

Annual Governance Statement 2023



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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 mean we can continue to adapt and provide our services effectively but also gives us the opportunity to do things differently. We remain very proud of how the Council has continued to adapt and support our communities during the changing landscape that has followed recovery from the pandemic and the challenges we face within the economic environment. We have continued to build upon the work delivered 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. We recognise that it is important not to be complacent and constantly challenge ourselves so that we learn and continually develop.

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. This enables them to assess the effectiveness of service delivery.
- Oversight of management activity through a range of reports which are produced annually and/or throughout the year from those responsible for their oversight. This provides assurance on the operation of governance framework elements and highlights where independent oversight is available for added assurance.

Collectively this intelligence has confirmed that our governance arrangements are strong. We continue to strive to embed a culture of high challenge, high support, where all officers, leaders and members constantly review and scrutinise governance practices. The purpose of which is to aid continual adaption for the challenging and changing environments we face and support our staff through future proofing and continued success.

The current environment is bringing with it new and significant challenges including inflationary costs, labour shortages, cost of living increases and increased demand from our communities, to highlight a few. We horizon scan to ensure that we can adapt and respond to new and emerging challenges and keep our communities supported. However, our workforce challenges continue to be significant, despite innovative responses.

The development and publication of our Annual Governance Statement helps us review our successes and define any areas for future development.

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 Issues

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

Our assessment has identified some improvements to 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 (Appendix 1).

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, policies, and procedures alone. The Council is expected to have a culture that places the public and integrity at the heart of its business.

On 19 June 2023 the Audit Committee considered and challenged the content of the draft Annual Governance Statement to consider if the Statement properly and accurately reflected how the Council is run and identified any improvements required. The Annual Governance Statement was formally approved by the Audit Committee and recommended for signing by the Leader of the Council, Chief Executive, and the Executive Director for 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 2022/23 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.

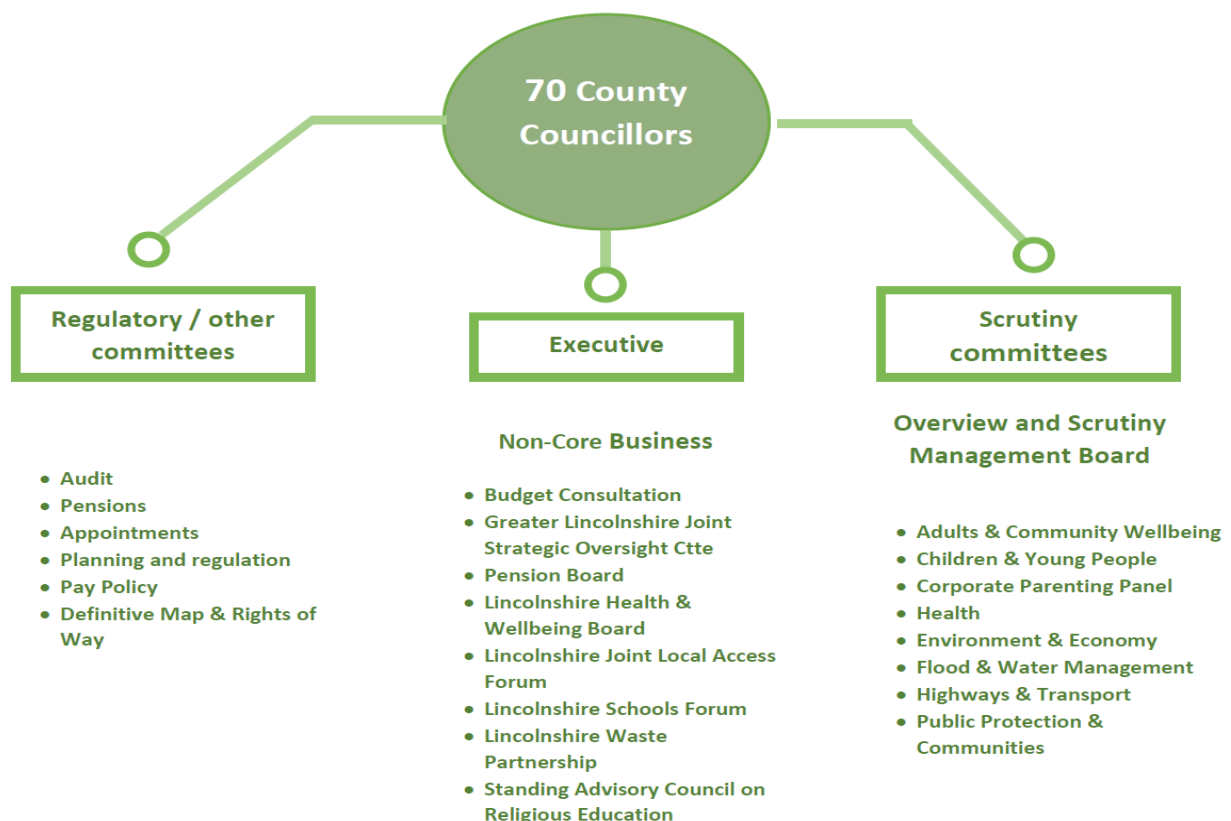
The Executive makes the decisions that deliver the budget and policy framework of the council and consists of a minimum of two members and a maximum of ten.

- In 2022/23 the Leader and eight Councillors sat on the Executive.

The remaining 61 Councillors form the Scrutiny and Regulatory committees.

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

A number of these committees deal with regulatory issues.



Following a recent review of the way the Council conducts scrutiny, carried out by the Centre for Governance and Scrutiny, an action plan was sponsored by the Oversight and Scrutiny Management Board (OSMB).

This plan included suggestions to enhance the way scrutiny is carried out, some of which have been incorporated into the Council’s Councillor development programme. Others have been implemented as part of an internal review of practises within the Democratic Services Team.





Each year an Overview and Scrutiny Annual Report is produced showing the activities undertaken by the Scrutiny Committees.

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 work together, and with our partners, 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 aim being to continue working for a better future.

Through the implementation of our corporate plan, we are determined that in the coming years people and communities will:

-  Support high aspirations
-  Enable 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](#) .

Performance Summary

Support High Aspirations



We have continued to support families, so that children can thrive, recommissioning our Best Start Lincolnshire services and we will be expanding local support for families with older children through our Family Hub programme.

Over 200 new special school places have been created to meet the needs of children and young people who require a higher level of specialist support, with plans being on track to deliver a total of 365 special school places by the end of September 2023.

The council is also making good use of apprenticeships which are an important aspect of the Council’s Corporate Plan and People Strategy. The total number of apprentices is now over 300, with 91.53% of the annual levy allocated. 74% of training provision is also being delivered by local providers.

Extensive work has been completed in pursuit of a devolution deal for Greater Lincolnshire. This saw draft proposals being agreed by upper tier councils in December 2022 and a letter being received in March 2023 from the Minister for Levelling Up, inviting Greater Lincolnshire to enter negotiations for a devolution deal. This places a focus on enhancing skills and infrastructure across the area and creating high skilled, value jobs for the future.

The council has continued to provide green infrastructure and facilitate a low carbon economy. The Green Master Plan has been approved and the Green Master Plan website developed, along with a Zero Carbon Castle project commenced to examine how a zero-carbon tourist attraction can be developed.

Enable Everyone to Enjoy Life to the Full



Continued enhancements have been made to support our children in care. Our short break children’s home Strut House relocated to the St Francis Special School site and into a new customised high-quality facility, offering an outstanding environment and quality of care to children with complex disabilities and health needs.

Our children in care transformation project will continue to improve the outcomes of our most vulnerable children. This work includes the creation of two new children’s homes in Lincoln and East Lindsey, funded jointly by the Council and the Department for Education. The programme is well underway, with both children’s homes opening in 2023.

The Council is working closely with colleagues across the health system, seeing the implementation of the integrated care system and the development of the integrated care strategy. This includes a focus on the digitisation of social care and the successful bid for £400k investment into digital care services which will help with improving the efficiency, quality, and safety of care providers in the county.

Lincolnshire has launched its Social, Emotional and Mental Health (SEMH) Strategy 2023-26 which was developed in partnership with a wide range of stakeholders and sets out our aims and strategic direction over the next three years to ensure that children and young people in Lincolnshire are supported in their school settings to enjoy good mental health and wellbeing.

The council continues to work with colleagues from the Mental Health, Learning Disability and Autism Alliance to support mental health promotion and mental illness prevention. This has seen the launch of the 5-ways to wellbeing campaign through Connect to Support and improved connectivity to local services.

Create Thriving Environments



The council has continued to invest in business support activities. In July 2022 new grow-on space for expanded businesses was completed in response to small business needs within the Market Deeping Eventus Centre.

We have also completed ‘The Hub’ innovation centre at the South Lincolnshire Food Enterprise Zone. The council has also launched its International Trade strategy and delivery plan to help and encourage businesses to access international markets through a single gateway.

The council continues to support businesses through the Team Lincolnshire Ambassador Programme, which has seen the development of new investment proposals for the defence and security sector, and for the growth of the visitor economy.

Work has continued to deliver the recommendations of the Greater Lincolnshire Tourism Plan. This has included the redevelopment of the www.visitlincolnshire.com website, improvements to the business toolkits that support tourism businesses to upskill, recruit and develop their businesses, along with the implementation of the green tourism toolkit.

The council has prioritised protecting our environment. It has adopted the fifth Local Transport plan in 2022, which provides policy direction across modes and reflects the needs of our sectors, as well as looking at priorities such as the environment and alternative fuels. This is further supported by work to use the council’s EV strategy to successfully bid for Local Electric Vehicle infrastructure funding which will be used to support green travel across the county. The use of the Farming in Protected Landscape scheme has also directed funding of nearly £250k towards environmental and diversification schemes.

Provide Good Value Council Services



The UK economy has continued to see high levels of inflation and an increase in interest rates as the cost-of-living crisis continues. The council has successfully adopted its approach to continue to deliver cost effective, sustainable services. Despite these cost pressures, Lincolnshire has continued to remain in the lowest quartile for council tax in 22/23. It is making effective use of grants to maximise the impact for residents. This includes the use of Covid support grants, Ukraine families and low-income household grants, ensuring that the money remains in Lincolnshire and benefits our residents and businesses.

The transformation programme continues to deliver against its objectives. So far, we have realised:

- £1.8m of budget savings through the business support reviews.
- £1.239m of budget savings within Educational Travel so far, and continued work across several areas to make routes more efficient and cost effective.
- The new Business World System has been implemented successfully, and provides a standardised approach, reducing duplication and making our processes more efficient and effective.
- 45 children returning to Lincolnshire from out of county placements improving outcomes and avoiding future costs since the programme began.
- £1.1m of budget savings achieved through smarter working, delivered through a targeted reduction in budgets, including business mileage and a reduction in office space required.

The council remains committed to engaging with residents through its engagement platform, Let's Talk. Over 50 engagements were completed last year, with high response levels being received and over 1,500 residents now receiving regular invitations to participate in engagement activities.

Public Health Summary

Local Authorities are mandated (as part of the Health and Care Act 2022) to provide specialist public health expertise and advice to Integrated Care Board (ICBs) and to support ICBs to deliver their objective of improving the health of the local population. Through the response to the COVID-19 Pandemic, the role of the Director of Public Health and the wider Public Health Division became highly visible and central to the overall system leadership of all health and care services.

This has been further embedded through work to develop Lincolnshire's Integrated Care Strategy (ICS) and Public Health provide leadership to the ICS in a range of diverse areas. The ICS boundary mirrors the county council's which helped foster strong relationships, effective working practices and add value across the system exceeding requirement to provide public health advice.

Public Health Peer Review

The Public Health Peer Review is a local system tool developed by the Association of Directors of Public Health (ADPH) and the Local Government Association (LGA) to support local authorities in defining and delivering effective public health interventions. This aids structured reflection on strengths, assets, challenges and opportunities, and the identification of mitigating actions that address issues/potential areas of risk in relation to public health.

Lincolnshire's commitment to this process was reflected in the secondment of a member of our Public Health Team to lead this sector-led improvement work.

The first stage of the review process was a self-assessment covering seven domains: Leadership and governance; Culture and challenge; Making a difference; Partnerships; Use of resources; Commissioning and quality; and Health protection. Lincolnshire is in a strong position across all seven domains and the peer review exercise has supported Public Health to take stock of and document on areas of strength across the team.

Public Health Internal Operating Framework

The Public Health Division uses a 'Four Ps' framework, with a focus on monitoring Priorities, People (workforce), Pounds (finance) and Performance. This has been based upon a programme to ensure tight governance and assurance to deliver the priorities. Quarterly reviews of progress and planning are carried out by the Public Health Programme Management Office and Public Health Senior Leadership Team.

Leadership and Management well developed for the priorities, people, and pounds elements with strong staff engagement. There is a focus on developing the 'performance' element.

Lincolnshire Integrated Care Partnership

The Health and Care Act 2022 requires LCC and NHS Lincolnshire ICB to jointly establish an Integrated Care Partnership (ICP) as a statutory joint committee as part of the ICS arrangements.

The ICP is responsible for preparing an Integrated Care Strategy for the area served by the ICS. The Integrated Care Strategy must have regard to the Joint Strategic Needs Assessment (JSNA) and the Joint Health and Wellbeing Strategy (JHWS), both of which remain the responsibility of the Lincolnshire Health and Wellbeing Board (HWB).

The Lincolnshire ICS boundary is coterminous with LCC and the local system comprises of one ICP and one HWB. The Act states, as a minimum, membership of the ICP should include: one representative of the ICB, and one from each partner local authority. Any additional members are a matter for the ICP; as is the determination of its own procedures, and the process for agreeing the Integrated Care Strategy.

A partner's workshop was held in April 2022 to discuss how the Lincolnshire system would operate within the ICS landscape. The coterminous geographies put Lincolnshire in an exceptional position that allows for the planning and delivery of services much more seamlessly for residents and patients. The agreed local ambition is to avoid duplication where possible, by:

- Aligning the times, location, and frequency of the ICP with HWB meetings.
- Mirroring membership of the ICP with the HWB. An annual review will ensure membership of the ICP and HWB reflect the needs of the system.
- Appointing Cllr Sue Woolley, Executive Councillor and Chair of the Lincolnshire HWB, as the local authority representative to the ICP.
- Appointing John Turner, Chief Executive, NHS Lincolnshire ICB and Vice Chair of the Lincolnshire HWB, as the ICB representative to the ICP.
- Aligning the Integrated Care Strategy and JHWS.

The Lincolnshire ICP held its first meeting on 27 September 2022, following the HWB meeting. Further details about the ICP can be found on the council's website [here](#).

Integrated Care Strategy and Joint Health and Wellbeing Strategy

The Integrated Care Strategy must set out the direction for the system, detailing how commissioners in the NHS and LCC, working with providers and other partners, can deliver more joined-up, preventative, and person-centred care. National guidance acknowledged 2022-2023 as a transitional year, and that ICPs will have to refresh and further develop the strategy during 2023 as ICS arrangements mature. ICPs were asked to publish an interim strategy by December 2022 (although this requirement was changed by the Department of Health and Social Care) and to publish the final iteration of the strategy by December 2023.

Given that Lincolnshire's ICS and HWB are coterminous, the ambition is to align, as far as possible, the Integrated Care Strategy with the JHWS. The agreed approach is to connect the strategies, avoid duplication and gaps between the two. Each will maintain its own identity with the JHWS focussing on 'what' the identified needs are; and the Integrated Care Strategy setting out 'how' the system will collectively prioritise, and address, those identified needs.

The vision for the Integrated Care Strategy is:

'For the people of Lincolnshire to have the best possible start in life, and be supported to live, age and die well.'

The shared aims are:

- To focus on prevention and early intervention.
- To tackle inequalities and equity of service provision to meet population needs.
- To deliver transformational change in order to improve health and wellbeing.
- To take collective action on health and wellbeing across a range of organisations.

Measures have been identified for each aim, allowing the ICP to track and demonstrate progress.

The interim Integrated Care Strategy was formally adopted by the ICP in March 2023. The strategy can be read [here](#). Additionally, the JHWS was refreshed to reflect wider system changes and to acknowledge the impact of the pandemic. The refreshed JHWS was approved by the HWB in December 2022 and is available [here](#).

Governance arrangements for the JHWS have been reinvigorated to ensure procedures provide assurance to the HWB and ICP. Meetings have been held with the priority leads to restart work put on hold due to Covid-19. This includes ensuring that each of the priority delivery groups has appropriate terms of reference and delivery plans. The HWB has also agreed these arrangements:

- A 12-18 month rolling 'Forward Plan' to avoid duplication of HWB and ICP business.
- Themed HWB meetings so each priority reports to the HWB once a year (as a minimum).
- An annual report covering all the JHWS priorities (look back/look forward).

Joint Strategic Needs Assessment

The Health and Care Act (2012) (as amended by the Health and Care Act 2022) requires the HWB to produce and publish a Joint Strategic Needs Assessment (JSNA) detailing the current and future health and wellbeing needs of Lincolnshire's population. The JSNA is to be used by partners across the health and care system to inform decision making, commissioning and the development of the Joint Health and Wellbeing Strategy, and the Integrated Care Strategy. Following an eighteen-month review, the HWB approved the JSNA for publication

on 28 March 2023. The JSNA resource is available on the new [Lincolnshire Health Intelligence Hub](#).

Resettlement Schemes and Asylum Dispersal in Lincolnshire

The Public Health service has the corporate lead for the Council's response to refugee resettlement schemes including: the Afghan Relocations and Assistance Policy (ARAP); the Ukraine Family Scheme (UFS); and the Homes for Ukraine (HfU) programme. LCC, district councils, health colleagues, Police, voluntary and community groups and many other agencies, have worked together on migration activity for several years. Their collaboration is formalised through the countywide Resettlement Partnership, chaired by the Deputy Chief Executive of North Kesteven District Council. There is a Memorandum of Understanding (MoU) signed by all partners to identify their roles and responsibilities. The Partnership meets quarterly but with an agile approach. For example, over the past 12 months, there have been additional meetings to plan and monitor delivery of the Ukraine response.

Lincolnshire's county and district councils are actively engaged with the East Midlands Strategic Migration Partnership (EMSMP). SMPs are hubs for the co-ordination of activities regarding asylum seeker dispersal at a regional level and reports to the Home Office. The lead organisation for the EMSMP is East Midlands Councils (EMC). EMC provide support to local authorities to help deliver resettlement schemes; coordinating offers of housing, planning for the arrival of refugees, and sharing best practice.

Depending on the cohort requirements, the Home Office devolves different responsibilities to upper and lower tier local authorities. For example, leadership and coordination of activity related to asylum seeker accommodation sits with the district council in which the accommodation is located, whilst co-ordination of and funding for the Homes for Ukraine Scheme is provided to LCC with an expectation of co-operation with district councils.

In April 2022, the Home Office announced that all local authorities in England, Scotland and Wales would be expected to participate in a new system of full asylum dispersal. This would allow the Home Office to move from primary use of hotels to more settled, less expensive, and more evenly dispersed accommodation. Asylum Dispersal and Contingency Accommodation in the East Midlands is sourced and managed by Serco on behalf of the Home Office. Serco hold the Asylum, Accommodation and Support Services contract (AASC).

Whilst LCC does not have a direct role in asylum dispersal, all resettlement partnership organisations are liaising with Serco and the Home Office to assure LCC of the safety and coordination of services for new arrivals. Led by the relevant District Council, this includes ensuring access to healthcare, provision of education and transport for school age children, and other statutory functions such as prevention and control of infectious disease outbreaks (including immunisations), environmental health, fire safety, early years provision and social care services.

Since August 2021, the Health Protection Service has provided direct support to the hotels being used by the Home Office and its contracted provider Serco for the provision of refugee,

resettlement, or asylum seeker accommodation within Lincolnshire. To date, eight hotels have been procured by Serco for this purpose:

- Grantham – two hotels used for the Afghan Resettlement Programme. One of these has since changed use and now provides accommodation for asylum seeker families.
- Boston – one hotel used for the accommodation of single, adult male asylum seekers.
- Skegness – five hotels used for the accommodation of single, adult male asylum seekers.

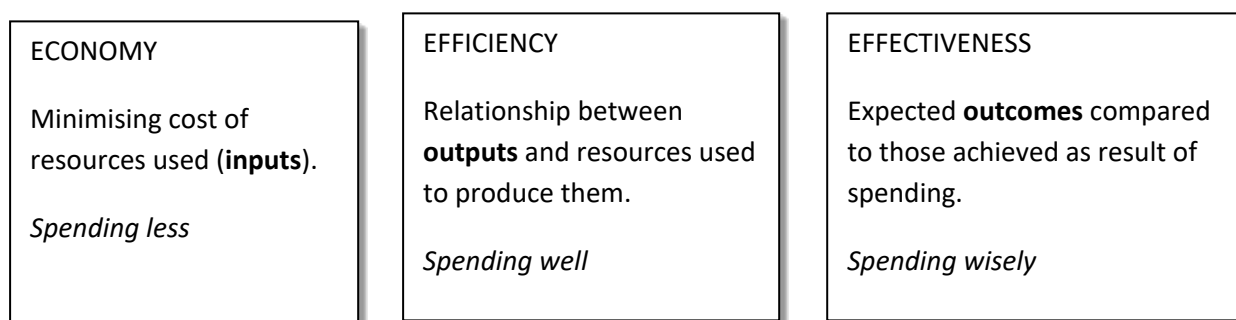
The Health Protection Service supports the Lincolnshire Resettlement Partnership, attending meetings as required and providing specialist advice on the suitability of any new hotels or locations proposed for resettlement/ asylum accommodation.

In 2023, the service asked the Internal Audit team to review arrangements for fulfilling the government’s requirements in relation to the Homes for Ukraine Scheme. The review found strong assurance in the adherence to the requirements, with some minor improvements identified and subsequently implemented. All funds provided to other organisations are supported by Grant Funding Agreements which continue to be monitored, amended or cease depending on changing needs and circumstances.

In March 2023, the government announced that RAF Scampton is to be used as an asylum dispersal centre. Public Health colleagues hold the strategic lead for the Council, co-ordinating activity across LCC Directorates and working closely with system partners to ensure robust risk registers and governance arrangements for engaging with the Home Office and its contractors.

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 continued sound financial management and adequate

earmarked reserves to support the continued volatility of funding, emerging cost pressures and demand on our services.

The Council has had a medium-term Financial Strategy for several years now, which has combined:

- Service efficiency savings.
- Modest service reductions.
- Prudent use of reserves.

The government has indicated it will review the resources and revenue requirements for local government following the current spending review period (i.e., from 2025) 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 revenue budget up to March 2024.**

The Council is constantly monitoring its longer-term financial position and our medium-term Financial Strategy includes a Medium-Term Financial Plan (MTFP) which forecasts our financial position over four years to March 2027. Inflationary, and other cost increases in the capital programmes, 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 over the period of the MTFP.

The **Budget setting process for 2023/24** built into our base budget cost pressures which have emerged and continue to be a pressure from 2022/23. To support financial resilience, our contingency budget was significantly increased to reflect the current rises in inflation, cost of goods and services. A detailed analysis has been undertaken on inflation and demand cost pressures, during our budget setting process, to reflect the varying impacts this has had across the range of services we provide.

The government has introduced several specific grants to support Local Authorities to reflect the challenges of the current economic climate. **The Council has actively sought to maximise the use of grants to ensure this funding is retained within Lincolnshire.** This will ensure this funding is retained to benefit our residents and will support the Councils financial position during this challenging period for our budgets.

The 2023/24 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** has continued with increased reporting to members and the Corporate Leadership Team to improve transparency and support decision making.

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 now publish a **financial resilience index** to act as an analytical tool to consider the Council's position over several 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 demonstrate financial sustainability. The code provides a standard framework against which financial management arrangements can be tested and assessed. The council has undertaken its own assessment against the 17 standards of the code, and we have also commissioned an external review to provide an independent assessment of our arrangements against the standards. This review has confirmed that the Council is operating in line with the requirements across all the criteria regarding the substance of the arrangements and the spirit in which they are intended. The review also identified areas of good practice and confirmed our own assessment of areas for continued improvement. These areas for improvement have been identified and an action plan has been reported into Audit Committee.

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 reported in the Annual Governance Statement for 2022, Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services inspection of Lincolnshire Fire and Rescue Service (December 2021), which received a requires improvement rating. Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services have concluded their inspection of all areas causing concern and published that the action plans implemented have been successful in addressing all areas causing concern.

The Council has five wholly owned subsidiary companies: -

Transport Connect Limited (TCL) - is a passenger transport company incorporated in 2016. The Council has a nominated Director and shareholder representative that attend Board meetings and who receive monthly management accounts from the company's accountants.

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 has received a licence from the Solicitor's Regulation Authority but has not yet begun 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).

EMPSN Infrastructure Limited – This company owns and manages the communications infrastructure which delivers the Council’s wide area network. The Council appoints a Director and controls the strategic direction of the company as owner through reserved matters such as the approval of the Business Plan.

In addition, the Council is a member of two jointly owned companies.

EMPSN Services Limited – This company provides IT connectivity and content services to schools and other public bodies on a trading basis including many Lincolnshire Schools. It is jointly owned with other regional local authorities and public bodies who take services from the company. It shares its Board of Directors with EMPSN Infrastructure Limited including a Lincolnshire County Council Director

Hoople Limited – The Council has a minority shareholding in this services company alongside Herefordshire Council and Wye Valley NHS Trust reflecting the Council’s purchase from the company of services relating to the Business World ERP system. The Council appoints a Director on the Board and jointly with the other shareholders determines strategic direction through reserved matters.

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 256 contributing employer organisations and just over 79,573 members. This is made up of 26,691 active contributing members, 27,231 deferred members (who are no longer contributing to the scheme but will be entitled to a pension when they retire) and 25,651 pensioners.

The Fund's value is currently £3.026bn. 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 for decisions, ensuring that they are robust, well based and undertaken by people who have the appropriate knowledge and expertise.

- **Investments and Funding:** To maximise returns from investments within reasonable risk parameters and with clear investment decisions based on a prudent long term funding priority, given the preference to keep employer contribution rates reasonably stable where appropriate; and
- **Administration and Communications:** In partnership with West Yorkshire Pension Fund (WYPF), to deliver an effective and efficient Pensions Administration service to all stakeholders, to ensure that the Fund receives all due income and payments are made to the right people at the right time, and to provide clear, appropriate, and timely communication and support to all stakeholders.

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

Performance Summary for 2022/23

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 2022/23 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. There have been no concerns regarding manager performance during 2022/23.

The Pension Fund also has a [Business Plan](#) which highlights the major tasks to be undertaken by the Fund during the year. The Fund identified ten key tasks for 2022/23, seven of these were completed successfully during the year, however, the remaining three are still outstanding. These are:

- **Annual Reporting and Accounts:** The Fund is required to produce an Annual Report and Accounts document and ensure the financial statements are accepted as a true and fair view by auditors. Delayed receipt of external audit opinion due to an issue with the County Council's main accounts meant Pension Fund accounts were published by 1 December without the opinion. An unqualified opinion is expected to be issued at the same time as the County Council receive their opinion.
- **Implementation of the Good Governance Review:** The guidance was not published during the year; however, the Fund has participated in consultations during the year and once enacted the Fund will review and implement its recommendations.
- **Staffing and Structure Review:** Following the workload review in 2022, a new post was agreed for a Principal Investment, Accounting and Governance Officer. Unfortunately,

the recruitment to this post was unsuccessful, so a career grade post has been identified to grow someone into the role.

During 2022/23 no significant governance concerns or areas for improvement were identified.

Roles and Responsibilities

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 [here](#).

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. They lead and direct 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 must be able to operate effectively and perform their core duties in compliance 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. They are 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.

Head of Internal Audit

The Head of Internal Audit is required to provide an independent opinion on the overall adequacy 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 within this statement.

The Head of Internal Audit is required to operate effectively and comply with the CIPFA Statement on the role of the Head of Internal Audit.

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 (DPH) has a statutory duty to produce an annual, independent report on the state of the health of the people they serve. North East Lincolnshire Council (NELC), North Lincolnshire Council (NLC) and Lincolnshire County Council (LCC) collaborated to produce 2022's report as part of the Greater Lincolnshire Public Health Pilot. The Annual Report was presented to the Executive in January 2023 and is available [here](#).

Council Managers

Our managers have 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. Their role includes ensuring compliance.

Corporate Leadership Team

Our corporate leadership team oversee 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 (OSMB)

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 Chief Officers.

The key aim of scrutiny in councils is to:

- Provide healthy and constructive challenge as a 'critical friend'.
- Give voice to public concerns.
- Support improvement in services.
- Provide independent review.

At the Council there is a preference for pre-decision scrutiny, the benefits of which are recognised by both the Executive and Scrutiny Councillors.

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](#).

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 Assurance (IA) is the process of identifying and managing information risk through the application of effective and balanced controls. It supports good governance by implementing a corporate framework which promotes a positive information culture, encourages good practice, and sets out clear responsibilities.

IA is also fundamental in meeting our legal and regulatory obligations, by ensuring that information, particularly personal data, is used in a way that is lawful, fair, transparent, and secure.

More details on Information Assurance can be found in the [Annual Report 2022/23](#).

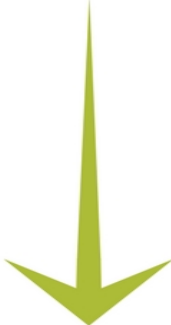
How we Deliver Assurance

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.

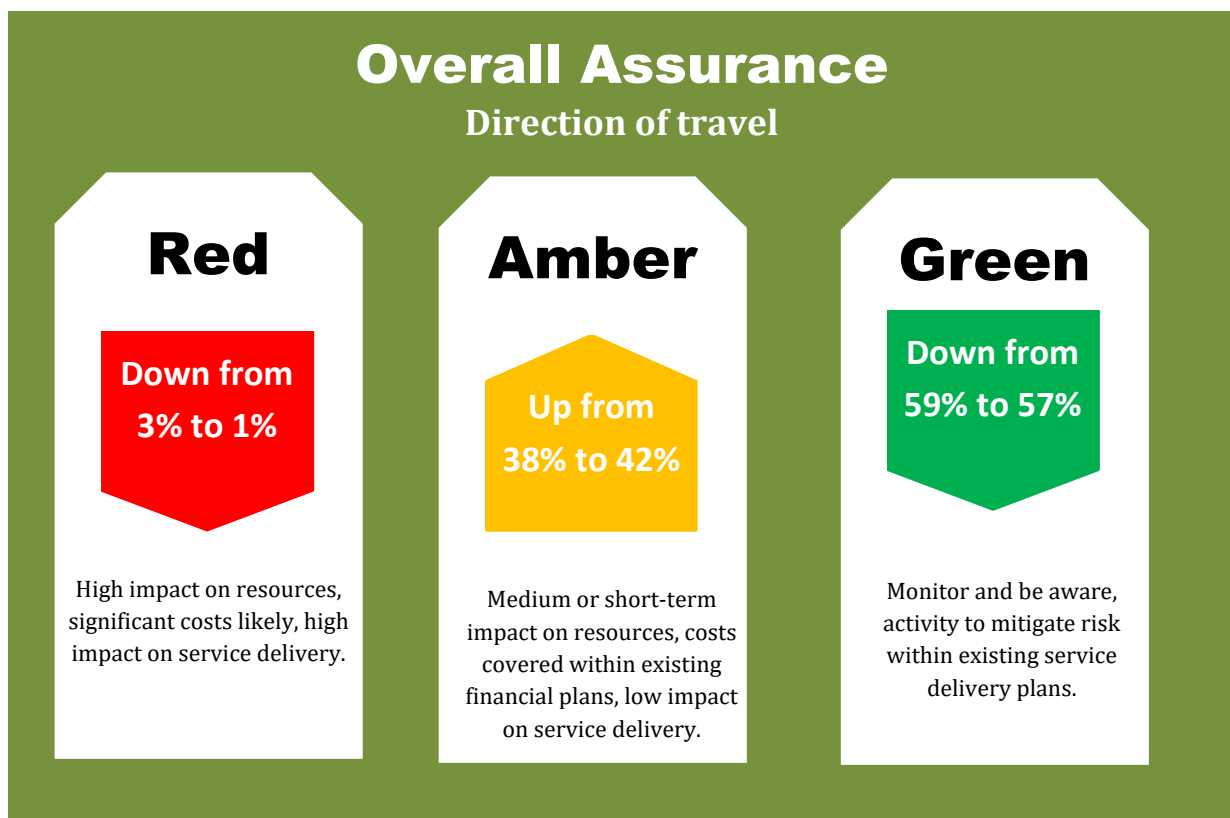
Using the outcome of internal audit work to provide independent insight and assurance opinions.

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 it reflects the complex environment in which we operate. Through the development work for the Annual Governance Statement, two areas for improvement have been identified. These two areas will support our aims in the delivery of continuous improvement to governance. They are:

- Developing further links between the delivery of our Corporate Plan and how resources are utilised in that delivery. This will further strengthen our governance and aid transparency.
- Further develop the One Council approach designed to encourage and deliver effective team working, drawing on the strengths and expertise across the Council for a joint purpose.



Head of Internal Audit Opinion





The opinion of the Head of Internal Audit is given for 2022/23 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 continuing to respond to and support recovery from the pandemic. Its systems and processes have operated effectively during this time both remotely from the developed hybrid delivery, supporting staff working at home and in the office.

For the twelve months ended 31 March 2023, 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:

<p>Governance</p> 	<p>Performing Well - No concerns that significantly affect the governance, risk and control framework and successful delivery of the Council priorities.</p>
<p>Risk</p> 	<p>Performing Well - No concerns that significantly affect the governance, risk and control framework and successful delivery of the Council priorities.</p>
<p>Internal Control</p> 	<p>Performing Adequately – Some improvement required to manage a high risk in a specific business area and medium risks across the Council.</p>
<p>Financial Control</p> 	<p>Performing Well - No concerns that significantly affect the governance, risk and control framework and successful delivery of the Council priorities.</p>


More details on the Head of Internal Audit Annual opinion and internal audit can be found in the Annual Report 2023 [here](#).

Appendix 1 – Governance Framework

Where do we need assurance?



Compliance



Democratic engagement & public accountability




Management of risk




Financial management




Members & Officers roles & responsibilities



Standards of conduct & behavior



Action plan approved & reported on.



Effectiveness of Internal controls



Services delivered.

Where can / do we get assurance from?



Constitution



Audit committee, council executive & scrutiny




Internal & external audit



Independent & external sources



Financial strategy



Complaints system, counter fraud & whistle blowing.



HR policies & codes of conduct



Risk management strategy & framework



Performance management system

Appendix 2 - Strategic Risk Register

Effective risk management is part of the way we work. It is about taking the right risks when making decisions or where we need to encourage innovation in times of major change. This may involve making informed decisions from balancing risk, quality, cost, and affordability.

This has put us in a stronger position to deliver our goals and provide excellent services.

Our Strategic Risk Register is reviewed regularly, and our risks are being effectively managed.

Risk	Update	Risk Rating	Level of Assurance	Direction of Travel
Budget - LCC Funding and maintaining financial resilience	Continued substantial assurance due to ongoing work.	Amber	Substantial	Static
Cyber The risk of a successful cyber-attack against the council with significant / critical impact	No change to the assurance level for this risk, however new controls have been added and work is ongoing	Red	Limited	Improving
Inflation Continued high inflation undermines capital programme impacting aspirations and threatens the sustainability of revenue budgets.	This is an improved risk, with lower impact and substantial assurance. This is due to the work undertaken to mitigate the impacts on the Council. Inflation is now built into budget setting.	Red	Substantial	Improving
IT Infrastructure IT Infrastructure - ability to implement transformational aspirations and deliver BAU	Following a recent appointment this risk and its associated controls are being given further consideration, but it is considered the overall direction of travel is improving.	Amber	Limited	Improving
Market Supply Adequacy of Social Care market supply to meet eligible needs as defined in the Care Act	Nationally the care sector is volatile, this impacts on our ability to source adult care providers. Work is ongoing to improve this risk, including intervention, winter discharge funding distribution via grant agreement.	Amber	Limited	Deteriorating
Outstanding Debt Securing efficient and effective end-to-end processes for the recovery of income due to the Council	Good governance and procedures in place to lower outstanding debt amounts.	Amber	Substantial	Improving

Risk	Update	Risk Rating	Level of Assurance	Direction of Travel
Projects Ability to deliver our Transformation programme	There have been further improvements to governance around this particular risk, the assurance level remains substantial.	Amber	Substantial	Improving
Recruitment & Staffing Ability to recruit & retain staff in high-risk areas	This risk remains at limited assurance, despite ongoing work in hard to recruit and retain areas. Without this work, this risk would be at deteriorating direction of travel.	Amber	Limited	Static
Resilience (Business Continuity) Capacity and resilience to respond to, and recover from, wider area and prolonged emergencies and business disruption (e.g., coastal flooding / pandemic flu) impacting on public safety, continuity of critical functions and normal service delivery	There continues to be a good level of assurance around the controls and the risk is being effectively managed.	Amber	Substantial	Static
Safeguarding Adults	The risk is managed effectively; controls provide a good level of assurance.	Amber	Substantial	Improving
Safeguarding Children	Continued substantial assurance around this risk, regularly evidenced by Ofsted reports.	Amber	Substantial	Improving
Serco Contract Exit of Serco contract ending and transition into the new arrangements	A much-improved risk due to the extension of the IMT aspect lowering the impact on the Council.	Amber	Substantial	Improving
Strategic Contracts Ensuring contracts and markets (other than adult care) are fit for purpose & are managed effectively	No change to the assurance level for this risk. However, strategic contracts are now reported at CLT with metrics to highlight contractors facing difficulties.	Amber	Limited	Improving

Risk Rating	Level of Assurance	DoT
Red - High impact on resources, significant costs likely, high impact on service delivery	High - A High level of confidence on delivery arrangements, controls, and management of the risk.	Improving
Amber - Medium- or short-term impact on resources, cost covered within existing financial plans, low impact on service delivery.	Substantial - A Substantial level of confidence on delivery arrangements, controls, and management of the risk.	Static
Green - Monitor and be aware, activity to mitigate the risk within existing service delivery plans / management arrangements.	Limited - A Limited level of confidence on delivery arrangements, controls, and management of the risk.	Deteriorating
	Low - A Low level of confidence on delivery arrangements, controls, and management of the risk.	