

ANNUAL GOVERNANCE STATEMENT (AGS) 2018/19

1 The council's responsibility for sound governance

1.1 Scope of responsibility

City of Lincoln Council must ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and used economically, efficiently and effectively. The council also has a duty under the Local Government Act 1999 to secure continuous improvement in the way in which its functions are exercised.

Governance is about how we ensure that we are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. In discharging this overall responsibility, we must put in place proper governance arrangements to manage our affairs. The council must ensure that there is a sound system of governance (incorporating the system of internal control).

During 2016/17, City of Lincoln Council fundamentally reviewed its governance framework to reflect the new CIPFA/SOLACE Framework. The council updated its own Code of Corporate Governance and following a review of compliance in autumn 2017, updated this further in January 2018 and again in April 2019.

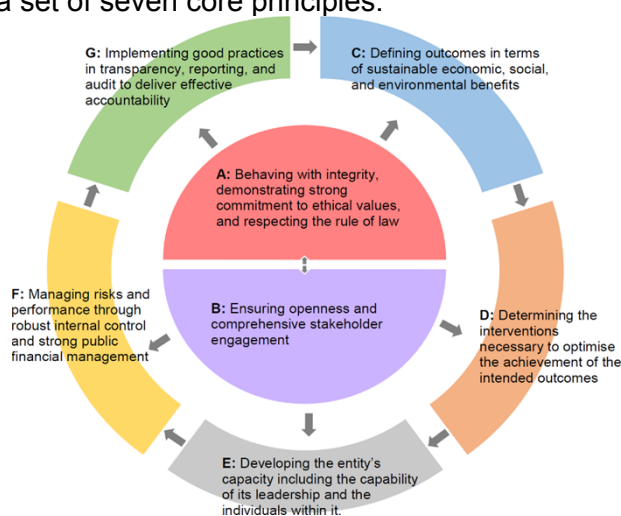
How we are meeting these defined responsibilities is detailed in the Code of Corporate Governance, which is found on our website under your council/information policies & publications/corporate publications. www.lincoln.gov.uk

This Annual Governance Statement details how the city council has complied with its own Code of Corporate Governance over the last year and meets the statutory requirements for all relevant bodies to prepare such a statement.

For a glossary of terms used – see Appendix B

- 1.2 The new Code of Corporate Governance sets out the documentation, systems and processes by which the authority transparently controls its activities and defines its cultures and values. It enables us to monitor achievement of our strategic objectives and to consider whether these have led to the delivery of appropriate value for money services.

The code is based on a set of seven core principles:



1.3 Responsibility rests within a range of areas – the key ones are detailed in the table below:

KEY ELEMENTS OF COUNCIL'S GOVERNANCE FRAMEWORK

Key elements of the governance framework at City of Lincoln Council are summarised below:

Council, Executive, Leader

- ❖ Provide leadership; set, develop and implement policy
- ❖ Ensure the Vision 2020 strategy is taken forward
- ❖ Develop, adopt and implement the budget framework
- ❖ Support the city's diverse communities and neighbourhoods to thrive

Leadership and decision making

- ❖ All decision meetings held in public (except those identified as 'part B')
- ❖ Decisions recorded on the council's public website
- ❖ Resources directed according to priorities as set out in Vision 2020

Risk management

- ❖ Risk registers identify both operational and strategic risks
- ❖ Strategic risks are considered by CMT and Executive every quarter
- ❖ Internal audit provides independent objective assurance
- ❖ Council's arrangements comply with the requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)

Scrutiny and review

- ❖ Scrutiny committees review council policy and can challenge decisions to hold Executive to account
- ❖ Audit and Performance committees review governance, costs vs budget, risk, internal control and delivery of agreed plans
- ❖ Ethics and Engagement Committee and/or Monitoring Officer deals with complaints about, or suspected breaches of member conduct
- ❖ Any two members can hold the Executive to account outside of scrutiny and review by requesting Call-In and reconsideration of an Executive decision.

Corporate Management Team (CMT)

- ❖ The CX is the Head of Paid Service and is responsible for all council staff and for leading an effective Corporate Management Team (CMT)
- ❖ CMT ensures there is clear accountability for the use of resources in achieving desired outcomes for service users and the community
- ❖ The Chief Finance Officer (CFO) is the council's Section 151 Officer and is responsible for safeguarding the council's financial position and securing value for money. The council's financial management arrangements comply with the governance requirements of the CIPFA Statement on the role of Chief Financial Officer in Local Government (2015)
- ❖ The City Solicitor is the council's Monitoring Officer and is responsible for ensuring legality, good governance and promoting high standards of conduct



Outcomes, Vision, Value for Money

The council's governance arrangements underpin our strategic policies and plans to ensure that the council delivers effective, efficient services for its residents and other stakeholders. Vision 2020 (our new strategic plan) provides a clear vision for what is to happen in the period 2017-20120. It is complemented with the council's Annual Report which provides details on achievements each year towards the vision.

The council has a strong Medium Term Financial Strategy (MTFS) which delivers the best use of current assets, whilst also ensuring that the council maximises the use of available government grants

1.4 In the following sections, the AGS considers whether the Code has been applied effectively providing commentary on how the framework itself has operated over the last 12 months.

1.5 **CORE PRINCIPLE A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

Ethical values, standards and formal codes of conduct are defined in the council's constitution and form the basis for developing our policies, procedures and actions as well as for the behaviour of our members and staff. We have appropriate processes in place to ensure that members and staff are not influenced by prejudice, bias or conflicts of interest when engaging and making decisions with stakeholders, as well as effective systems to protect the staff rights. All council decisions consider legal and equality implications with support from Legal Services.

Our Audit Committee (which includes an independent member) provides assurance on the adequacy of the internal control environment, by ensuring high standards of conduct are embedded within the council's culture, monitoring governance issues raised and overseeing internal and external audit arrangements.

Activity within Principle A in 2018/19:

- Counter Fraud Strategy/action plan and other counter fraud policies have been reviewed, and training rolled out. The council is involved with the National Fraud Initiative and has a close working relationship with Department for Work & Pensions for Housing Benefit fraud.
- We have undertaken counter fraud projects with the Lincolnshire CF team
- Continued progress on outstanding actions to meet GDPR especially in contracts
- We have rolled out the NETconsent – policy management and compliance system
- Member induction for those new Members elected in May 2018
- We have implemented a Corporate Social Responsibility Charter and registered the council as one of the first members
- We have adopted the cooperatives charter against modern slavery
- We have also produced our first modern slavery statement

Proposed activity for the coming year:

- Member induction for those new Members elected in May 2019
- A review of Pro-contract
- Re-enforce the principles of hospitality guidance



1.6 CORE PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement

The council makes sure our partners, in the private, public and voluntary sector as well individual citizens and service users are engaged in and have full access to information relating to decisions made. We expect reports to decision makers to be open, provide all the necessary material to ensure informed decisions in the best interests of the city and communities, and to have engaged stakeholders and service users in arriving at proposals under consideration.

Activity within Principle B in 2018/19:

- Consultation was conducted in January 2019 on the proposed MTFS for 2019-2024
- Consultation was conducted in December 2018 on the Council Tax Support Scheme
- The council has increased its use of social media to enhance its communications reach
- WGC – Lengthy consultation took place during 2018/19, with multiple focus groups. As a result significant changes are to be made within the transport aspect
- The City of Lincoln is a partner in a group of voluntary sector organisations which has reviewed the Community Cohesion Framework for Lincoln
- Housing undertook the biennial STAR survey in late 2018
- The Citizen's Panel was extended to 700 members with specific remit of matching the city's characteristics for age/sex and geographical areas
- Citizens have been involved in consultations on proposals for new residents parking schemes in and around the city centre
- Communication and consultation strategies for all our large scale projects

Proposed activity for the coming year:

- Development and roll of out a new Communications Strategy
- Review of the Consultation and Engagement strategy
- Considering the creation of a Tenants consultation panel

1.7 CORE PRINCIPLE C: Defining outcome in terms of sustainable economic, social, and environmental benefits

Vision 2020 is a three year strategy and delivery plan, developed using an evidence base from the Lincoln City Profile and following wide consultation, with an inclusive vision to deliver Lincoln's ambitious future. It highlights four priorities for the city, acknowledging that the council cannot deliver everything needed by itself and must work in partnership and collaboration to achieve these ambitious plans. These are:

- ▶ Let's drive economic growth
- ▶ Let's reduce inequality
- ▶ Let's deliver quality housing
- ▶ Let's enhance our remarkable place

These are underpinned by the need to deliver 'Professional high performing services'

Progress towards achieving the vision, aligned with the key priorities, will be reported to and monitored by senior management and elected members. Service areas within directorates, and under the guidance of assistant directors, are responsible for delivering individual projects to agreed timescales and budgets, with consideration for economic, social and environmental benefits which collectively will achieve our priorities.



Together, let's deliver
Lincoln's ambitious future

Activity within Principle C in 2018/19:

- Approval of the MTFS which is a financial representation of the council's Vision 2020
- Implementation is well underway on the place strategy for Park Ward/Sincil Bank, highlighted as an area for regeneration. Three key strands of work are underway.
- Plan to be developed for embedding sustainability over the next 3 to 5 years
- Further develop plans for the Western Growth Corridor in partnership – planning application now in situ
- We have started the refresh of the Low Carbon Lincoln Strategy and action plan
- Instigation of a new Lincoln Intervention Team to address ASB issues in the city centre and surrounding areas
- Successful launch of the Lincoln Lottery – raising over £42k for good causes pa

Proposed activity for the coming year:

- To enhance the external appearance of the Lincoln Crematorium to match the professional service delivered to those in need
- Development of the future strategic plan – Vision 2025
- Determination of a direction for the Markets Strategy
- Further progress on Western Growth Corridor

1.8 CORE PRINCIPLE D: Determining the interventions necessary to optimise the achievement of the intended outcomes

The council clearly defines its priorities and plans which are aimed at delivering the outcomes it intends. Service plans are in place for all directorates with key projects listed separately. All projects are subject to the Lincoln Project Management Model (LPMM), through which we continuously assess the risks of not fully delivering plans and ensure that there are mitigating actions in place to support the achievement of intended outcomes.

The council's financial management arrangements ensure that there is adequate resource available to deliver plans. The council reviews progress against delivering those outcomes through its performance management framework.

Activity within Principle D in 2018/19:

- Implementation of the new Capital Programme Group to ensure financial responsibilities in all capital projects is conducted correctly
- A new training programme for all staff either managing or taking part in projects has been rolled out as part of the LPMM changes
- A transformation Manager has been appointed to commence work on the One Council project
- The TFS programme Team has identified a phase 6 programme to meet the increased MTFS savings target
- A new Property Investment Strategy is in place to ensure our commercial purchases are done in an appropriate manner

Proposed activity for the coming year:

- Commencement of the One Council programme
- Conduct a PIR on the effects of the changes from SPIT to CPG – one year on



1.9 CORE PRINCIPLE E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

The council ensures a management structure that provides leadership and creates the opportunity for staff to work effectively and efficiently to achieve the council objectives. A newly developed People Strategy will ensure the workforce has the necessary skills and behaviours to deliver the vision for the city, and is effectively engaged to champion the council's priorities. Partnership working extends the capacity for key projects beyond the council's own resource and is embedded within the Vision 2020 objectives.

Activity within Principle E in 2018/19:

- Continued roll out of People Strategy demonstrating plans to develop capability and capacity. Two defined lead roles now in operation around performance and staff wellbeing.
- More HR policies have been reviewed with training delivered to managers
- A further review of Directorate structures following the retirement of the Housing Director in April 2018 resulting in a new structure
- Commenced HR line management briefings

Proposed activity for the coming year:

- PIR to be conducted on the changed senior management structure
- People Strategy to continue to roll out new activities for example a Staff engagement Strategy
- Needs analysis to be completed on Leadership Development
- New staff charter – consultation and then implementation

1.10 CORE PRINCIPLE F: Managing risks and performance through robust internal control and strong public financial management

The council recognises the need to implement an effective performance management system that will allow us to deliver services effectively and efficiently. We understand that risk management, internal control and strong financial management are essential for us to achieve our objectives and we have put appropriate arrangements in place.

The financial audit identified material errors in the DRAFT financial statements, which were corrected in the published version, for which an unqualified opinion was given. The errors were reported in the September 2017 ISA260 report to the Authority. It was acknowledged that this was due to unprecedented staffing difficulties faced by the finance team during the closedown process and in the first half of the 2017. Management agreed to the report recommendations and ensured that the arrangements and working papers for the 2017/18 accounts would be robust and effective.

Activity within Principle F in 2018/19:

- Continued use of the risk process 'Risk Appetite' methodology and toolkit, with an update in 2018 to include the 5th category of "opportunistic"
- The Annual Audit Letter issued an unqualified conclusion on the authority's Final Statement of accounts



- Reductions in the central government funding have been mitigated by a successful savings and income generation programme – a key aspect of which is the new Property Acquisition arm of the Asset Optimisation plan.
- The introduction of NETconsent to minimise the risk of non-compliance to policy
- The council moved from KPMG (external auditors) to Mazzars during 2018/19

Proposed activity for the coming year:

- Partnership guidance to be updated and re-issued - AD's to develop a list of ALL partnerships/joint working in their areas as a minimum
- Increase the level of purchase order usage across the authority to ensure full control

1.11 CORE PRINCIPLE G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The council recognises that effective accountability is concerned not only with reporting on actions completed but ensuring stakeholders are able to understand and respond as the council plans and carries out its activities in an open, transparent and proportionate manner. Performance is managed under the principles of the Performance Management Framework

Activity within Principle G in 2018/19:

- Improvements made to the website, including more self-serve options – through 2018/19
- Communications team has increased coverage of new developments, changes etc. through social media as well as the more traditional channels
- Development of a new performance management system approved by CMT in December 2017 has progressed well with the aim of producing data from it in Q1 2019/20

Proposed activity for the coming year:

- The next aim is to improve the culture of performance across the organisation and the use of data to manage services
- The Lincoln Performance Management Framework will be reviewed in 2019/20
- Develop a new web option to replace our existing website

2 Review of effectiveness of the governance framework

We undertook an assessment of the council's governance framework during 2018/19 - summary details are outlined above.

We reviewed key governance areas and assurances to identify any significant governance issues.

3 Level of assurance provided

We can provide a high level of assurance that the governance arrangements operating at City of Lincoln Council, in line with our Code of Corporate Governance are appropriate, fit for purpose and working well in practice.

4 Status of significant governance issues monitored from 2017-18

The council has regularly monitored its 2017 -18 significant governance issue through senior management and the Audit Committee during 2018/19:

Issues that have been significantly progressed and now can be removed:

- **Information Management GDPR:** During 2018/19 significant progress was made towards achieving the aim of being fully compliant with General Data Protection Regulation (GDPR). This is now embedded within services, but our DPO continues to ensure that compliance to process is ongoing.

5 Significant governance issues identified from 2018-19

New significant issues identified – One issue was identified for monitoring:

- **The Disaster Recovery plan in place for IT arrangements** is not sufficiently aligned with the Business Continuity plans that are currently in place for restoring key services in terms of IT needs

Those lesser concerns that were raised during the process will be passed to the High Performing Services Board and monitored quarterly and reported to Performance scrutiny through the High Performing Services report

6 Conclusion

The council's governance arrangements are under continual review and refinement. The council will monitor improvement plans for its significant governance issues quarterly and report progress in the next annual review.

Signed



Leader (Cllr Ric Metcalfe) **Date: 23rd May 2019**



Signed

Chief Executive (Mrs Angela Andrews) **Date: 23rd May 2019**