



**Open Report on behalf of Andrew Crookham - Deputy Chief Executive and Executive Director - Resources**

Report to:	<b>Audit Committee</b>
Date:	<b>26 September 2022</b>
Subject:	<b>Review of the Council's Governance Arrangements and approval of the Annual Governance Statement 2021/22</b>

**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 or improvement.

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 2021/22 and:-

1. Agree that it accurately reflects how the Council is run.
2. That the Statement includes any 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 - 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.

### Audit Committee Role and Remit

4. 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 these feature 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.

### Significant governance issue

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

### Continuous Improvement Areas

7. Our assessment has identified a number of areas of continuous improvement over our governance framework to help us move forward. These are outlined below

and will be monitored through the Council's performance management processes – including its transformation programme.

### **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.

### **Conclusion**

8. 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.
9. 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.
10. The Council remains generally in a sound financial position relative to other councils over the short term. 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.

11. 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.
12. 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.
13. 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.
14. This statement has been prepared by those with knowledge of the key governance issues facing the Council and conforms to good practice<sup>[1]</sup>.

## **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.

The Annual Governance Statement provides insight and information on the risk culture and control environment operated.

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

## **Appendices**

These are listed below and attached at the back of the report	
Appendix A	Lincolnshire County Council - Annual Governance Statement 2021/22

## **Background Papers**

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

This report was written by Lucy Pledge, who can be contacted on 07557 498932 or [lucy.pledge@lincolnshire.gov.uk](mailto:lucy.pledge@lincolnshire.gov.uk).

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