

ANNUAL GOVERNANCE STATEMENT (AGS) 2017/18

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.

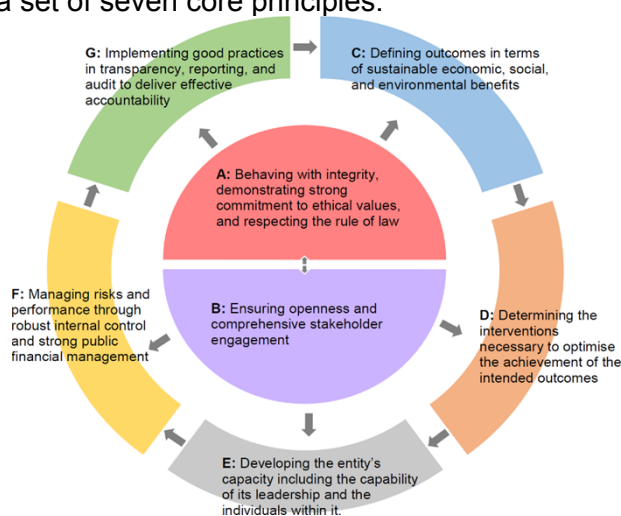
How we are meeting these defined responsibilities is detailed in the Code of Corporate Governance, which is found on our website under your council/information policies & publications/corporate publications. www.lincoln.gov.uk

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 <ul style="list-style-type: none">❖ 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 <ul style="list-style-type: none">❖ 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 <ul style="list-style-type: none">❖ Risk registers identify both operational and strategic risks❖ Strategic risks are considered by CMT and Executive every quarter❖ Internal audit provides independent objective assurance
Scrutiny and review <ul style="list-style-type: none">❖ 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	Corporate Management Team (CMT) <ul style="list-style-type: none">❖ 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 2017-2020. 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 2017/18:

- An internal audit was undertaken in autumn 2017 to look at compliance with the council's code of corporate governance (CCG). As a result, some minor changes to the code were identified, including the inclusion of the Whistle Blowing Policy. The CCG was then updated and approved by Audit Committee in February 2018
- The council has new core values – to be approachable, trusted to deliver & innovative
- Counter Fraud Strategy/action plan and other counter fraud policies have been reviewed. The council is involved with the National Fraud Initiative and has a close working relationship with Department for Work & Pensions for Housing Benefit fraud.
- Completion of the information asset database within the 'IMPS' monitoring system
- Complete the review of the Financial Procedure Rules

Proposed activity for the coming year:

- Further counter fraud policies / strategies will be reviewed and updated and CF training will be rolled out through the year
- We will be undertaking counter fraud projects with the Lincolnshire CF team
- Continued progress on outstanding information management actions to meet GDPR
- Roll out of NetConsent – policy management and compliance system
- Member induction for those new Members elected in May 2018



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 2017/18:

- Businesses were engaged in a highly successful Growth Conference – March 2018
- Consultation was conducted in January 2018 on the proposed MTFS for 2018-23
- Consultation was conducted in December 2017 on the Council Tax Support Scheme
- The council has increased its use of social media to enhance its communications reach
- Completion and roll out of guidance for staff on best practice principles for consultation
- Workshops were held as part of the planning stages of the revitalisation of Sincil Bank, with the final results shared in a workshop in June 2017
- WGC – Lengthy consultation took place during 2017, with multiple focus groups over an extended period. As a result significant changes are to be made within the transport aspect, with further consultation taking place in 2018 on the revised proposals

Proposed activity for the coming year:

- The City of Lincoln is a partner in a group of voluntary sector organisations reviewing the Community Cohesion Strategy for Lincoln
- Housing will be undertaking the biennial STAR survey in late 2018
- Development of a Social Policy Conference in 2018/19 to seek partner views on a specific area of focus to be determined under the 'Let's reduce inequality' priority
- Development and roll of out a new Communications Strategy

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 2017/18:

- Approval of the MTFs which is a financial representation of the council's Vision 2020
- Completion of the Transport Hub which is now the 'Gateway to Lincoln'
- Implementation has started of the approved place strategy for Park Ward, highlighted as an area for regeneration. Three key strands of work are in planning stage.
- Completion of the Boutham Park project utilising Heritage Lottery funding
- A cross directorate group has been created with a focus on 'embedding sustainability into everyday working processes'
- Development of new Portfolio Holder responsibilities to align with Vision 2020

Proposed activity for the coming year:

- Plan to be developed for embedding sustainability over the next 3 to 5 years
- Further develop plans for the Western Growth Corridor in partnership
- Progress plans for regeneration of the Sincil Bank area of the city
- Refresh the Low Carbon Lincoln Strategy and action plan
- Roll out and embed the application of the new Portfolio Holder responsibilities

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 2017/18:

- Review of the CMT decision making process around strategic plan projects (SPIT) has been completed and implementation commences from May 2018
- The LPMM has been fully updated to include all changes in project governance recommended through the SPIT review. More ownership and accountability for project management has been passed to Project Sponsors and Project Managers
- The Vision Boards are now established and have all delivered their first annual reports to members
- The revised TFS Board and the new High Performing Services Board commenced in May 2017 and has delivered its first annual report
- Services Managers Forum has been active since November 2016 and has taken over the role covering risk, insurance incidents, GDPR and AGS monitoring

Proposed activity for the coming year:

- A year 2/3 programme for the next steps of implementing the vision has been proposed and is currently under discussion
- The work of the Business Development team is to be re-aligned with the needs identified within the year 2/3 Vision projects
- A new training programme for the LPMM will be rolled out to ensure that all project managers and sponsors are fully aware of how to implement their new responsibilities



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 2017/18:

- Roll out of People Strategy demonstrating plans to develop capability and capacity. Two defined positions have been created around performance and staff wellbeing.
- Targeted work around the wellbeing and health aspects for staff
- More HR policies have been reviewed with training delivered to managers
- New appraisal format includes mandatory appraisals during the period April- June, collation of personal development plans and a review of Job responsibilities
- Coaching programme completed for senior management and service managers
- Staff satisfaction survey completed in late 2017. Action plans are now underway in each Directorate

Proposed activity for the coming year:

- A further review of Directorate structures following the retirement of the Housing Director in April 2018
- People Strategy to continue to roll out new activities for example a Staff engagement Strategy and HR focussed line manager briefings
- Needs analysis to be completed on Leadership Development

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 2017/18:

- Continued use of the risk process 'Risk Appetite' methodology and toolkit.



- The Annual Audit Letter issued an unqualified conclusion on the authority's Final Statement of accounts and Value for Money statement
- Continuation of the review of compliance to data protection and an audit on data management. All services have been reviewed and have agreed an action plan
- 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 review of business continuity plans has been completed which is the last part of the revised disaster recovery plan

Proposed activity for the coming year:

- The introduction of NETconsent to minimise the risk of non-compliance to policy
- Development of a three-year plan for new income generating opportunities
- 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
- The council will move from KPMG (external auditors) to Mazzars during 2018/19

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 2017/18:

- Improvements made to the website, including more self-serve options – through 2017
- Communications team has increased coverage of new developments, changes etc. through social media as well as the more traditional channels
- New targets on all year 1 Vision 2020 projects have been developed
- A scope for the development of a new performance management system was approved for progression by CMT in December 2017

Proposed activity for the coming year:

- Targets to be developed for all year 2 Vision projects
- Develop and implement a new Performance Management system aimed at improving the culture of performance across the organisation
- The Lincoln Performance Management Framework will be reviewed in 2018
- Review of options in Aggresso for reporting alongside the proposed new Performance Management System
- 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 2017/18 - summary details are outlined above.

We reviewed key governance areas and assurances to identify any significant governance issues, these are detailed below in section 5 – and also in **APPENDIX A** for monitoring

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 2016-17

The council has regularly monitored its 2016 -17 significant governance issues through senior management and the Audit Committee during 2017/18:

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

- IT disaster recovery: Arrangements to cover major events are well underway with a secondary ICT location established and tested and fully functional at Hamilton House. A draft ICT Disaster Recovery Plan has been written and is now being tested against Corporate Business Continuity plans. The final plan needs to be agreed by the Business Continuity Group to complete this exercise.

5 Significant governance issues identified from 2017-18

One current significant issue will remain a focus for 2018/19

- **Information Management:** During 2017/18 significant progress has been made towards achieving the aim of being fully compliant with General Data Protection Regulation (GDPR) by the implementation date in May 2018. However there remain a number of areas still in progression and due to the seriousness of non-compliance, until these are completed, this area will remain a significant issue

New significant issues identified

There are no new areas designated as significant issues



Other areas to retain a focus on – but are not considered significant issues as yet

- The council has minimal experience of the process of setting up a new partnership company (solely owned or a joint venture) and care needs to be taken to select the right governance framework arrangements, ensuring appropriate formal legalities and financial aspects are in place.
- Project management monitoring arrangements have been reviewed, with the Strategic Plan Implementation Team having been replaced by the new Capital Programme Group and additional responsibilities for the Programme Boards. This will remain on the list of areas to watch through 2018/19 to ensure governance quality is maintained.
- Western Growth Corridor to ensure that effective governance is maintained as the project develops further
- Continually ensure that appropriate and timely professional advice is sought on key projects, policies and decisions
- Ensure that the remaining Responsible Officer duties within the Housing services are fully rolled out during 2018/19

Plans for monitoring the significant governance issue determined by the steering group and agreed through CMT are detailed in **APPENDIX A**

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:** 25 May 2018

Signed



Chief Executive (Mrs Angela Andrews) **Date:** 25 May 2018

