
Annual Governance Statement

2013/2014

Version 1 19.05.14

*Insert corporate brand / picture –
demonstrating accountability etc*

Lincolnshire County Council

The Council provides a vast range of services to the 719,000 people and XX (business) who live or are based in the County.

Some other key statistics to be added:

Eg School pupil numbers / roads repaired / customer context /

From time to time the council makes decisions that others want to challenge. Apart from our own complaints mechanisms, people who are dissatisfied after that process may take a complaint to the Local Government Ombudsman.

In delivering these services we only had XX complaints considered by the Ombudsman, with YY being upheld.

There is one other route for challenge, that of judicial review. This is a legal challenge on the processes that we have followed or allegedly with which we have not complied. At the time of publication, a judicial review into decisions regarding transformation of the Libraries Service was awaiting a decision of the court.

Annual Governance Statement for Lincolnshire County Council 2014

How has this Statement been prepared?

Each year we reflect on how well the Council's governance framework has operated during the year and identify any significant governance issues we need to draw to the attention of Lincolnshire residents.

To help us do this the Council's Audit Committee undertakes a review of the Council's governance framework¹ – considering and challenging evidence and information supplied by an Officer Group (comprising of the Chief Financial Officer, Monitoring Officer, Head of Internal Audit, Head of Legal Services and Democratic Services Manager).

On the 11th June 2014 the draft statement was agreed and signed off by the Corporate Management Team.

On the 21st July 2014 the Audit Committee considered the significant governance issues identified in the Statement – ensuring that the Statement properly reflects how the Council is run and identified any improvement actions.

The final statement was formally approved by the Audit Committee on the 22nd September 2014.

¹ The Council has adopted a governance and assurance structure which is consistent with the principles of the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government – 2012 Edition

Introduction by Pete Moore Executive Director, Finance and Public Protection

"If management is about running the business – governance is about seeing that it is run properly"²

Good governance underpins everything we do as a Council and how we deliver services often comes under close scrutiny.

It's important our resources focus on agreed policy and priorities; that there is sound and inclusive decision making with clear accountability for the use of those resources and that key risks are managed effectively. This ensures that we achieve the desired outcomes for the people of Lincolnshire.

We continue to face significant financial challenges with less money for Local Authorities. We will have made savings of nearly £130m by March 2015 and will have also made some modest use of our balances to help support the budget and the change programme the Council will be undertaking. The Spending Review for 2015/16 and our future financial projections indicate that we will have to reduce budgets by a further £90m by March 2019. This will mean reassessing our priorities against available budgets and looking at different ways to deliver our services – working far closer with key partners such as health and police, business, the 'third sector' and community groups.

In this time of change it is vital that people and businesses have trust and confidence in how we run our business and that public money is well spent.

Pete Moore
Executive Director – Finance and Public Protection

² Robert Tricker. An expert in Corporate Governance.

What is Corporate Governance?

Lincolnshire County Council spends around £1,000 million of public money every year. It is our duty to **“ensure the greatest benefits for the people in Lincolnshire from the resources we use.”**

The public have a right to expect high standards and value for money in how we spend this money to improve the lives of the people of Lincolnshire.

Local Government has been and will continue to undergo significant change. The way we operate and deliver services – either directly, with or through other organisations will provide challenges for managing risk, ensuring transparency and demonstrating accountability. We need to aim for the standards of the best and our governance arrangements should not only be sound but also seen to be sound.

The Framework consists of the systems and processes, cultures and values by which the Council is directed and controlled. It sets out how we

Figure 1 - Our governance framework

- Services are delivered economically, efficiently & effectively
- Management of risk
- Effectiveness of internal controls
- Democratic engagement & public accountability
- Budget & financial management arrangements
- Roles & responsibilities of Members & Officers
- Standards of conduct & behaviour
- Compliance with laws & regulations, internal policies & procedures
- Actions plans dealing with significant issues are approved, actioned & reported upon

Assurance Required Upon

Code of Corporate Governance

Source of Assurance

- Constitution (incl. statutory officers, scheme of delegation, financial management & procurement rules)
- Audit Committee
- Internal & external audit
- Independent & external sources
- Council Executive & Scrutiny
- Medium Term Financial Strategy
- Complaints system
- HR policies & procedures
- Whistleblowing & other countering fraud arrangements
- Risk management strategy & framework
- Performance management system
- Codes of conduct
- Corporate Management Team

Assurances Received

- Statement of accounts
- External audit reports
- Internal audit reports
- Local Government Ombudsman report
- Risk Management Reports
- Counter fraud reports
- Scrutiny reviews
- Effectiveness reviews of Audit Committee
- Combined Assurance Status Reports
- Overview & Scrutiny Annual Report
- Performance & Delivery Reports
- Annual Report

Opportunities to Improve – our key risks

- Maintaining Good Governance
- Integration of Health and Social Care
- Responding to the Care & Support Bill
- Capacity to deliver
- Future Delivery of Support Services
- Safeguarding Children
- Ensuring all children have access to a good education

Annual Governance Statement

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.

Our Governance Framework brings together an underlying set of legislative requirements, good practice principles and management processes.

Whose responsibility is it?

Having good governance arrangements is important to everyone involved in the Council. However, it is a key leadership responsibility of the Leader of the Council and of the Chief Executive. They are accountable for ensuring good governance in the Council.

The Council – How it works

The Council is made up of 77 Councillors and operates a Leader and Cabinet model of decision making.

All 77 Councillors meet at full Council to agree the budget and policy framework. Ten Councillors form the Executive. The Executive make the decisions that deliver the budget and policy framework.

The remaining 67 Councillors form scrutiny committees. These committees develop policy and scrutinise decisions made by the Executive and key decisions made by officers – holding them to account. A number of Committees deal with Regulatory issues.

The conduct of Council's business is defined by formal procedures and rules – known as the Constitution. This explains the roles and remits of all committees and the delegation arrangements that are in place. It also contains the Budget and Policy Framework, finance and other procedure rules and the Codes of Conduct for Members and Employees.

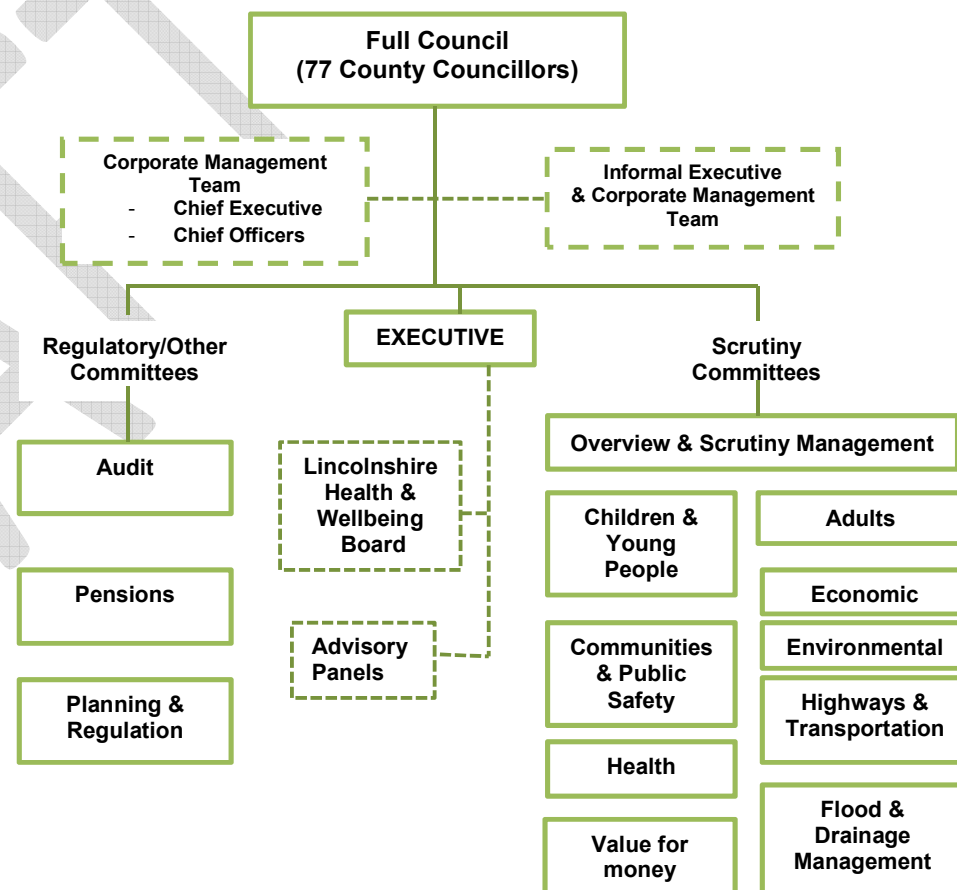
Council elections were held on the 2nd May 2013. This resulted in a change in the Lincolnshire Administration – which is now a coalition of Conservatives, Liberal Democrats and Independents.

In times motivated by change we are committed to sharing as much information about our plans and programmes as possible. Meetings are therefore normally open to the public and we undertake extensive consultation on major changes to the way we propose to deliver our services.

During 2013 we have continued to progress towards becoming a commissioning council. Fundamentally, we are reshaping ourselves as a council completely focused on outcomes, or results, rather than services as in the past. We have already started reviewing senior management structures – during 2014 further organisational change is planned to align our workforce to deliver the 17 commissioning strategies and deliver the spending reductions required of us. Having a strong governance framework during this period will be vital to our success.

Having far closer co-operation with health partners and community groups will play a part in how we run our business. Collaborative governance and accountability arrangements will need to be fully developed – balancing accountability for successful delivery of outcomes with proportionate and pragmatic approaches based on acceptable levels of risk.

Figure 2 – Council Committee Structure



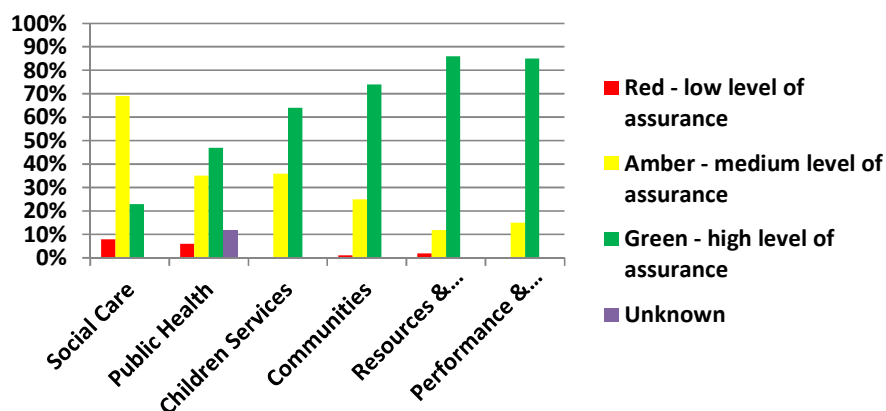
How do we know our arrangements are working?

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

Our managers have the day to day responsibility for managing and controlling services - they are accountable for their successful delivery. They set 'the tone from the top' and develop and implement the policies, procedures, processes and controls – ensuring compliance.

A Combined Assurance Status report is produced by each Director on the level of confidence the council can have on its service delivery arrangements, management of risks, operation of controls and performance for their area of responsibility. These reports are reviewed by the Audit Committee.

Figure 3 – Overall Assurance Levels 2014



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 publish an [Annual Report](#) that highlights some real achievements in services provided to Lincolnshire residents, summarises how we spent our budget and shows what efficiency savings we have made.

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.

Role of Monitoring Officer

The Executive Director – Environment and Economy is the designated Monitoring Officer with responsibility for ensuring the lawfulness of decisions taken by us as detailed in the [Constitution Part 3](#).

The Monitoring Officer is responsible for ensuring the Council complies with its duty to promote and maintain high standards of conduct by members and co-opted members of the authority. The Council has adopted a Code of conduct and arrangements by which the Monitoring Officer will deal with complaint that Members may have failed to comply with the requirements of that Code.

Effective Scrutiny and Review

Our [Overview and Scrutiny](#) Management Committee exists to review and scrutinise any decision made by the Executive, Executive Councillor or key decision made by an officer. It examines the County Council's overall performance and advises our Overview and Scrutiny Committees of any areas of performance requiring detailed consideration.

Each year an [Overview and Scrutiny Annual](#) report is produced which shows the activities undertaken by the 10 Committees and how they have contributed to the delivery of agreed priorities and outcomes.

Managing our Risks

Good risk management is part of the way we work. It 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 Strategic Risk Register is regularly reviewed and more details can be found in our [Risk Management Strategy](#)

Our strategic risk management team supports management to help create an environment of 'no surprises'. A recent Internal Audit Review has identified some opportunities to improve risk information around key decisions, projects and the level of risk the Council is prepared to take across its different business units.

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

Tackling Fraud Locally

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](#).

Our response to Central Government's expectations for tackling fraud and corruption is reflected in the Counter Fraud Policy and annual work plan.

Progress and delivery of our counter fraud work plan is monitored through our Audit Committee with an **Annual Report** produced to provide information on the overall effectiveness of the Council's Counter Fraud arrangements.

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 enables us to learn from our mistakes.

Chief Financial Officer

The Council has designated the Executive Director – Finance and Public Protection as the Chief Finance Officer under Section 152 of the Local Government Act 1972. He leads and directs the Financial Strategy of the Council.

They are a member of the Council's Management Board and have a key responsibility to ensure that the Council controls and manages its money well. They are able to operate effectively and perform their core duties - complying with the CIPFA Statement on the role of the Chief Financial Officer.

Our Audit Committee

The Audit Committee is a vital group that oversees and 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, 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](#)

Internal Audit

Internal Audit provides independent assurance designed to add value and improve how the Council operates. It helps the Council achieve its priorities and objectives by bringing a systematic and disciplined approach to evaluate and improve the management of risk, control and governance

processes. It provides constructive and independent challenge to management on the way things are done.

We undertake an annual review of the effectiveness of our Internal Audit service ensuring it conforms with the UK Public Sector Internal Audit Standards including CIPFA's advisory note on the standards and their statement on the role of the Head of Internal Audit in public service organisations.

Our **Internal Audit Charter** sets out Internal Audits role and remit.

External Audit

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

KPMG, our External Auditors, audit our financial statements and provide an opinion on these.

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

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Governance Issues

Whilst we are generally satisfied with the effectiveness of our governance framework and assurance arrangements our review identified the following areas where further work is required to improve systems or monitor how the key risks facing the Council are being managed:

Governance Issue	Lead Officer(s)	Key Delivery Milestones – 2014/15	Implementation Date
Maintaining Good Governance			
<p>Maintaining good governance in complex environments and in times of significant change can sometimes become difficult. Our governance and assurance arrangements will need adapting to respond to the changing organisational environment:</p> <ul style="list-style-type: none"> • Proportionate and pragmatic given collaborative delivery models • Risk Managements information improved around decisions and clarity on the level of acceptable risk associated with different business units / delivery models • Effectiveness of the Audit Committee and Overview and Scrutiny Committees • Implementation of Local Government Transparency Code 2014 • Review of effectiveness of local standard arrangements re members code of conduct (via Audit Committee) 	<p>Executive Director Finance and Public Protection Safety</p> <p>Monitoring Officer (Executive Director Environment and Economy)</p>	<p>Delivery models will be reviewed as part of the fundamental budget review and the review of Council priorities but will also be an ongoing feature from the new commissioning approach.</p> <p>The Transparency Code has been reviewed and action will be taken to ensure additional information is in place between now and December 2014.</p> <p>Chairman and Vice-Chairman of Committees will be briefed on the Openness of Local Government Bodies Regulations 2014. Standing orders will be amended appropriately.</p> <p>The Council is reviewing its Constitution which will be presented to the September Council Meeting.</p> <p>The Corporate Risk Register was updated recently but will be reviewed</p>	<p>FBR / review of priorities will result in a sustainable medium term budget and an updated Council business plan budget by February 2015.</p> <p>Between October and December 2014.</p> <p>By September 2014</p> <p>September 2014 (possible further review on Standards before May 2015)</p>

Governance Issue	Lead Officer(s)	Key Delivery Milestones – 2014/15	Implementation Date
		<p>following the FBR and as part of the preparation of an updated business plan for 2015/16.</p> <p>The self-review, facilitated by the External Auditors of the effectiveness of the Audit Committee was undertaken in June 2014 and an implementation plan will be developed out of this. Because Executive Director responsibilities have changed in recent months the officer 'governance group' has been re-constituted and will meet on a regular basis to ensure all key governance issues are picked up and addressed in a timely and effective manner.</p>	<p>Further update of the Corporate Risk Register By March 2015.</p> <p>Implementation plan to be agreed and implemented during 2014/15.</p> <p>Already actioned.</p>
Integration of Health and Social Care			
<p>The transformation of Adult Care continues at scale and pace along with health organisations within Lincolnshire as elsewhere.</p> <p>Achieving better care and keeping the most vulnerable adults safe can only be done in partnership - whether that be with colleagues within the Council such as Public Health and Children's Services, statutory partners such as health colleagues, 3rd sector and independent organisations.</p> <p>For the people working in the service, they will require a change in skills and attitudes. For the organisational shape and processes used today, they require</p>	<p>Director of Adult Services</p>	<p>To be completed</p>	<p>To be completed</p>

Governance Issue	Lead Officer(s)	Key Delivery Milestones – 2014/15	Implementation Date
fundamental change.			
Responding to the Care and Support Bill			
<p>Future years' budgets for Adult Care will be heavily impacted by the additional cost implications of 'Dilnot' and the Care and Support Bill. This results from a mix of the 'cap' on service user contributions, changes to means testing arrangements, impact of self funders and the impact of demography and in particular increasing life expectancy.</p> <p>The Care Bill seeks to reform social care – modernising the law to put people's wellbeing at the heart of the care and support system. It aims to support those people who need it most.</p> <p>To help make difficult choices, and yet optimal ones, a set of decision making criteria has been established and Commissioning strategies established. Appropriate governance structures need to be in place to ensure that we implement these changes well.</p>	Director of Adult Services	To be completed	To be completed
Capacity to Deliver			
Local Government continues to face spending reductions. In Lincolnshire, by the end of the decade, our Council budget will be at least 40% less than it was in 2010. We have made significant changes already – more needs to be done – we need new ambitions and to reorganise ourselves so as to deliver these in the most efficient and effective manner possible.	Pete Moore – Executive Director Finance and Public Protection	As part of the budget process for 2014/15 the Council agreed that a Fundamental Budget Review would be undertaken during 2014 to address the financial challenges it faces over the next few years. This will include re-assessing priorities within the new commissioning strategies framework, a	Initial FBR workshops with the Executive from late June to August 2014. September 2014 – capital workshop and Executive consider

Governance Issue	Lead Officer(s)	Key Delivery Milestones – 2014/15	Implementation Date
<p>Historically, we have been used to delivering services, many of which have been identified for us in legislation or have built up over decades of expectation, practice and procedure. From now on, however, the Council will identify the outcomes it wishes to see in priority areas and then work out how best to bring about those outcomes.</p> <p>All areas of the Council will be subject to fundamental budget reviews.</p>		<p>reduced budget envelope and with an appropriate assessment of risks. This will result in a sustainable, medium term financial plan and an updated financial strategy to support it.</p>	<p>overall options and proposals for consultation.</p> <p>October 2014 to January 2015 – consultation on priorities and budgets with the scrutiny committees public, service users, partners and outside bodies.</p> <p>February 2015 – finalisation and approval of budget and medium term financial plan.</p>
Future Delivery of Support Services			
<p>Our contract to deliver back office support functions comes to an end in March 2015.</p> <p>The Future Delivery of Support Services Programme (FDSSP) was set up in review how the support services would be delivered with new contract arrangements being put in place from the 1st April 2014.</p> <p>A new financial and HR system will be implemented from 1st April 2015 – this will mean new support processes and different ways of working. The successful delivery of this programme is vital as it impacts on all areas of Council business.</p>	<p>Chief Information and Commissioning Officer</p>	<p>To be completed</p>	<p>To be completed</p>

Governance Issue	Lead Officer(s)	Key Delivery Milestones – 2014/15	Implementation Date
Project governance and assurance arrangements have been put in place to achieve this.			
Safeguarding Children			
<p>The action we take to promote the welfare of children and protect them from harm - is everyone's responsibility. Everyone who comes into contact with children and families has a role to play. Safeguarding and promoting the welfare of children includes: protecting children from maltreatment; preventing impairment of children's health or development; ensuring that children grow up in circumstances consistent with the provision of safe and effective care; and taking action to enable all children to have the best outcomes.</p> <p>In order to strengthen our safeguarding arrangements the Service is working in partnership with other agencies to implement a consistent risk assessment framework called Signs of Safety.</p> <p>Signs of Safety is an innovative strengths-based, safety-organised approach to child protection casework. The partnership is also exploring opportunities to better share information to further assist in safeguarding children.</p>	Director of Children Services	To be completed	To be completed
Ensuring all children have access to a good education			
The Council continues to have a duty to promote educational excellence for all children and young people			

Governance Issue	Lead Officer(s)	Key Delivery Milestones – 2014/15	Implementation Date
<p>and be ambitious in tackling underperformance. This includes: taking decisive action in relation to poorly performing schools, developing robust school improvement strategies, promoting high standards in education by supporting effective school to school collaboration and undertaking specified responsibilities in relation to staffing and governance of maintained schools. The Council is currently reviewing how it can best deliver these duties in a changing education landscape.</p>			

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 – Finance & Public Protection

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

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