

Annual Governance Statement 2021



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Executive summary

Lincolnshire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded. The statement enables us to monitor our achievements and to provide assurance that our strategic objectives have led to the delivery of strong, effective services which continue to provide value for money.

The Council has successfully managed our response to the coronavirus outbreak in Lincolnshire, supporting businesses and communities when they needed us most. Our strong governance arrangements enabled us to continue to provide our services effectively but also gave us the opportunity to do things differently.

Our services are good or outstanding and we recognise that we need to seek continual improvement and that we haven't made as much progress in some areas as we would have liked. The development and publication of our Annual Governance Statement helps us take stock as we move forward.

This statement has been prepared by those with knowledge of the key governance issues facing the Council and conforms to good practice^[1].

Significant governance issue

In completing the review of the Council's governance and assurance arrangements **no significant governance issues were identified.**

Our assessment has identified a number of improvements over our governance framework – these can be found later in the document and will be monitored through the Council's performance management processes.

Signed on behalf of Lincolnshire County Council

Councillor Martin Hill OBE
Leader of the Council

Debbie Barnes OBE
Chief Executive

Andrew Crookham
Executive Director Resources

1 CIPFA / SOLACE: Delivering Good Governance in Local Government – Framework and associated guidance (2016).

What is corporate governance?

Good governance can mean different things to people – in the public sector it means:

"Achieving the intended outcomes while acting in the public interest at all times"

Corporate governance generally refers to the processes by which an organisation is directed, controlled, led and held to account.

The Council's governance framework aims to ensure that in conducting its business it:

- operates in a lawful, open, inclusive and honest manner;
- makes sure public money is safeguarded, properly accounted for and spent wisely;
- has effective arrangements in place to manage risk; and
- meets the needs of Lincolnshire communities - secures continuous improvements in the way it operates.

Our governance framework comprises of the culture, values, systems and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes. The full governance framework can be found at the end of this document.

Each year the Council is required to produce an Annual Governance Statement which describes how its corporate governance arrangements have been working. To help us do this the Council's Audit Committee undertakes a review of our governance framework and the development of the Annual Governance Statement. This review benchmarks our arrangements against the CIPFA / SOLACE: Delivering Good Governance in Local Government – Framework and associated guidance (2016).

In March 2021, the Centre for Governance and Scrutiny issued 'The governance risk and resilience framework' which supports individual council officers and councillors to play their part in understanding, and acting on, risks to **good governance**. This framework is designed to reflect and supplement the CIPFA / SOLACE framework and we plan to incorporate this in our 2021/22 review of the Council's governance and assurance arrangements.

It is crucial to the Council's success that its governance arrangements are applied in a way that demonstrates the spirit and ethos of good governance – this cannot be achieved by rules and procedures alone. The Council is expected to have a culture that places the public and integrity at the heart of its business.

On the 12th July 2021 the Audit Committee considered and challenged the content and governance issues identified in the draft Statement – ensuring that the Statement properly reflects how the Council is run – identifying any improvement actions. The Statement was formally approved by the Audit Committee and recommended for signing by the Leader of the Council, Chief Executive and the Executive Director – Resources.

Principles of corporate governance



Principle A: Integrity and values

- Staying true to our strong ethical values and standards of conduct
- Respecting the rule of law
- Creating a culture where statutory officers and other key post holders are able to fulfil their responsibilities
- Ensuring fraud, corruption and abuse of position are dealt with effectively
- Ensuring a safe environment to raise concerns and learning from our mistakes



Principle B: Openness and engagement

- Keeping relevant information open to the public and continuing their involvement
- Consultation feedback from the public is used to support service and budget decisions
- Providing clear rationale for decision making – being explicit about risk, impact and benefits.
- Having effective scrutiny to constructively challenge what we do and the decisions made



Principle C: Working together

- Having a clear vision and strategy to achieve intended outcomes - making the best use of resources and providing value for money
- Being clear about expectations - working effectively together within the resources available
- Developing constructive relationships with stakeholders
- Having strong priority planning and performance management processes in place
- Taking an active and planned approach to consult with the public
- Regularly consult with employees and their representatives



Principle D: Making a difference

- Having a clear vision and strategy setting out our intended outcome for citizens and service users



Principle E: Capability

- Clear roles and responsibilities for council leadership
- Maintaining a development programme that allows councillors and officers to gain the skills and knowledge they need to perform well in their roles.
- Evaluating councillor and officers' performance
- Regular oversight of performance, compliments and complaints to enable results (outcomes) to be measured and enable learning



Principle F: Managing risk and performance

- Ensuring that effective risk management and performance systems are in place, and that these are integrated in our business systems / service units
- Having well developed assurance arrangements in place – including any commercial activities
- Having an effective Audit Committee
- Effective counter fraud arrangements in place



Principle G: Transparency and accountability

- Having rigorous and transparent decision making processes in place
- Maintaining an effective scrutiny process
- Publishing up to date and good quality information on our activities and decisions.
- Maintaining an effective internal and external audit function

Looking back at 2019/20

Significant Governance Issues and Improvement Areas

Last year we identified:

'Reviewing lessons learned from our response to Covid-19 – implementing a re-set plan over the short, medium and longer term' as our significant governance issue. More information on how we tackled and responded to the pandemic can be found later in the report – in the outcomes section.

A number of improvement actions were also identified as part of the 2019/20 Annual Governance Statement. The table below shows progress with these actions:

Key improvement area	Progress
Better governance and oversight of key projects – including benefit realisation	Effective project management processes are in place. We established capital monitoring review group – improving governance and oversight of capital projects. We need to undertake improvements over how we confirm benefit realisation – demonstrating that the expected outcomes / results have been delivered.
Delivery and oversight of transformation programmes – which includes the following work streams: <ul style="list-style-type: none"> • Our people • Our customers • Our property • Our processes With enabling technology across all work streams.	Work in Progress <ul style="list-style-type: none"> • Vision statement for the corporate plan developed. • Success criteria developed and implemented. This is now being reviewed after one year of operation. • Refocusing of the corporate plan based on new administration priorities and ambitions over the next 2-4 years. • Mapping and refinement of decision making processes to improve efficiency, awareness and corporate influence.
Review of contract management and associated commercial / third party risks	Phase 1 of the commissioning review has been completed. Work to implement and embedded the 'One Council' approach to commissioning and 'deeper dive' into some of our key contracts is underway.
Implement improvements over our risk management arrangements – including updating the Strategic Risk Register	Work in Progress – review of strategic risk register to be completed by September 2021.

Key improvement area	Progress
Reviewing our decision making and scrutiny processes	We have completed the review of the decision making and scrutiny process. Our next steps are to raise awareness to ensure that these are clearly understood and embedded throughout our services.
Update of Corporate Plan & performance management arrangements	Completed – Corporate Plan approved in December 2019. Success framework implemented during 2020. Work currently underway to reset the Corporate Plan and re-align our transformation programme to focus on key priorities.
Review of Assurance and Accountability framework following the review of the Corporate Plan and corporate oversight functions	Work in Progress – next steps involve raising awareness of the framework and embedding throughout our senior leadership cohort, our systems and processes.
Implement improvement actions arising from the Peer Review 2019	Good progress to address recommendation - against these activities will be tracked through future Corporate Leadership Team meetings.
Implement improvement actions arising from the Employee Survey 2019	Completed or included in the Smarter Working Programme and the People Strategy.

How the Council works

The Annual Governance Statement covers the 2020/21 financial year. The information below relates to this period.

The Council is made up of 70 councillors and operates a 'Leader and Executive' model of decision making.

- All 70 councillors meet to agree the budget and policy framework.

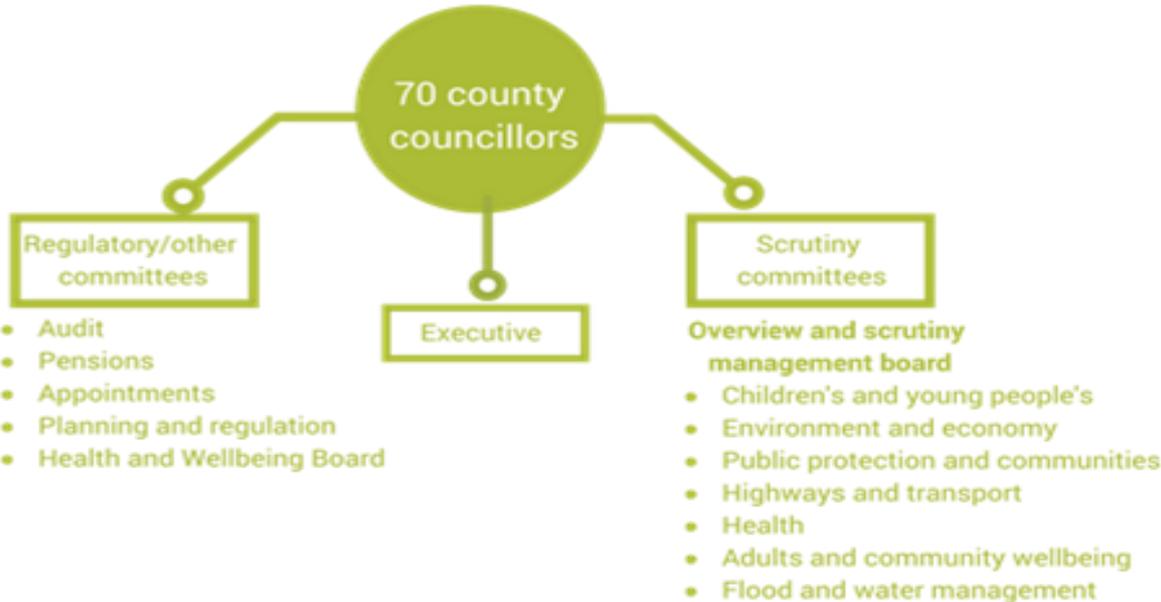
The Executive makes the decisions that deliver the budget and policy framework of the council and consists of a minimum of 2 members and a maximum of 10.

- In 2020/21 the Leader and 7 councillors sat on the Executive.

The remaining 62 councillors form Scrutiny and Regulatory committees.

These committees develop policy and scrutinise decisions made by the Executive officers – holding them to account.

- A number of these committees deal with regulatory issues.



Scrutiny arrangements have been reviewed and a renewed Scrutiny-Executive Protocol has been approved.

The Council's governance arrangements responded well to Covid-19 with constitutional processes continuing to be observed and member scrutiny and decision-making taking place remotely. Members adapted well to the disciplines around remote meetings which ran smoothly.

Outcomes

Our plan and performance dashboard Lincolnshire is a place which we are proud of and we will continue to ensure that we enjoy the lifestyle we deserve. We'll work together to enhance services to ensure we can all be successful in meeting the needs and expectations of our residents, businesses and visitors.

Our Corporate Plan sets out our vision and ambitions for the future – with our aims being to:



A link to the Corporate Plan can be found [here](#)

A link to the Performance Dashboard can be found [here](#).

Performance summary

Support high aspirations



The economy in Lincolnshire has faced significant challenges over the last twelve months as a direct result of the pandemic. The Council has focused attention on safeguarding jobs and key skills within the region. It has exceeded its target, with 735 jobs being safeguarded in 2020/21. This has been delivered through extensive work and engagement with the Greater Lincolnshire Local Enterprise Partnership and other partner organisations.

A £12m package of support for the local economy was also launched that allows local businesses to benefit from up to £10,000 of funding through the grant scheme. This fund

helps local businesses to adapt to new customer requirements and embrace digital technologies.

Support has also been given to over 2,200 businesses through the Business Lincolnshire Growth Hub to safeguard jobs over the last twelve months.

The Council has continued to support a high quality education offer across the county. 94.7% of schools now have an Ofsted rating of good or above and they have been able to continue to provide services to our children throughout the pandemic. Attention has also been given to ensuring that those requiring an Education, Health and Care Plan (EHC) receive their plans in a timely manner. This has seen the Council perform above the national average in terms of the timescales for developing and finalising the plans.

Enable everyone to enjoy life to the full

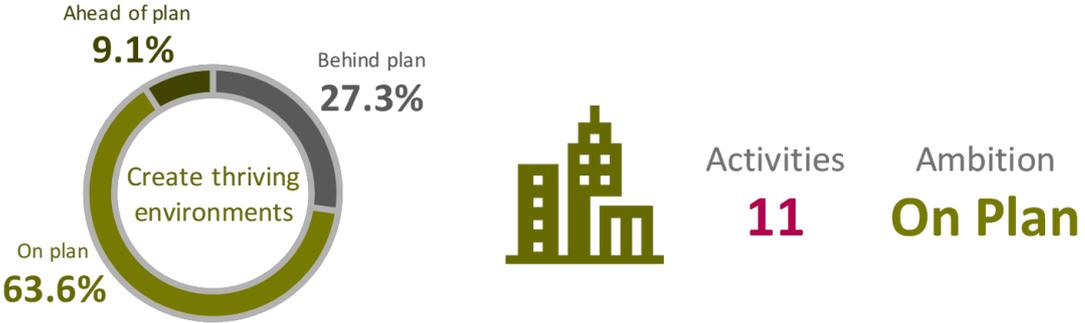


The work completed over the last twelve months has directed resources to those in the greatest need to help them to thrive and maximise independence during a particularly challenging year. The council has performed well in relation to children living in care where 77.8% of children are placed in a family environment. This exceeded the target by 3.8%.

Support for adults has enabled 77.3% adults with learning disabilities to remain in their own home or with family. This is slightly below target but wider support has also helped to ensure individuals can enjoy life to the full. This includes the development of improved arrangements to manage adults with complex needs through the Team Around the Adult safeguarding pilot which will launch in 2021. Support for our communities was also extended through the Members Covid Grant scheme that targeted those in our communities with the greatest needs.

Support to our rural communities has been enhanced through the creation of a five year partnership with the Centre for Ageing Better and East Lindsey District Council. This initiative is seeking to deliver better outcomes for those in rural and coastal localities that are in or approaching later life. Support for those in later life has also been enhanced in response to the pandemic. We have directed funding to residential care homes to help them to operate as safely as possible and for home care services to continue. This has been invaluable in sustaining independence and quality of life as has the support that we've been able to provide to over 10,000 carers over the last 12 months.

Create thriving environments



Lincolnshire has continued to go from strength to strength in terms of ensuring that it is one of the top choices to live and do business. Enhancements to the road network have seen significant progress be made. Overall, 78% of classified roads (A,B and C roads) were assessed as being in good condition. Over 50,000 potholes have been repaired and more than 3,000 improvements have been made to our footpaths. The road network was further enhanced by the excellent work on the Grantham Southern Relief Road with the first two phases having been completed and phase three having commenced. The Lincoln Eastern bypass has been opened, the Spalding relief road is making good progress and a number of other highways improvements have been delivered or are in train. This is against a backdrop of many projects elsewhere in the UK being significantly delayed due to the impact of the pandemic.

We have also continued to focus on protecting our natural environment and the rich heritage offer within the county. A particular highlight this year was the recognition of the excellent offer that is available at Lincoln Castle. The castle was awarded Large Visitor Attraction of the Year 2020 at the Tourism Excellence Awards. This is against a backdrop of 91% of traveller reviews for Lincolnshire attractions scoring excellent and very good.

To protect our natural environment, the council has also continued to be proactive in reducing its carbon emissions. These have now reduced by over 28% since 2017. Changes in working practices, and projects should as Smarter Working, should see a continued reduction in carbon consumption.

Provide good value council services



Over the last twelve months the council has innovated its offer to ensure that residents can access services when they need to and that they represent value for money. This has seen a

range of digital solutions be introduced, including a click and tip solution that catered for 530,000 bookings since its introduction and supported waste disposal across our household waste and recycling sites. Work is also advancing to deliver a comprehensive transformation agenda across the authority and deliver new technologies to improve our customer offer.

The council has maintained one of the lowest Band D Council tax charges in the country and its financial resilience has been assessed by CIPFA as good. The last year has seen an additional £14m be directed to address social care issues and £44m to cover the additional costs incurred as a result of the Coronavirus pandemic.

The workforce within the council has continued to be invested in. 120 new apprenticeships started in 2020/21. Staff retention has also improved with a turnover level of 6.38% for the year. The impact of the pandemic has also seen a positive change in sickness levels for the council. Sickness now stands at an average of 6.35 days against a target of 7.5 days. This is due in part to changes in working practices, with the majority of employees being predominantly home-based during the pandemic.

Our Corporate Leadership Team and Executive monitor progress and delivery of our Corporate Plan and performance – more details can be found in the [Executive council meetings](#).

Peer Review 2019

We asked the Local Government Association to undertake a **Corporate Peer Review in September 2019**, which can be found [here](#). Their feedback stated that:

"Lincolnshire County Council is a stable, reliable and solid organisation delivering good quality services to its residents. It is financially strong and has maintained a particular focus on children and adult services and delivers these to a very good standard – with children's services having been judged as "Outstanding".

Areas where they recommended improvements included:

- *Develop a clear, bold and inclusive vision and strategy for Lincolnshire in conjunction with partners and residents.*
- *Review the membership of "Leaders in Lincolnshire" forum to ensure that key partners are involved and that it does what it says on the tin.*
- *Finalise the corporate plan and "Lead on the front-foot" by reaching out to key partners and communities to reset and strengthen relationships.*
- *Embed the corporate plan and the 'One Council' model into the organisation through an organisational development programme.*
- *Improve transparency of the financial reports.*
- *Develop and implement a climate strategy for Lincolnshire.*

Good progress has been made to address these recommendations – with work ongoing and actions being tracked by the Council's Corporate Leadership Team.

Council's Response to Covid-19

The Director of Public Health (DPH) retains primary responsibility for the health of their communities. This includes being assured that appropriate arrangements are in place to protect the health of the local population. The legal powers for ensuring this and for managing outbreaks of communicable disease are contained in various pieces of primary and secondary legislation, including the Public Health (Control of Disease) Act 1984 as updated by Health Protection (Notification) Regulations 2010, the National Health Service Act 2006 as amended by the Health and Social Care Act 2012 and the Coronavirus Act 2020.

The Strategic Command Group (SCG), under the Local Resilience Forum (LRF) was stood up in late January 2020. This helped to provide leadership and co-ordination among all the partner organisations in combatting local infection. The SCG declared an emergency on 19th March 2020 and the county went into lockdown along with the rest of the UK on 24th March 2020.

As the epidemic began to reduce over the summer months the LRF formally stood down its emergency response, and the majority of organisations continued their work in supporting the epidemic as they normally would. However, when cases began to rise again as the government lifted the lockdown restrictions and community interaction increased the LRF returned to its emergency response on the 28 September 2020. The strength of this multi-agency response is one of the main driving forces in continuing to respond in a proactive and coordinated manner to any rises in cases across Lincolnshire.

Planning is underway for a formal transition from response to recovery as the lockdown measures start to be lifted. This will result in the standing down of the SCG, the Tactical Command Group (TCG) and the cell structure as set out in the Civil Contingencies Act supported by the LRF secretariat. This will be replaced by the Recovery Strategic Coordination Group (RSCG) which will have the responsibility to ensure the recovery process is mobilised and coordinated across the LRF.

Local Outbreak Management Plan

Lincolnshire County Council (LCC), as the lead public health authority for Lincolnshire, has a statutory responsibility to produce Local Outbreak Management Plans (LOMP) in response to emergencies as part of the duty to safeguard and protect the health of the local population. In response to Covid-19 pandemic, the Government required all upper tier authorities, in conjunction with key partners, to publish a local Covid-19 Outbreak Management Plan by 30 June 2020. The aim of the plan is to minimise the spread of the virus in the community and provide reassurance to the public and stakeholders. The LOMP is publicly available on the [council's website](#).

In line with national requirements, the LOMP was updated in March 2021 to reflect the Government's Roadmap for easing lockdown restrictions and the revised Contain Framework. The revised LOMP was submitted to the Department of Health and Social Care (DHSC) on 12 March 2021 and was subject to an assurance process with the regional Public Health England team. Following feedback, Lincolnshire's LOMP has been updated ahead of being republished on the council's website.

Personal Protective Equipment (PPE)

Like most other areas, Lincolnshire had significant early difficulties in securing the increased range and volume of PPE required by front line services. This was identified as a strategic threat early in the pandemic and steps were taken to improve the situation. Supply of PPE into the county is now stable.

The PPE sub-cell of the Health and Social Care Cell was set up in early February 2020 under the governance of the LRF and was formally stood up as a Cell in its own right from 20th April 2020. This helped to stabilise policy and operational work, and agree deployment of PPE stock, which was available to the LRF, across all partners. Given the resilience of the national supply chain (largely due to 70% of PPE now being produced by UK manufacturing firms), Government continues to issue PPE to the LRF both for day to day requirements in social work, education and child care settings as well as to continue to support local emergency need, e.g. due to local outbreaks.

The PPE Cell has now been stood down as a separate sub cell, and the function has now been incorporated into the Health and Social Care Cell. The continued oversight of PPE is a core component of the measures to reduce outbreaks in certain settings as well as in supporting the safety of staff engaged in outbreak management activities. The LRF maintains a PPE Threat and Risk Log for COVID-19 to regularly monitor and review the level of risk in this area.

Outbreak Management Approach

The Local Outbreak Control Plan identified all high-risk settings and proactively provides those settings with targeted advice to enable them to take steps to prevent infection and therefore cases from arising. The high-risk settings includes 289 care homes, schools and early year settings, two universities, two prisons and one detention centre, a large number of housing with multiple occupancies, homeless shelters, food processing plants and other workplaces.

A series of action cards were developed providing advice on the steps to take if a positive case is identified including how to deal with the premises and the individuals and equipment within it. In accordance with good health protection practice the main emphasis of the response is to give advice and guidance to settings, thereby assisting them to help contain the outbreak. The aim is therefore to work, through persuasion and co-operation, in getting agreement to take voluntary actions necessary to prevent further spread of the infection.

Testing

Symptomatic testing, using a PCR test, is delivered in Lincolnshire through the national Test and Trace Programme. Anyone who has symptoms of Covid-19 can book a test in one of the local test centres through an online booking system or ask for a test kit to be delivered at home.

Alongside symptomatic testing, a local approach to community asymptomatic testing approach has developed over 2020/21 in line with the national asymptomatic testing

models. DHSC have confirmed funding for community testing through to the end of June 2021. A review of the current infrastructure is under way as the current fixed community Asymptomatic Testing Sites (ATs) continue to operate at approximately 30% of their total capacity. Initial consideration is now being given to reduce the number of sites in Lincoln and Boston to one per district and mobilising an additional site in Spalding. This is subject to engagement and approval from partners and the DHSC but will support a drive towards more localised access and would support additional provision alongside the smaller developing district-based sites.

Enhanced Contact Tracing

Working in conjunction with the NHS Test and Trace Programme, Lincolnshire's enhanced contact tracing approach works back, to identify settings where people have been infected, helping to identify and respond with relevant public health interventions locally. By working through the Outbreak Identification and Rapid Response process and by involving key partners across the system there is an increased opportunity to stop the transmission of the virus in local venues.

Utilising the Common Exposure and Postcode Coincidence reports, along with local intelligence from our local contact tracing team, community testing sites and district partners, enables the early detection of potential outbreaks. Our clear and robust process determines the steps required to further investigate any suspected outbreak, build relationships with the setting and ensure the control measures required are implemented.

Outbreak Management Governance Arrangements

a) Strategic oversight

A Local Outbreak Engagement Board (LOEB) for Lincolnshire provides political ownership and governance for the local outbreak management response and ensures consistent messaging with Lincolnshire's population by overseeing public facing engagement and communication. The LOEB discharges its responsibilities by means of recommendations to appropriate governance boards and relevant partner organisations. The LOEB is chaired by the Leader of the County Council and other members of the Board include District Council Leaders, the Police and Crime Commissioner, NHS non-executive representatives from CCG and NHS providers, representative from Healthwatch Lincolnshire and Greater Lincolnshire Local Enterprise Partnership.

The Covid-19 Health Protection Board (HPB) chaired by the DPH acts as an advisory board to LOEB. The membership of the HPB consists of senior officers from all relevant partner organisations.

b) Operational planning & Coordination

The System Co-ordination Centre (SCC) was set up as part of the LRF cell structure in September 2020. The SCC has an operational level oversight of the response. This includes directing both the Council's and the LRF's responses to the rising case numbers and liaising and coordinating with key stakeholders such as the health protection team, district councils,

PHE, communications, and the third sector, to ensure a system response is delivered accordingly. The SCC will ensure that if pressures on the system increase then resources from the Public Health division are diverted to the COVID-19 response as and where necessary.

The Covid-19 Outbreak Management and Contact Tracing Sub-Cell also sits within the LRF structure to oversee the implementation of outbreak management plan and deliver specific actions. It is chaired by the Public Health Consultant lead for outbreak management and contact tracing, and its members are senior officers from relevant public sector organisations. It reports to the SCC and Covid-19 HPB.

c) Organisational Oversight

Dedicated Covid-19 Corporate Leadership Team (CLT) and Adult Care and Community Wellbeing Directorate Leadership Team (DLT) meetings were stood up at the beginning of the pandemic. The DPH attended these meetings to provide professional public health knowledge and insight. The purpose of these meetings was to discuss and consider the impact of Covid-19 on council services and ensure appropriate measures were in place to protect staff health and wellbeing.

Throughout 2020-21, Public Health has provided regular Covid-19 briefings and reports to the Executive, Scrutiny and the Health and Wellbeing Board. This includes the [Director of Public Health Annual Report 2020](#), which focused on the impact of Covid-19 on Lincolnshire.

Support for Self-Isolation

The Community and Volunteer Cell (CVC) of the LRF has been operational since late March 2020. The CVC Cell is a vital interface between the LRF, district councils, community and volunteer groups and the wider Community Response Pathway provided by LCC Customer Service Centre (CSC) and the Wellbeing Service, provided by Wellbeing Lincs, within the county. At the commencement of the pandemic, the core aim of the CVC Cell was to evaluate the community impact from the COVID-19 incident, including self-isolation and shielding, and coordinate and organise voluntary organisations, spontaneous volunteers and community assets and support to mitigate negative impacts. There is a plan in place to support them, which will be updated as new guidance becomes available.

The LCC CSC dedicated website and Covid-19 helpline, in place since 29th March 2020, are the first point of contact for vulnerable people to contact if they require support, and for those who, when instructed to self-isolate, identify themselves as vulnerable.

The national shielding programme which began in March 2020 to support those with complex health needs during the first national lockdown was 'paused' on 1 August 2020. Shielding was formally re-introduced from 1 January 2021 and paused again on 31 March 2021. During this time, 52,000 people have been identified as Clinically Extremely Vulnerable (CEV) in Lincolnshire, or at equivalent risk to those who are CEV.

From 28 September 2020, all those who test positive for Covid-19 or are advised by Test and Trace to self-isolate are legally required to do so for 10 days. The national self-isolation framework, published in March 2021, sets out a co-ordinated approach to enable compliance. This includes a national communications programme, enforcement and

support. Fines will be issued by the Police for non-compliance. It will be illegal for their employer to enable or encourage them to work.

As self-isolation is likely to leave some without an income, a Test and Trace Support Payment of £500 is available, via the district councils, to those who meet benefits-linked eligibility criteria. A discretionary fund is also available for those who do not meet all of the criteria. The scheme will be in place to summer 2021.

Resources

a) Funding

Adult Care and Community Wellbeing has responsibility for distributing and monitoring 11 adult social care and public health ring fenced/specific grants totalling between £50.546m-£56.601m. The grants are in addition to the £229.290m 2020-21 financial allocation and in addition to the general Covid-19 grant.

This funding has provided much needed financial support, across all aspects of adult social care and community wellbeing, to deliver the response to Covid-19. Adult Care and Community Wellbeing has prioritised and redeployed members of its workforce to respond to the unprecedented impact of the Covid-19 pandemic. ACCW has tailored its financial resources to meet the needs of the people and social care organisations across Lincolnshire as the pandemic has evolved.

The outbreak management funding has enabled us to provide increased support to the most vulnerable people ensuring they have access to the services and guidance they need. It has also enabled us to provide resources to help with the coordination of the vaccination programme and it has provided us with the ability to provide additional support, communications, advice and guidance to individuals and businesses on how to adapt environments and practices to tackle Covid-19.

All funding decisions have been made in line with the scheme of delegation to ensure the appropriate governance arrangements have been in place. Regular reports have been presented to CLT and, when necessary, to LOEB. In addition, the government has required the council to complete regular monitoring returns for a number of the grant funding streams detailing how the money has been spent. All the necessary processes have been followed to ensure monitoring reports were submitted by the national deadlines.

b) Staffing

The outbreak management function has been delivered through a close working relationship between Public Health England, the council's Health Protection Team (HPT) and district council's Environmental Health Officers (EHOs). Surge capacity planning ensured health protection training was given to Specialist Community Public Health Nurses within the 0-19 children's service so that additional capacity could be deployed quickly in the event of a marked increase in the number of outbreaks.

Throughout the pandemic Public Health has taken a risk-based approach to assess and identify response priorities and to manage 'business as usual' work, including statutory functions. As a result, most mainstream public health work programmes, apart from statutory requirements were put on hold as staff were redeployed to support the HPT and SCC. The pace and intensity of the work has placed considerable pressure on staff, therefore, duty rotas have been closely managed and staff encouraged to take regular annual leave to avoid the risk of staff burnout.

Value for money

The National Audit Office have implemented a new Code of Audit Practice from April 2020 which makes changes to the way auditors report on arrangements to secure value for money.

Auditors are still required to be satisfied about arrangements to secure VFM, but will no longer issue a single conclusion as part of their opinion on the financial statements. Any significant weaknesses will be reported if identified and make recommendations for improvements.

The Council's initial self-assessment against areas of examination by the auditors has not identified any areas of significant weakness.

The Council remains generally in a sound financial position relative to other councils over the short term. This is because of considerable early savings made with the introduction of austerity coupled with sound financial management creating a recent trend of under spending its annual budget. This has allowed us to create earmarked reserves to support the continued volatility of funding and demand on our services. The Council has had a financial strategy for a number of years now which has combined:

- service efficiency savings
- modest service reductions
- prudent use of reserves

The government has delayed the expected 'Fair Funding' and Business Rates reviews for at least a further year to focus on its response to Covid-19. To reflect this funding uncertainty and in line with its current financial strategy, **the Council has set a one year budget up to March 2022.** We have also updated our Medium Term Financial Strategy (MTFS) to March 2024, based on current levels of funding assumptions. The 2021/22 budget is balanced and this is partly due to the additional grants that have been provided by government to continue to support growth in social care costs, and to reflect the impacts on local taxation due to Covid-19.

The **Budget setting process for 2021/22** built into our base budget significant cost pressures which were emerging prior to the Covid-19 pandemic. This was to ensure the proposed budget reflected an expected baseline of spend in 2021/22, maintaining the sustainable delivery of council services.

The council has launched a Transformation Programme which incorporates service reviews and redesign with technology as an enabler at the core of the programme. The programme will support the aim to mitigate the growth of cost pressures and ensure our processes and systems deliver efficiencies, whilst improving the customer experience for service users.

Our budget has assumed that the **short term additional costs of Covid-19 will be met by government grants**; however, our MTFS will need to continue to reflect any ongoing impact of the pandemic on our budgets.

We will continue to develop our financial reporting to ensure our budgets align and can be measured against the ambitions within the council's Corporate Plan.

The 2021/22 budget includes low risk efficiency savings and income increases but does not include any significant service reductions.

Following a **review of the earmarked reserves**, the Council was able to offer a package of **grants to support local business** that had suffered financial hardship and not been able to access government grants during the Covid-19 pandemic. A due diligence process was put in place to ensure payments were made swiftly but appropriately and in line with the scheme parameters

As in previous years, **the public are generally satisfied** with the standard of services delivered. Services which have received external inspections over the last year in Children's Services have received outstanding ratings.

The **10 year capital programme** has been refreshed and whilst ambitious, considers the revenue impact in line with the capital strategy to ensure its long term affordability. The capital review group has been established to provide on-going challenge and transparency to projects within the programme.

The Council is constantly monitoring its long term financial position and has published a Medium Term Financial Plan (MTFP) which forecasts our financial position to March 2024. Future years take into account known cost pressures and planned savings and although we have a balanced budget position for 2021/22, the MTFP predicts a budget shortfall for the years beyond this. This position will be updated during 2021 and will need to give consideration to any changes to the approach of funding provided to Local Government and the longer term impacts of the current pandemic.

In response to the financial challenges being faced by Local Government, CIPFA have now published for the second year, a **financial resilience index** to act as an analytical tool to consider the Council's position over a number of measures associated with financial risk.

We are regularly assessing our latest financial performance for its potential impact on our overall financial resilience. To date, we have not identified any significant impacts which would affect our financial resilience in the near future.

CIPFA have also introduced the Financial Management (FM) Code designed to support good practice in financial management and demonstrating financial sustainability. Compliance with the code is required from April 2021 and our initial assessment is that we have proportionate compliance as required, but will produce our full assessment and follow up actions required in due course.

Our **in year budget monitoring** continues to improve with increased reporting to members and CLT to improve transparency and support decision making. **Covid-19 has had a significant impact on our spending** during the last year and our regular reporting has included the Covid-19 related spend and the grants supporting it. We have received @ £100m of additional grants during 2020/21, which have enabled targeted support to our services, suppliers and residents. Where resources have been diverted to support the pandemic, this has also impacted on our business as usual budgets, which have underspent

The Council is the accountable body for the [Greater Lincolnshire Local Enterprise Partnership](#) (GLEP) and supports its governance framework – providing assurance and transparency on the spending of government funds.

In 2020 the Council approved the creation of a company to provide legal services to other public bodies to which the Council would not otherwise be able to provide services. The company ' **Legal Services Lincolnshire (Trading) Ltd**, has been established and is awaiting confirmation of a licence from the Solicitor's Regulation Authority before it can begin trading.

In addition, the Council has three other wholly owned subsidiary companies.

Transport Connect Limited (TCL) - is a passenger transport company incorporated in 2016. It is a teckal company and as such at least 80% of its turnover has to come from the Council. The Council has a shareholder representative on the company board, who receives regular management accounts from the company's accountants, and annual accounts are received, reviewed by officers. The Company continues to achieve the primary objectives set at the time of its inception. It has operated throughout the Covid pandemic, providing essential transport services for key workers, communities and scholars. Through robust financial management the Company have achieved a surplus in 2020/21, whilst servicing all loans and operating in line with Teckal Company requirements.

Lincolnshire Future Limited (a holding company, which has not begun trading); and

Lincolnshire County Property Limited (a subsidiary of Lincolnshire Future Limited which has not begun trading).

Lincolnshire Pension Fund

Outcomes

The Lincolnshire Pension Fund is part of the Local Government Pension Scheme. It is a contributory defined benefits scheme which provides pensions, and other benefits, to eligible employees of Lincolnshire County Council, the district councils in Lincolnshire and a range of other bodies (including: Academy Schools and Internal Drainage Boards) within the county. Its purpose is to ensure that benefits are paid to entitled members when they are due.

The Fund is administered by Lincolnshire County Council and is overseen by the Lincolnshire County Council Pensions Committee.

The Fund currently has 249 contributing employer organisations and just under 74,000 members. This is made up of 23,023 active contributing members, 26,160 deferred members (who are no longer contributing to the scheme, but will be entitled to a pension when they retire) and 24,746 pensioners.

The Fund's value is currently £2,743.6m. The Fund invests in a range of diversified investments (including: equities, bonds, property and infrastructure). Stewardship and responsible investment principles are integrated into the investment decision-making process and in the manager monitoring by the Fund.

The Pension Fund's overarching **objectives** are:

- **Governance:** to act with integrity and be accountable to stakeholders;
- **Investments and Funding:** to maximise returns from investments within agreed risk parameters; and
- **Administration and Communications:** in partnership with West Yorkshire Pension Fund (WYPF), to deliver an effective and efficient Pensions Administration service to all stakeholders.

More details on the Lincolnshire Pension Fund can be found in the [Annual Report](#).

Performance Summary for 2020/21

To ensure the Pension Fund is achieving its overarching objectives:

- The pension's administration service, provided by WYPF in a shared service, is monitored and reported to the Pensions Committee and Board on a quarterly basis. During 2020/21 there have been no areas of concern arising in this area.
- Employer compliance with regulations (paying member contributions and submitting member data) is also reported to the Pensions Committee and Board on a quarterly basis. Where employers fall short of expected standards, the Fund actively manages this through assistance and education.
- Investment performance of the assets held by the Fund is also report and monitored by the Pensions Committee on a quarterly basis. During 2020/21 the Fund made one change to a manager allocation based on their performance.

The Pension Fund also has a business plan which highlights the major tasks to be undertaken by the Fund during the year. All key areas for 2020/21 where completed except for the implementation of the Good Governance Review. This was deferred as the guidance was not published during the year. The Fund will review and implement its recommendations when it is released.

During 2020/21 no significant governance concerns or areas for improvement were identified. However, when national guidance in the Good Governance Review is published this will be reviewed by the Fund and implemented.

Roles and Responsibilities

Head of Internal Audit

The Head of Internal Audit is required to provide an independent opinion on the overall adequacy of and effectiveness of the Council's governance, risk and control framework and therefore the extent to which the Council can rely on it.

The annual report has been considered in the development of the Annual Governance Statement and any significant governance issues incorporated as appropriate. The opinion of the Head of Internal Audit is included in this statement.

They are able to operate effectively and perform their core duties - complying with the CIPFA Statement on the role of the Head of Internal Audit.

Monitoring Officer

The Chief Legal Officer is the designated Monitoring Officer with responsibility for ensuring the lawfulness of decisions taken by us as detailed in the [Constitution](#).

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.

More details on the Monitoring Officer can be found in the [Annual Report 2021](#).

Chief Finance Officer

The Council has designated the Executive Director – Resources as the Chief Finance Officer under Section 151 of the Local Government Act 1972. He leads and directs the financial strategy of the Council.

They are a member of the Council's Leadership Team 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 Finance Officer.

The Executive Director – Resources is also the Scheme Manager for the Local Government Pension Scheme for Lincolnshire, under the Public Service Pensions Act 2013. He is responsible for the payment of statutory pensions and the management of the assets of the Pension Fund.

Senior Information Risk Owner

The Executive Director – Resources is the designated Senior Information Risk Owner with responsibility for strategic information risks and leads and fosters a culture that values, protects and uses information in a manner that benefits the Council and the services it delivers.

The Senior Information Risk Owner also ensures an appropriate governance framework is in place to support the Council in meeting its statutory, regulatory, and third party information obligations, and which mitigates information risk from internal and external threats.

Data Protection Officer

The Data Protection Officer is a statutory role which supports the council in meeting its obligations under data protection legislation. The role monitors the council's ongoing compliance, provides advice and guidance on all data protection matters, and acts as a point of contact for data subjects and the Information Commissioner's Office.

Director of Public Health

The Director of Public Health gains assurance from a range of organisations on the suitability and effectiveness of arrangements for protecting the health of local people from a broad range of threats to their health.

One of the statutory duties of each local authority Director of Public Health is to produce an independent report on the state of the health of the people they serve on an annual basis. Local authorities have a statutory duty to publish the report. As the reports are aimed at lay audiences, the key feature of the reports must be their accessibility to the wider public. This year's report is on the burden of disease in Lincolnshire and is available [here](#).

Council managers

Our managers have the day to day responsibility for services, and 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.

Corporate Leadership Team

Our corporate leadership team oversees the Council's governance arrangements and the development of the Annual Governance Statement. There is also a corporate governance group of officers whose role is to support the Council to ensure that it complies with the standards of good governance.

The Leader of the Council, Chief Executive and Executive Director - Resources has overseen the review of our governance arrangements and has signed the Annual Governance Statement.

Effective Scrutiny and Review

Overview and Scrutiny Management Board

The Council's Overview and Scrutiny Committees co-ordinated by the [Overview and Scrutiny Management Board](#) exist to review and scrutinise the activities of the Council including any decisions made by the Executive, Executive Councillor or key decision made by an officer.

The key aim of scrutiny in councils is to:

- Provide healthy and constructive challenge
- Give voice to public concerns
- Support improvement in services
- Provide independent review

Each year an [Overview and Scrutiny Annual Report](#) is produced showing the activities undertaken by the Scrutiny Committees.

Audit Committee

The Council's Audit Committee plays a vital role overseeing and promoting good governance, ensuring accountability and reviewing the ways things are done.

It provides an assurance role to the Council by examining areas such as audit, risk management, internal control, counter fraud and financial accountability. The Committee exists to challenge the way things are being done and make sure the right processes are in place. It works closely with both internal audit and senior management to continually improve the Council's governance, risk and control environment.

[Find out more about the Audit Committee here.](#)

Pensions Committee

The role of the Pensions Committee is to:

- Ensure appropriate policies are in place for management of the Fund;
- Monitor Fund performance, including investment managers, fund administration and other third party providers;
- Approve statutory documents, including the Annual Report and Statement of Accounts; and
- Consider any other matters relevant to the operation and management of the fund.

The Pensions Committee comprises of eight county councillors, who represent the political balance of the Council, plus three co-opted members who represent other Fund employers and individual Fund participants. The Committee meets six times a year.

The full terms of reference for the Pensions Committee are set out in Part 2 of the Council's Constitution, which you can find embedded within this document.

LGPS Local Pension Board

The purpose of the Board is to assist the Administering Authority in its role as a manager of the Lincolnshire Scheme:

- To ensure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme; and requirements imposed by the Pensions Regulator in relation to the Scheme; and
- To ensure the effective and efficient governance and administration of the Scheme.

The Board comprises of two scheme member representatives and two employer representatives, plus one additional member, an Independent Chair, who is not entitled to vote. The Board meets quarterly.

Further information on the Local Pension Board can be found [here](#).

Full Council

The Annual Governance Statement is brought to the attention of the full Council.

External Audit

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

Mazars, 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.

They also review the annual governance statement to assess if it accurately reflects their understanding of Council.

Information Assurance

Information is a critical asset and must be subject to an effective governance and assurance approach throughout its lifecycle, from creation through to destruction. Information assurance provides a mechanism which seeks to achieve this by confidently managing information risk through the application of a diverse set of controls.

It also ensures that the Council understands, and aligns with, the legal and regulatory environment within which it operates by using information in a way which is lawful, fair, secure and transparent, achieving this in a way which helps, not hinders, the delivery of council services.

More details on Information Assurance can be found in the [Annual Report 2021](#).

How we carry out assurance

A combined assurance status report is produced by each executive director.

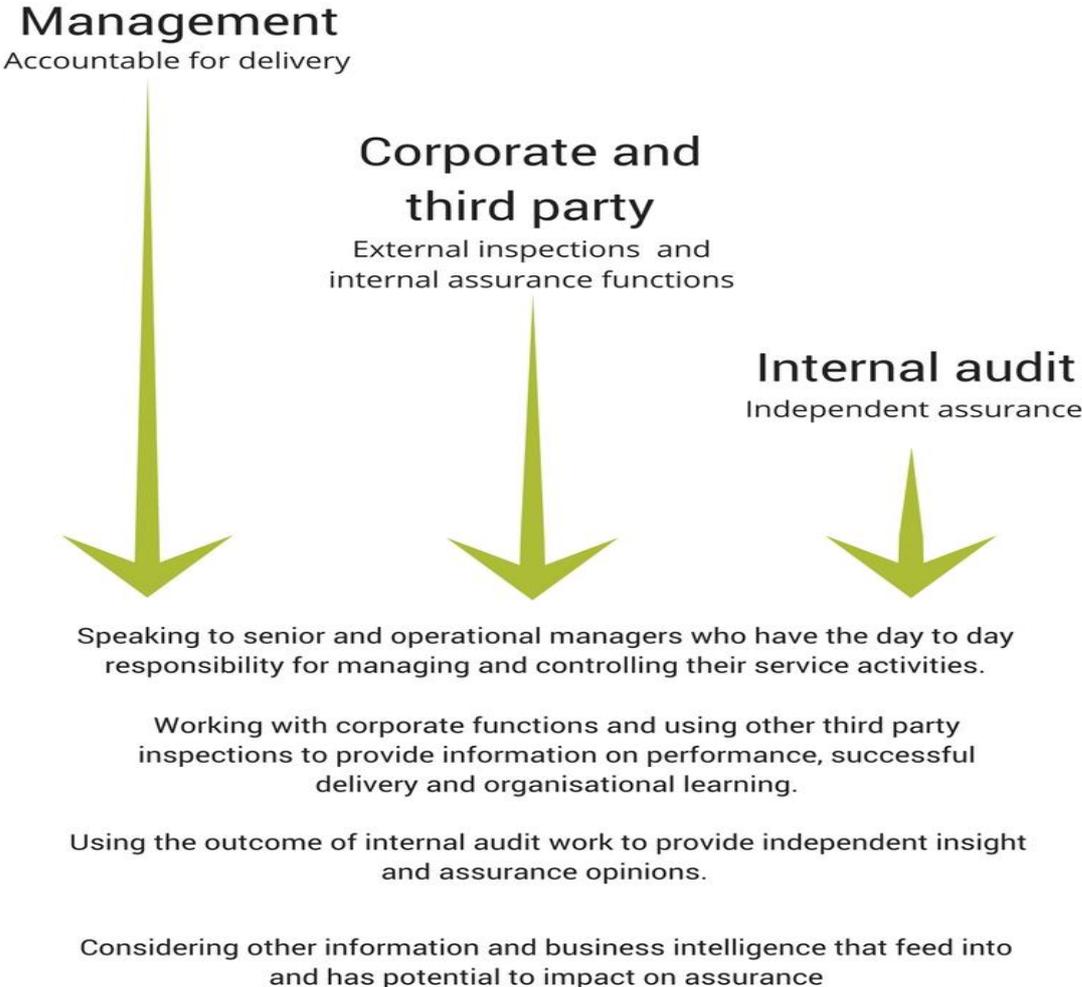
It looks at the level of confidence the Council can have in each area for:

- service delivery arrangements
- operation of controls
- management of risks
- performance

These reports were reviewed by the Audit Committee on 8th February 2021.

The council adopts the 'three lines of assurance' methodology, as seen below.

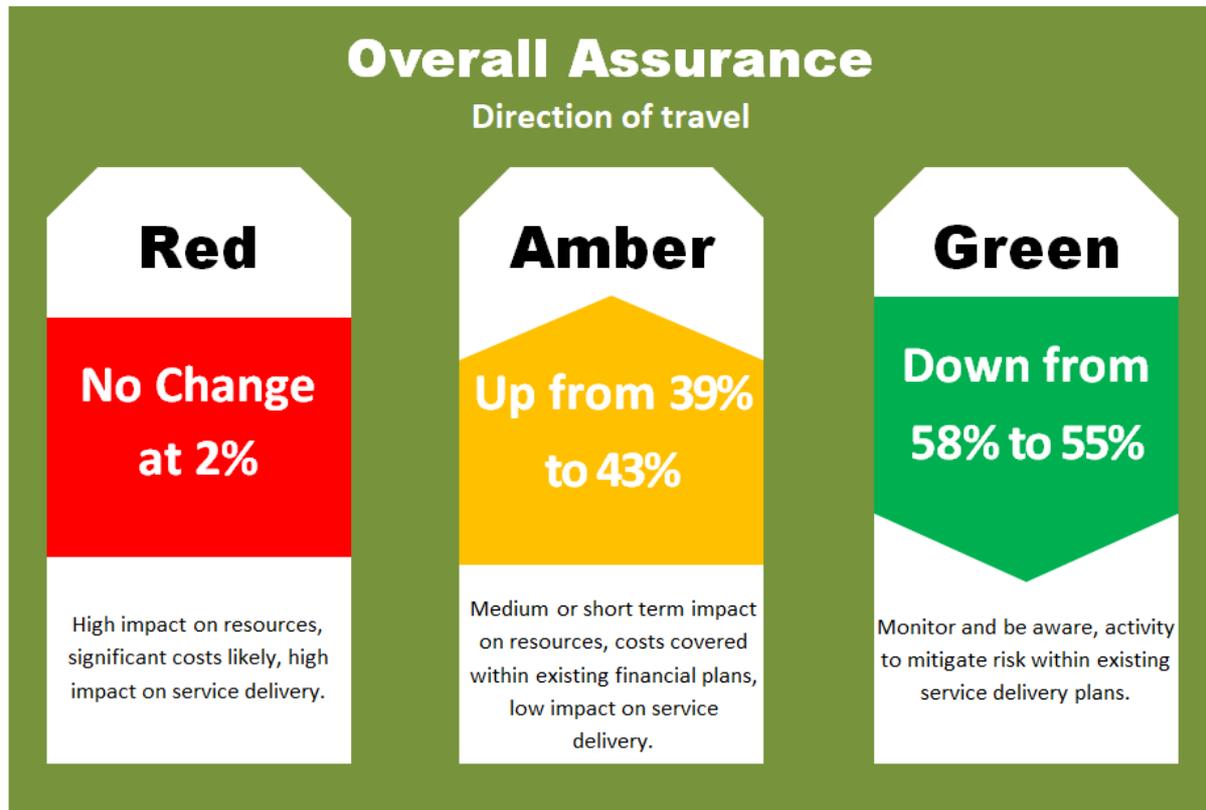
How do we assure ourselves about how the council is run?



The Council's assurance levels

Overall there is a positive assurance picture for the Council but one that reflects the complex environment in which we operate – recognising that some areas will remain Amber.

More details on the Combined Assurance report can be found in the Audit Committee – 8th February 2021.



The Council's governance and control environment enabled us to successfully manage our response to the pandemic but also gave us an opportunity to do things differently. We therefore identified a number of areas of continuous improvement as part of our review to help us move forward:

Governance and Oversight

- Update our Corporate Plan & Success Framework to provide further clarity and alignment with our policy & spending decisions and taking into account the results of the recent resident survey.
- Accountability & Assurance Framework – raising awareness and understanding of Council's governance / decision making process – including financial regulations / procedures.

- Transformation Programme – refocus and re-alignment of priorities, including resource planning across projects, benefit realisation and appropriate corporate oversight.
- Commercial Activities – Review effectiveness of governance and oversight ensuring appropriate transparency and accountability framework in place. Reference report by Grant Thornton Report identifying lessons learnt from recent Public Interest reports.
- Partnership Governance & Oversight – improve insight and oversight of our corporate plan ambitions / priorities delivered through partnership and / or collaboration
- Compliance with the CIPFA financial management code – benchmark against good practice and implement improvement actions as necessary.
- Records Management - right people, process, and technology to remediate historical issues and improve the way we manage records now, and in the future.
- Information Management - Council's management of information across its various IT platforms. How we use and manage our data to help our understanding of the local place and set our priorities.

Demand Management

- Building upon our current systems and processed to improve our understanding of the local place and priority setting. Helping to inform our medium term financial plan and updates of our Corporate Plan.

Implementation of agreed actions will be monitored through the Council's performance management systems – including its transformation programme and success framework.

Head of Internal Audit Opinion

The opinion of the Head of Internal Audit is given for 2020/21 on four areas of Council assurance:

- **governance** (how the Council is run)
- **risk** (the risks to the Council's operations)
- **internal controls** (the processes in place to ensure compliance)
- **financial controls** (the processes in place to ensure we manage our finances appropriately)

Background & Context

The Covid-19 pandemic and subsequent lockdowns has had a significant impact on all areas of the public sector. The impact on governance, risk and control environments has been felt by all. The Council has had to respond swiftly to the ever changing environment to deliver new and existing operations – with staff working remotely/at home.

For the twelve months ended 31 March 2021 - based on the work we have undertaken and information from other sources of assurance - my opinion on the adequacy and effectiveness of Lincolnshire County Council's arrangements for governance, risk management and control is:-

Lucy Pledge **CMIIA QIAL, Head of Internal Audit & Risk Management**

More details on the Head of Internal Audit Annual opinion and Internal Audit can be found in the **Annual Report 2021**.

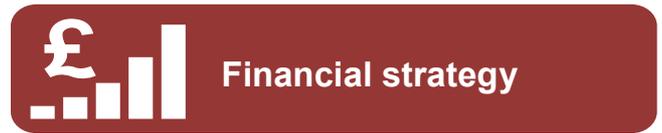
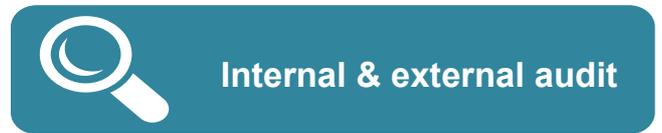
Governance 	Performing Adequately – Some improvements identified over the Council's governance and control framework.
Risk 	Performing Well – No concerns that significantly affect the risk management framework.
Internal Control 	Performing Adequately – Some improvement required to manage a high risk in a specific business area and medium risks across the Council.
Financial Control 	Performing Adequately – Some improvement required to manage a high risk in a specific business area and medium risks across the Council.

Appendix 1 – Governance framework

Where do we need assurance?



Where can / do we get assurance from?



Appendix 2 – Strategic risk register

Good risk management is part of the way we worked. It is about taking the right risks when making decisions or where we need to encourage innovation in times of major change – balancing risk, quality, cost and affordability. This put us in a stronger position to deliver our goals and provide excellent services.

The unprecedented events of Covid19 have resulted in changes to the priorities of the risk management programme and have also impacted the culture around risk management.

To ensure that key red risks and issues arising from the crisis were being identified and managed, an initial exercise was undertaken across services leading to weekly then monthly reporting to CLT – now quarterly.

In addition to the red risks and issues, our Strategic Risk Register is regularly reviewed and our risks are being effectively managed.

Risk	Mitigating Actions	Risk Rating	Level of Assurance	Direction of Travel
Safeguarding children	This has moved to a high risk & limited assurance due to the controls identified not being as robust as they were pre-Covid. The position is improving & it's expected the assurance will move back to substantial.	Red	Limited	=
Safeguarding adults	Programme in place to develop & implement suitable assurance frameworks for commissioned services & personal budgets.	Amber	Substantial	↑
Business continuity & resilience	Programme in place to review & test continuity & recovery plans.	Amber	Substantial	=
Market supply – Adequacy of market supply to meet eligible needs across a number of directorates within the Council	Strong relationships with providers & funding for residential care secured. Improved contract management.	Amber	Limited	=

Risk	Mitigating Actions	Risk Rating	Level of Assurance	Direction of Travel
Ability to deliver our programme of designated projects	Major projects – this has been defined in terms of risk & controls. It has also been reworded to reflect & improve assurance around the Transformation Programme.	Amber	Substantial	↑
Funding & maintaining financial resilience	2021/22 budget setting underway supported by MTFS. Good financial management & monitoring.	Amber	Substantial	=
Ability to recruit & retain staff in high risk areas	Proactive work continuing in this area	Amber	Substantial	↑
Ensuring contracts & markets (other than adult care) are fit for purpose	Commercial team supports the business with ongoing work to strengthen contract management (intelligent client) & learning from procurement/existing contracts	Amber	Limited	=
The risk of a successful cyber-attack against the council with significant/critical impact	Cyber security is a high risk with an improved position but the main outstanding control means assurance is still limited.	Red	Limited	↑
IT infrastructure – the ability to implement transformational aspirations & deliver business as usual	Improvements made within IT over the past few months have seen assurance level increased to substantial.	Amber	Substantial	↑

Key	Risk	Assurance
Red	High impact on resources, significant costs likely, high impact on service delivery	Low level of confidence over the design and operation of controls, performance or management of risk
Amber	Medium or short term impact on resources, cost covered within existing financial plans, low impact on service delivery	Medium level of confidence over the design and operation of controls, performance or management of risk
Green	Monitor and be aware, activity to mitigate the risk within existing service delivery plans / management arrangements	High level of confidence over the design and operation of controls, performance or management of risk
Direction of Travel		
Improving 		Static =

Note: As at March 2021