



Open Report on behalf of Andrew Crookham – (Executive Director of Resources)

Report to:	Audit Committee
Date:	12 July 2021
Subject:	Review of Council's Governance Arrangements and approval of Annual Governance Statement

Summary:

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

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

A 'good' Annual Governance Statement is an open and honest self-assessment of how well we have run our business across all activities - with a clear statement of any areas of significant concern.

The Audit Committee oversees the development of the Annual Governance Statement and recommends its adoption by the Council.

Recommendation(s):

That the Committee considers the contents of the Annual Governance Statement 2020/21 and:-

1. Agree that it accurately reflects how the Council is run.
2. That the Statement includes the significant governance issues/key risks it would have expected to be published.
3. Approves the Statement and recommends it for adoption by the Council.

Background

What do we mean by Governance?

1. 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"

2. It is comprised of systems, processes and culture and values, by which the Council is directed and controlled and through which they account to, engage with, and where appropriate, lead their communities.

What is the Governance Framework?

3. Our Governance Framework brings together an underlying set of legislative requirements, governance principles and management processes. It ensures that the Council's business is conducted in a legal and proper way – ensuring that public money is properly used - economically, efficiently and effectively.
4. 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.

Audit Committee Role and Remit

5. The Audit Committee plays a vital role in the Council's governance framework – with one of its key responsibilities to review and agree the Annual Governance Statement. In doing this the Committee:
 - Confirms that the Annual Governance Statement reflects the Committee's understanding of how the Council is run and that any significant governance issues / risks have been identified / published.
 - Constructively challenge the information and evidence being presented.
 - Ensuring value for money assurance arrangements are reported on and assessing how this features in the Annual Governance Statement.
 - Improving how the Council discharges its responsibilities for public reporting e.g. better targeting at the audience and plain English.
 - Impact of the continuing Covid-19 pandemic on the governance and assurance framework. Appendix B – CIPFA guidance 06 – Application of Good Governance Framework 2020/21.

Significant governance issue

6. In completing the review of the Council's governance and assurance arrangements **no significant governance issues were identified**.
7. Our assessment has identified a number of improvements over our governance framework – these are outlined below and will be monitored through the Council's performance management processes.

The Council's assurance levels

8. 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.

9. 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 the Corporate Leadership Team - now quarterly.
10. Our Strategic Risk Register is regularly reviewed and our risks are being effectively managed.
11. 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 at Amber.
12. 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.
- Peer Review 2019 – continue to implement actions to address recommendations.

Demand Management

- Building upon our current systems and processes 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.

Conclusion

13. The Council has successfully managed its 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.

14. 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.
15. 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.
16. This statement has been prepared by those with knowledge of the key governance issues facing the Council and conforms to good practice^[1].

Conclusion

a) Have Risks and Impact Analysis been carried out??

No

b) Risks and Impact Analysis

Any changes to services, policies and projects are subject to an Equality Impact Analysis. The considerations of the contents and subsequent decisions are all taken with regard to existing policies.

Consultation

a) Risks and Impact Analysis

Any changes to services, policies and projects are subject to an Equality Impact Analysis. The considerations of the contents and subsequent decisions are all taken with regard to existing policies.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Lincolnshire County Council - Annual Governance Statement 2020/21
Appendix B	CIPFA Bulletin 06 - Application of the Good Governance Framework 2020/21

Background Papers

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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