

Draft Annual Governance Statement 2022



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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.

Our strong governance arrangements enabled us to continue to adapt and provide our services effectively but also gave us the opportunity to do things differently. We are very proud of how the Council has continued to adapt and support our communities during and recovering through the pandemic and challenging economic environment – working with private, public and voluntary partners.

We recognise the importance of having good leadership and management, effective processes and other appropriate controls in place to have a well-run Council.

The Council has a robust assurance framework in place which is informed by the work of the senior managers - who have responsibility for the development and maintenance of the governance environment. The framework focuses on:

- assurance of front line service delivery where each Executive Director undertakes an annual self-assessment using intelligence from the performance framework which enables them to assess the effectiveness of service delivery.
- oversight of management activity through a range of reports which are produced annually or throughout the year from those responsible for the oversight of management activity which provide assurance on the operation of elements of the governance framework.
- highlights where independent oversight is available to provide assurance.

Collectively this intelligence has confirmed that our governance arrangements are strong. However, we are not complacent and strive to embed a culture of high challenge, high support - where all staff, managers and members constantly review and scrutinise to ensure that we continue to adapt to our challenging environment and demands - whilst supporting our staff through creating conditions for success.

The current environment is bringing with it significant and new challenges including inflationary costs, labour shortages and increased demand from our communities to highlight a few. We continually horizon scan to ensure that we are able to adapt and respond to these new and emerging challenges.

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
Deputy Chief Executive & 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).

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 26th September 2022 the Audit Committee considered and challenged the content of 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

How the Council works

The Annual Governance Statement covers the 2021/22 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 two members and a maximum of ten.

- In 2021/22 the Leader and eight councillors sat on the Executive.

The remaining 61 councillors form Scrutiny and Regulatory committees.

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

A number of these committees deal with regulatory issues.



Scrutiny support arrangements have recently been reviewed by the Centre for Governance and Scrutiny. They concluded that the Council's scrutiny arrangements perform well compared to other authorities – suggesting improvements to enhance decision making.

The Council's governance arrangements responded well to the challenges presented by a return to face-to-face public meetings. Members adapted well to the health and safety disciplines required to ensure that decision-making continued in a legally correct, transparent, and safe way.

Outcomes – Working for a better future.

Lincolnshire is a place which we are proud of, and we will continue to ensure that our residents enjoy the lifestyle they deserve. We will work together to enhance services and ensure we are 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 continue working for a better future. We are determined that in the coming years people and communities will have:

-  High Aspirations
-  Enabling everyone to enjoy life to the full
-  Create thriving environments
-  Provide good value council services

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 Council has continued to support high quality education offer across the county. The proportion of schools judged as good or outstanding has improved and is now 84.1%, this is a 0.9% increase and is now above statistical neighbours by 0.2%.

The work completed over the last twelve months has directed resources to those in greatest need to help them thrive and maximise independence during a particularly challenging year. A new Emotional Based School Avoidance (ESBA) strategy has been developed to provide

advice to schools in how best to address children’s needs where there was an emotional barrier to attending/returning to school.

Lincolnshire has secured funding from the Department for Education for the development of a new children’s home, the first to open in September 2022. Along with this, there is further activity underway for up to another two homes to increase Lincolnshire’s capacity even further enabling more children to remain within Lincolnshire and their support network. Lincolnshire’s semi-independent living accommodation, alongside the contracted supported living offer is enabling us to safely support a much larger number of older children with more complex needs, keeping them closer to home in Lincolnshire.

Apprenticeships are an important aspect of the Council’s Corporate Plan and People Strategy, to aid attraction and retention. There continues to be healthy take up, including across maintained schools and corporate areas. The total number of apprentices is 294 on roll, with a levy allocation of £ 2.7m. This is an increase of 59 apprenticeships since September 2021. 68% of training provision is also being delivered by local providers, which is a further 7% increase.

Enable everyone to enjoy life to the full



The Connect to Support Lincolnshire mobile app was launched in October 2021 and provides a simple, convenient source of information that is accessible to a wide range of people. The Council have worked with colleagues from the Mental Health, Learning Disability and Autism group to identify a proposed set of actions for 2022 to support mental health promotion and mental illness prevention across Lincolnshire enabling individuals to enjoy life to its full potential.

The development of a multi-agency prevention strategy with Lincolnshire Safeguarding Adults Board (LSAB) to protect people from harm and to promote community wellbeing has now been completed. The strategy was agreed by LSAB and Team around the Adult (TAA) strategy was implemented. This has been shortlisted for a national award and has been recognized as an example of excellent practice.

The Suicide Prevention Steering Group, led by Public Health, has developed a new multi-agency action plan for 2022. The actions are in line with the priorities of the 2020-23 Suicide Prevention Strategy and build on work completed in 2021

There has been a continuation of support for the ‘Falls Service’, helping those affected to recover better without the need for hospital intervention. A multi-agency summit was recently undertaken, chaired by the Leader of LCC. This has also supported further investment in the Falls Service that will build on the existing service and provide a programme of support to people to help prevent falls from occurring in specified at risk groups. Public Health division are developing a strength and balance programme for fall prevention and a budget of £160,000 a year has been identified to implement the programme for a 2-year period.

Lincolnshire also supports the Alternative Travel Group that is implementing local Cycling and Walking Infrastructure Plans (CWIPs). The Public Health Division has also worked with Development Management and the appointed consultants on outline proposals for a ‘Broadgate City Park’ in Lincoln.

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. Work commenced on the ground on Phase 5 of the Spalding Western Relief Road on 10th January 2022. The road network is being further enhanced as work is proceeding to seek approval to enter into a design contract for North Hykeham Relief Road in the summer of 2022 which would enable the project to proceed in line with the current programme.

Lincolnshire County Council continues to champion projects that are outside of the county boundary, but which will improve the lives of those who live, work, and visit Lincolnshire, through improvements to road and rail at Newark.

Lincolnshire continue to support keeping the roads safe to use, including through the purchase of a new fleet of gritting vehicles, on standby, 24/7. This gives Lincolnshire County Council the ability to update its Fleet with the latest technology and brings improvements in delivering the gritting service. As of Winter season 2021/2022, thirteen new machines are on the network out of the forty-seven strong gritter fleet. On order to join the Fleet in

September 2022 for the 2022/2023 season are further thirteen, with a further fourteen to follow in September 2023. This will make a total of forty gritters being replaced by the 2023/24 Winter season. The last seven will be replaced in 2025 and 2026 – this will complete the programme.

Provide good value council services



As the year comes to end the UK economy is seeing inflation and an increase in interest rates, known as the cost-of-living crisis. The Council will need to adapt its approach to support its residents through the crisis.

The Transformation Programme has been created to provide Lincolnshire County Council with the opportunity for us to learn better from each other and work collaboratively to identify new and improved ways to support wider council objectives. We have for many years undertaken and been excellent at service led transformation; enabling us to become a strong council with nationally recognised services. We want to continue to build on that success for all parts of the council.

The Transformation Programme brings some of our most high-profile projects together to give far greater visibility, corporate oversight and accountability of key activity, assurance of funding being spent on Council priorities and confidence that benefits are being realised. So far, we have achieved the following:

- £1.1m of budget savings achieved through Smarter Working
- £0.9m of budget savings anticipated from the Adults Improvement Project
- £0.8m of budget savings achieved through the Business Support Review
- Increasing number of children returning to Lincolnshire from out of county placements improving outcomes and avoiding future costs
- Greater inclusion for children & young people and a reduction in requests for Education, Health & Care Plan’s and resulting plans with cost avoidance of £2.4m.

Council's Response and Recovery 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.

Lincolnshire's response to covid, stood up in late January 2020 and overseen by the Strategic Command Group (SCG), under the Local Resilience Forum (LRF) was stood down on 24 February 2022 as the country transitioned into a recovery phase.

Leadership of the recovery fell to the Recovery Strategic Command Group (RSCG) through the leadership of LCC's Executive Director, Place. This helped to provide leadership and co-ordination among all the partner organisations in understanding and responding to the impacts of the pandemic in a proactive and co-ordinated manner.

The recovery phase was stood down in December 2021 with organisations largely returning to individual responses and adjusting their operations to a 'new normal'.

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. A Covid-19 LOMP was in place from June 2020 and updated in line with national requirements. Following the easing of restrictions in February 2022, the Covid-19 LOMP has been replaced by the 'Living Safely with Covid' Plan (approved by the Local Outbreak Engagement Board at its meeting on 2 March 2022).

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. Given the resilience of the national supply chain (largely due to 70% of PPE now being produced by UK manufacturing firms), Government has now ceased to provide the LRF with PPE and all those eligible for free PPE are now able to continue accessing this via the national PPE Portal. A plan is in place to distribute and reduce the remaining surplus stocks of PPE held by the LRF whilst retaining a local emergency stockpile for the purposes of resilience to deal with potential future surges of COVID-19, outbreaks in the community and care sector and future pandemic preparedness.

Outbreak Management Approach

The Local Outbreak Control Plan identified all high-risk settings and proactively provided those settings with targeted advice to enable them to take steps to prevent infection and therefore cases from arising. The high-risk settings included 289 care homes, schools and early year settings, two universities, two prisons and one detention centre, a large number

of houses 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 was identified including how to deal with the premises and the individuals and equipment within it. These action cards remain in place presently. In accordance with good health protection practice the main emphasis is to provide advice and guidance to settings, thereby assisting them to help contain the outbreak. The aim is therefore to continue to work, through persuasion and co-operation, in getting agreement to take voluntary actions necessary to prevent further spread of the infection.

Living Safely with Covid (Test and Trace)

Throughout the pandemic, the targeted community testing programme supported local hard to reach populations to access free lateral flow testing. The programme handed out 255,361 test kits and provided 39,053 supervised tests during the life of the programme. The PCR network and mobile testing provisions continued to operate throughout 2021 and up to the end of March 2022. This network provided PCR testing in; Lincoln, Gainsborough, Grantham, Boston, Skegness Louth, Horncastle Mablethorpe, Stamford, and Spalding.

The local contact tracing offer continued last year alongside the PCR and LFT coverage, supporting 8,965 individuals with a local contact tracing offer to gather vital information and provide advice and guidance where needed. As part of the national approach to living safely with covid, free testing, both symptomatic and asymptomatic were paused at the end of March 2022. The PCR testing network is currently being dismantled, with work expected to be completed across all PCR sites across the county by June 2022.

Only the following are now able to access free testing:

- Individuals eligible for COVID-19 treatments
- Individuals being admitted into hospital
- Those who work in the NHS or in adult social care
- Those who's GP or healthcare professional has recently asked them to get a test.

Free testing will also remain, via institutional testing, within care homes and hospital settings. Local health protection teams will continue to support the settings with a contact tracing offer, moving away from the paused national model for contact tracing.

The outreach testing bus which supported the targeted testing programme during 21-22 has now been repurposed to provide outreach vaccination provisions in hard to reach and underserved areas across Lincolnshire.

Outbreak Management Governance Arrangements

a) Strategic oversight

A Local Outbreak Engagement Board (LOEB) for Lincolnshire provided political ownership and governance for the local outbreak management response and ensured consistent messaging with Lincolnshire's population by overseeing public facing engagement and communication. The LOEB discharged its responsibilities by means of recommendations to appropriate governance boards and relevant partner organisations. The LOEB was 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. LOEB was formally stood down on 2 March 2022.

The Covid-19 Health Protection Board (HPB) chaired by the DPH as an advisory board to LOEB was stood down on 4 April 2022. The remaining covid work is now incorporated into the main Health Protection Board, the membership of which includes senior officers from all relevant partner organisations. The Public Health Intelligence Team continues high level epidemiology and monitoring in relation to covid testing, cases, outcomes and system service pressures that has informed decision making throughout the pandemic.

b) Operational planning & Coordination

The System Co-ordination Centre (SCC) was set up as part of the LRF cell structure in September 2020 and continued to play a vital role in the covid response until being stood down in April 2022. The SCC had an operational level oversight of the response. This included 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, UKHSA, communications, and the third sector, to ensure a system response is delivered accordingly. The SCC ensured that if pressures on the system increased then resources from the Public Health division were diverted to the COVID-19 response as and where necessary.

The Covid-19 Outbreak Management and Rapid Response Sub-Cell also sat within the LRF structure to oversee the implementation of outbreak management plan and deliver specific actions. It was chaired by the Public Health Programme Manager (Health Protection) 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. Both of these boards have now been stood down with the responsibility now sitting within the ongoing work programme of the Health Protection Team.

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 2021](#) which focused on the impact and recovery of Covid-19 on Lincolnshire.

Support for Self-Isolation

The Community and Volunteer Cell (CVC) of the LRF which had operated since late March 2020, stood down in early 2022. The CVC Cell brought together the LRF, district councils, LCC Customer Service Centre, Wellbeing Service, and community and volunteer groups to provide support people during self-isolation and shielding, and to coordinate and organise voluntary organisations, spontaneous volunteers and community assets and support to

mitigate negative impacts. The LCC CSC dedicated website and Covid-19 helpline, in place since 29 March 2020 as a first point of contact for vulnerable people were stood down on 31 March 2022. At this point, self-isolation payments made via District Councils also ceased.

Integrated Care System

As part of the Health and Care Act 2022, the Council is required to work with our NHS partners to formalise the arrangements that will form our local Integrated Care System (ICS), known as Better Lives Lincolnshire. This includes nominating a representative to sit on the Integrated Care Board (ICB) and working jointly with the ICB to set up our local Integrated Care Partnership (ICP). This will strengthen further our relationships across the system to enable us to better deliver quality health and care services for Lincolnshire residents.

Greater Lincolnshire Public Health Pilot

On 10 December 2021, the Greater Lincolnshire Joint Oversight Committee agreed in principle to pilot a single public health arrangement across Greater Lincolnshire for 12 to 18 months starting on 21 February 2022 and agreed that each constituent local authority seeks, in principle, approval to proceed in accordance with any necessary constitutional requirements.

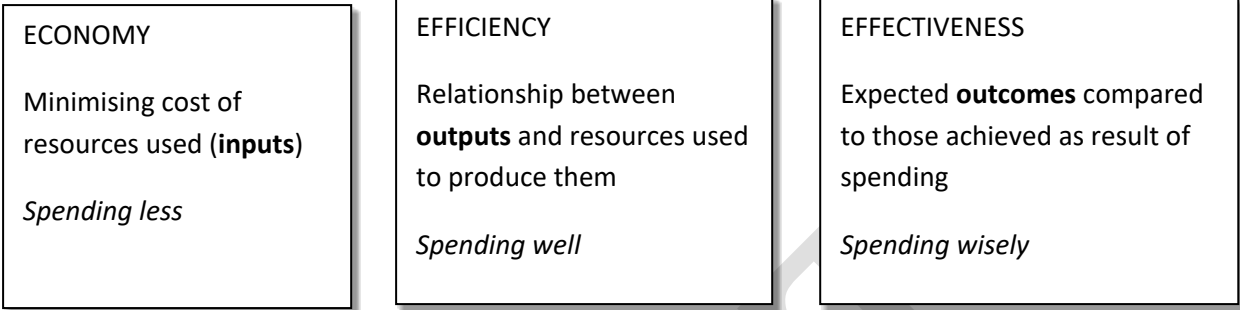
During the pilot, the LCC Director of Public Health (DPH) is seconded, on a fixed term basis, to NLC and NELC to act as their DPH with all the relevant authority which comes with the post.

A Greater Lincolnshire Public Health Oversight Board (GLPHOB) has been established to oversee and provide a steer for the pilot. This will include making recommendations to the constituent local authorities at the 12 month point on whether the single Greater Lincolnshire Public Health model should be formalised, stood down or extended in time as a pilot to allow further evaluation. The board is made up of Executive Councillors and senior officers from each authority along with Integrated Care System representatives.

The Local Government Association has been commissioned to carry out an independent evaluation of the pilot with the outcome feeding into the decision-making process about next steps at the 12 month point

Value for money

The council has a duty to demonstrate value for money in how it operates. Our auditors are required to report on our arrangements for securing economy, efficiency and effectiveness ensuring the maximum benefits with the resources available to us.



The Council's initial self-assessment against areas of reporting and 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 and adequate earmarked reserves to support the continued volatility of funding and demand on our services

The Council has had a medium-term financial strategy for a number of years now which has combined:

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

The government has committed to review the resources and revenue requirements for local government but has once again provided us a single year funding settlement. To reflect this funding uncertainty and in line with its current financial strategy, **the Council has set a one-year budget up to March 2023.**

The Council is constantly monitoring its long-term financial position and our medium term financial strategy includes Medium Term Financial Plan (MTFP) which forecasts our financial position over four years to March 2026. Inflationary and utility cost pressures – together with the cost of capital programmes due to the increases may impact on how much can be delivered or the speed of delivery. Future years consider known cost pressures, planned savings and use of reserves to produce a balanced budget. The MTFP predicts a budget shortfall and modest use of reserves in each year for the period of the MTFP.

The **Budget setting process for 2022/23** built into our base budget cost pressures which have continued to emerge prior to and during the Covid-19 pandemic. To support financial

resilience, our contingency budget was significantly increased to reflect the current rises in inflation and cost of goods and services.

Following Covid restrictions being removed and a successful vaccination programme, the government has indicated that general grants supporting Covid costs will not continue beyond the current year. **The Council has actively sought to maximise the use of Covid grants when resources have been redirected to support the Covid response.** This has ensured this funding is retained within Lincolnshire to benefit our residents and has created underspends on our business as usual budgets. This will support the Council's financial position as we continue to monitor any ongoing impact of the pandemic on our budgets.

The 2022/23 budget includes low risk efficiency savings and income increases but does not include any significant service reductions.

Our savings strategy looks to optimize our back-office services and is supported by our Transformation Programme which incorporates process 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.

The **10-year capital programme** has been refreshed to reflect current scheme costs 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 working to provide on-going challenge and transparency to projects within the programme.

Our **in-year budget monitoring** continues to improve with increased reporting to members and the Corporate Leadership Team 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, the grants supporting it and the impact this has on our service budgets.

We will continue to develop our financial reporting to identify key risks to delivery and financial sustainability. We will look to ensure our budgets align and support the ambitions within the Council's Corporate Plan.

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 introduced the Financial Management (FM) Code designed to support good practice in financial management and demonstrating financial sustainability. Proportionate compliance with the code is required from April 2021 and our self-assessment is that we

have proportionate compliance as required. Areas for continued improvement have been identified and an action plan is being put into place.

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.

As in previous years, **the public are generally satisfied** with the standard of services delivered. Ofsted assessed our Children’s Services are **outstanding** in 2019. An Ofsted focused visit undertaken in March 2022 acknowledged that services for children had remained a high priority throughout the pandemic and resources had been protected and enhanced since the last inspection in 2019. They found that the Council ensured families received the right help at the right time, with a clear focus on the needs of the children. This led to a strong focus on reducing risk faced by children and improving their chances in life.

Her Majesty’s Inspectorate of Constabulary and Fire & Rescue Services published the outcome of their inspection of Lincolnshire Fire and Rescue Service (December 2021) – which received a **requires improvement** rating. They confirmed that whilst the service **has made good progress** since the last inspection in 2018, **progress has been slow**, and the service still has **a lot of work to do**. An action plan is in place to address recommended improvement which is monitored through our performance management framework. Our Annual Governance Statement for 2023 will provide an update on progress and the status of any improvement plans arising from these inspections.

We also work with our care providers promoting high quality care - providing appropriate support where the Care Quality Commission or our own contract management arrangements identified areas of improvement.

The Council has four 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 nominated Director and shareholder representative that attend Board meetings and who receive regular management accounts from the company's accountants. The LCC Strategic Finance Team review management accounts with the shareholder representative on a monthly basis, annual accounts are also received and reviewed by officers. The Company continues to achieve the primary objectives set at the time of its inception. It operated throughout the Covid pandemic, providing essential transport services for key workers, communities and scholars and although trading conditions in the transport market have been difficult post-pandemic, through robust financial management, the Company achieved a surplus in 2021/22, whilst servicing all loans and operating in line with Teckal Company requirements. Projections indicate that the Company will continue to trade at a surplus for the foreseeable future.

Legal Services Lincolnshire (Trading) Ltd – 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 is awaiting confirmation of a licence from the Solicitor's Regulation Authority before it can begin trading.

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 260 contributing employer organisations and just over 73,600 members. This is made up of 24,422 active contributing members, 25,650 deferred members (who are no longer contributing to the scheme but will be entitled to a pension when they retire) and 23,536 pensioners.

The Fund's value is currently £3.049bn. It 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 2021/22

To ensure the Pension Fund is achieving its overarching objectives:

- The pensions administration service, provided by WYPF in a shared service, is monitored and reported to the Pensions Committee and Board on a quarterly basis. During 2021/22 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 reported and monitored by the Pensions Committee on a quarterly basis. There have been no concerns regarding manager performance during 2021/22.

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 2021/22 were completed except for the implementation of the Good Governance Review. This was deferred as the guidance was not published during the year. Consultation on the Good Governance Review is now expected in the Autumn of 2022, once enacted the Fund will review and implement its recommendations.

During 2021/22 no significant governance concerns or areas for improvement were identified.

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 2022 needs updating](#)

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 impact of Covid-19 on children and young people 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 have overseen the review of our governance arrangements and have 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.

More details on Audit Committee work can be found in the [Audit Committee Annual Report 2021](#).

[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.

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

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 2022](#).

How we carry out assurance

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

Management
Accountable for delivery



Corporate and third party
External inspections and internal assurance functions



Internal audit
Independent assurance



Speaking to senior and operational managers who have the day to day responsibility for managing and controlling their service activities.

Working with corporate functions and using other third party inspections to provide information on performance, successful delivery and organisational learning.

Using the outcome of internal audit work to provide independent insight and assurance opinions.

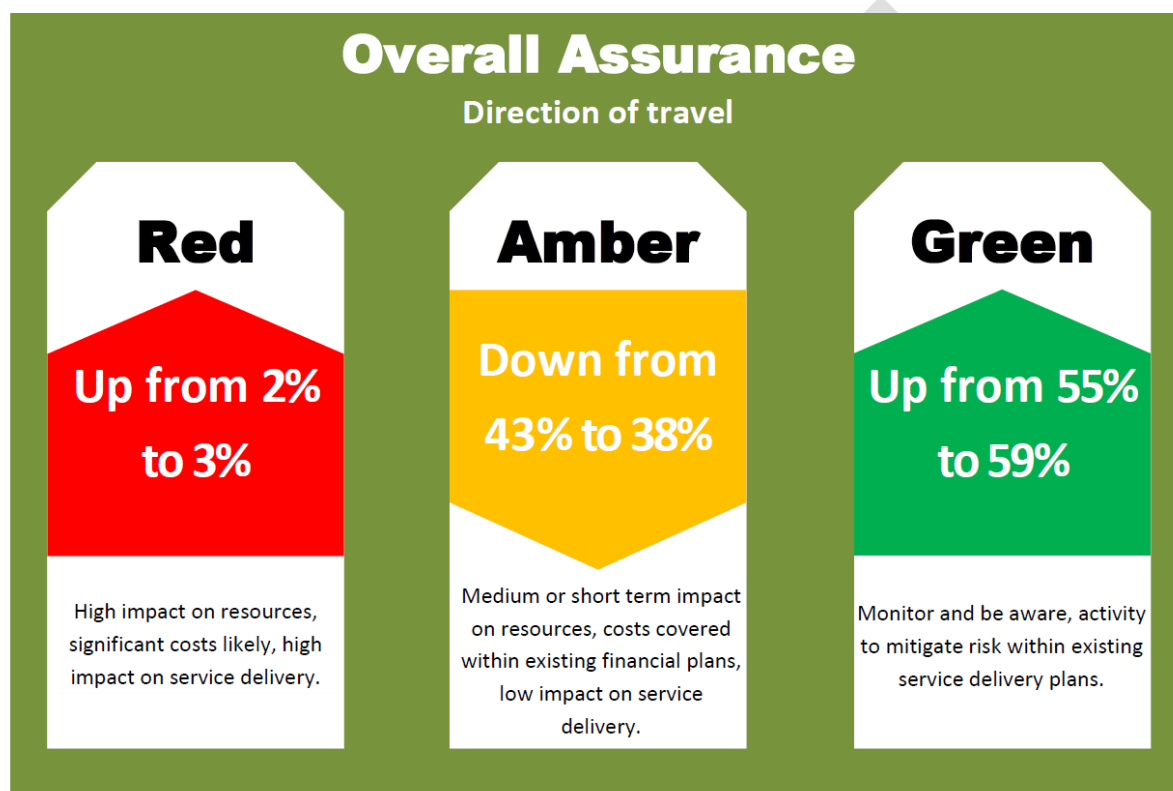
Considering other information and business intelligence that feed into and has potential to impact on assurance



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. We therefore identified a number of areas of continuous improvement as part of our review to help us move forward.

More details on the Combined Assurance report can be found in the [Audit Committee –7th February 2022](#).



We therefore identified a number of areas of continuous improvement as part of our review to help us move forward:

Governance and Oversight

- Accountability & Assurance Framework – raising awareness and understanding of Council's governance / decision making process – including financial regulations / procedures. Workshops are planned in 2022.
- Commercial Activities – Review effectiveness of governance and oversight ensuring appropriate transparency and accountability framework in place. Reference CIPFA good practice guide on 'Local authority owned companies' – 2022 edition.
- Partnership Governance & Oversight – improve insight and oversight of our corporate plan ambitions / priorities delivered through partnership and / or collaboration.

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.
- Capacity to deliver – responding to the changing regulatory framework. Ensuring that our change programme is effectively delivered. Understanding the impact on our business as usual activities, our workforce as we implement these changes.

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

DRAFT

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

It has been another challenging year for the Council – responding, supporting, and recovering from the pandemic. Its systems and processes have operated effectively during this time both remotely and more latterly in a hybrid way – with staff working at home and in the office.

For the twelve months ended 31 March 2022 - 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:-

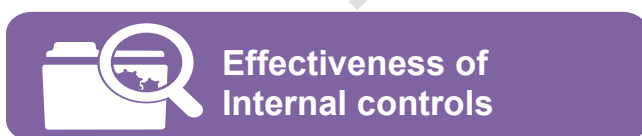
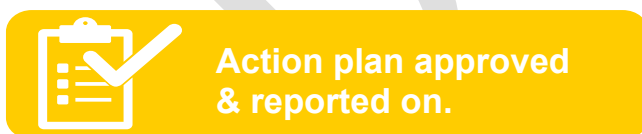
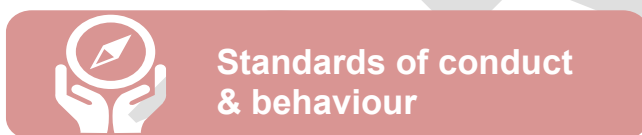
Lucy Pledge **CMIIA QIAL**,
Head of Internal Audit & Risk Management

More details on the Head of Internal Audit Annual opinion and Internal Audit can be found in the [Annual Report 2022](#).

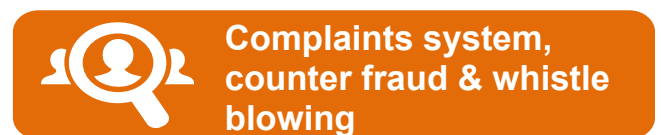
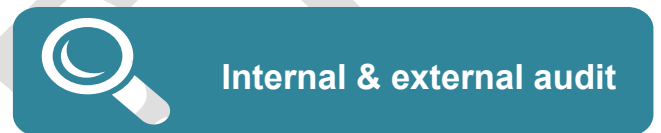
Governance 	Performing Well - No concerns that significantly affect the governance, risk and control framework and successful delivery of the Council priorities.
Risk 	Performing Well - No concerns that significantly affect the governance, risk and control framework and successful delivery of the Council priorities.
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 Well - No concerns that significantly affect the governance, risk and control framework and successful delivery of the Council priorities.

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.

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	Excellent outcome of Ofsted focused inspection. Majority of KPIs being met and any outstanding, having action plans in place. Assurance frameworks in place.	Amber	Substantial	↑
Safeguarding adults	Prevention strategy in place. Multiagency Safeguarding policy in place and being implemented. Assurance frameworks in place.	Amber	Substantial	↑
Business continuity & resilience	Programme in place to review & test continuity & recovery plans. Ongoing development of training for Lincolnshire Resilience forum	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, Robust contract management – new contract specification 1/4/22. Carer attraction campaign in progress.	Amber	Limited	=

Risk	Mitigating Actions	Risk Rating	Level of Assurance	Direction of Travel
Ability to deliver our programme of designated projects	Robust programme and project arrangements in place. Corporate oversight on progress, delivery, risk and assurance.	Amber	Substantial	↑
Funding & maintaining financial resilience	Balanced budget with MTFP in place. Good financial management & monitoring.	Amber	Substantial	=
Ability to recruit & retain staff in high risk areas	Proactive work continuing in this area	Amber	Limited	=
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 an inherently high risk area 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	On-going investment and delivery in IT projects and infrastructure. Review of delivery arrangements post 2024.	Amber	Limited	↑

Risk	Mitigating Actions	Risk Rating	Level of Assurance	Direction of Travel
Outstanding debt - Securing efficient and effective end-to-end processes for the recovery of income due to the Council.	Established systems in place Implementation of action in the improvement plan. Internal Audit planned 2022/23.	Amber	Substantial	
Serco Contract - Exit of Serco contract ending and transition into the new arrangements	Programme Director in place to lead transition and implementation. Governance and oversight arrangements in place.	Amber	Substantial	=
Continued high inflation undermines capital programme impacting aspirations and threatens the sustainability of revenue budgets.	Reshaping spending options / medium term financial plan. Regular financial monitoring and impact assessment on key projects / contracts. Lobby Government for support.	Red	Limited	=

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 June 2022