works closely with our Internal Audit team.

Our External Auditors attend Audit Committee meetings. At least once a year a private meeting is held with them to help provide the Audit Committee with independent insight on key issues facing the Council and how well its' governance arrangements are working.

We have appointed a non-elected member to the Committee. The ability of an independent member to offer different perspectives and constructive suggestions will improve the way we work. For more information go to: [Audit Committee Records](#)

#### 5.5 **Risk Management**

Good risk management is part of the way we work. Our strategic risk management team supports management to help them take measured risks and create an environment of 'no surprises'.

For more information go to: [Risk Management Strategy](#)

#### 5.6 **Standards Committee**

The Standards Committee maintains high standards of conduct by councillors and non-elected members. The Committee seeks to promote an open and honest system of Local Government by making sure members follow their Code of Conduct.

Our independent non-elected members offer different perspectives and constructive suggestions to the way we work. For more information go to: [Standards Committee](#)

#### 5.7 **Performance Management and Data Quality**

The Council is committed to continuously improving the way we work and the services we provide for the people of Lincolnshire. Each year we set out plans for improvement in the Council's Business Plan, Statement of Accounts and Best Value Performance Plan.

For more information go to: [Performance](#)

## 6 Governance Issues

As a result of our review we have identified the following areas where further work is required to improve systems or monitor how the key risks facing the Council are being managed. These are:

Governance Issue	Lead Officer	Key Delivery Milestones	Date
<p><b>Adult Social Care</b> Putting People First is a transformation programme to ensure that all people who may require adult social services support have access to information, advice and preventative services, thereby delaying or stopping their need for Adult Social Care. We have strengthened our programme and project arrangements in this area but there are still some key things we need to do to ensure our success and deliver a balanced budget</p>	Terry Hawkins	Personal Budgets to be provided to 50% of eligible people	April 2012
Adult Services improving the way we deal with referral and assessments	Susie Alexander	Meeting performance targets and Improvement Plan	July 2011
<p><b>Value for Money</b> Strategic Commissioning and how we manage our contracts – we need to improve the way we commission and monitor our contracts demonstrating value for money and driving up performance.</p> <p>Primarily this relates to Adult Social Care but there is clear scope for reviewing and improving such arrangements throughout the County Council</p>	Terry Hawkins	Review all contracts	April 2012
		Delivery of Improvement Plan	April 2012
	Management Board	Consider the need to strengthen skills and, if necessary, capacity within the authority to improve all aspects of the commissioning / contracting / client functions across all service areas	December 2011

Governance Issue	Lead Officer	Key Delivery Milestones	Date
<p><b>Service Delivery Post Core Offer</b>            Transition and delivery of our 'core offer' of service delivery for the people of Lincolnshire – The Council needs respond to the very different political and financial environment it now operates within. We are now expected to do what we have to do – and what we wish to do – with a lot less money. We need implement major work force change and deliver savings of £125m over the next 4 years but predominately in the first 2 years. We will need to decide what we can continue to do, stop doing, scale down or look for others to take on. There will be some risks that need to be managed effectively as we move forward:</p> <ul style="list-style-type: none"> <li>• Impact on people – those who use our services and our staff. Minimising any disruption to our 'core' services.</li> <li>• Ensuring that we have good succession planning and handover arrangements in place where experienced staff leave us.</li> <li>• Impact on our partners and key suppliers and ultimately the local economy.</li> <li>• Delivery of our savings ensuring our financial resilience for the future.</li> <li>• Ensuring that we prioritise our resources within tighter budgets whilst improving productivity and efficiency.</li> </ul>	All Executive Directors, Asst Directors and Heads of Service.	Robust budget and service quality monitoring arrangements have to be applied for the foreseeable future in order to secure delivery of both the financial and service delivery aspects of the core offer review outcomes.	Ongoing
<p><b>Working with our Communities</b>            The Council has worked as a Community Budget national pilot on Families with Complex Needs and continued working on local priorities around 'Excellent Ageing' and 'Total Environment'. To date, these have not had significant impacts on governance because the anticipated shared budgets have not yet materialised. However, Community Budgets will remain a potential area of focus for governance as the Council has expressed formal interest in the expansion of Community</p>	David O'Connor	Review of governance arrangements (as appropriate)	31 March 2012



Governance Issue	Lead Officer	Key Delivery Milestones	Date
Budgets, which should become clear on publication of a national prospectus at the end of September 2011.			
<p><b>Reviewing our Governance and Assurance Arrangements</b>  The people of Lincolnshire need to have confidence in the way we work, we need to show high standards in public life. It's about how we do business – it's about good governance.</p> <p>We all know that there will be tough times ahead as we move to a new era of delivering public services to the people of Lincolnshire. During this time there is no doubt that our governance structures and processes will be tested.</p>	Lucy Pledge	Review of our Governance and Assurance arrangements in light of potential changes in the way we work and deliver services.	December 2011
<p><b>Financial Statements</b>  The basis under which the published financial statements of the authority are derived has, for all local authorities, undergone significant change for the 2010/11 statements in order to comply with International Financial Reporting Standards. Production of the statements has been challenging in both technical and resource terms. As a consequence the timetable originally agreed with External Audit for review of the statements was not achieved leaving the authority exposed to the risk that the audited statements may not be approved by the Audit Committee and published by the statutory deadline of 30<sup>th</sup> September 2011.</p>	David Forbes	A full review will be undertaken during the autumn of 2011 with Mouchel to understand the underlying issues behind the delays in producing the financial statements for last year and an action plan will be derived to ensure there is no repeat of the situation in future years.	November 2011

## Conclusion

**We are satisfied that plans are in place that will address the areas identified above and will monitor their implementation and operation as part of performance management. The Audit Committee will help provide us with independent assurance during the year.**

**Signed**

..... **Date** ...../...../.....  
**Director of Resources and  
Community Safety**

..... **Date** ...../...../.....  
**Chief Executive**

..... **Date** ...../...../.....  
**Leader of the Council**