

ANNUAL GOVERNANCE STATEMENT (AGS) 2019-20

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).

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

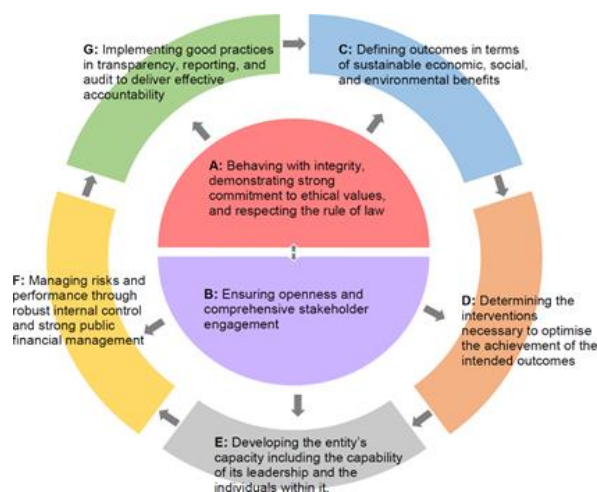
The council's Code of Corporate Governance, comprehensively reviewed in 2017, is updated annually. The last update took place in April 2019, with the 2020 review has been delayed due to the COVID-19 pandemic. A more comprehensive review will be undertaken in 2020/21 to take account of any potential longer-term changes arising from the impact of COVID-19.

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. It also includes a section on the impact on the council, and actions taken as a result, of the COVID-19 pandemic.

For a glossary of terms used – see Appendix B

- 1.2** The 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 and Vision 2025 strategies are 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 and Vision 2025 	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 ❖ Council's arrangements comply with the requirements of the CIPFA Statement on the Role of the Head of Internal Audit
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 ❖ 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) <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 ❖ The City Solicitor is the councils Monitoring Officer and is responsible for ensuring legality, good governance and promoting high standards of conduct 	

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. The first of these sections covers how the council has maintained good governance during the COVID-19 pandemic – some of the activities mentioned are also mentioned under the core principles.

1.5 Impact of COVID-19 and maintaining good governance

As with all councils the COVID-19 pandemic has caused major disruption to the day to day work of the council, including cancellation of committee meetings, and changing priorities to protect our most vulnerable residents and local businesses. This has meant there has been a need to initiate business continuity procedures as well as introducing new or varied governance arrangement in some areas. In addition it has been necessary to vary the process followed to produce the Annual Governance Statement for 2019/20 from that referred to in the Code of Corporate Governance.

Actions taken to address the impact of the COVID-19 pandemic:

- Co-ordinated response to the pandemic working with Lincolnshire Local Resilience Forum
- Review of governance arrangements following introduction of the Coronavirus Act 2020, including introduction of virtual council and other key meetings
- Prioritisation of resources to ensure ongoing provision of key services
- Development of a befriending and community help service to support the most vulnerable, including council tax support discounts
- Reallocation of teams to support COVID-19 response, e.g. Audit and Policy Teams
- Support for local businesses in applying for business ratepayers discounts and business grants payments
- Initial response to the pandemic in terms of delivery of critical services, protection of staff, support for community and vulnerable persons, impact on the local economy and financial impacts on the council
- Several HR interim procedures and checklists for managers were introduced to support employees working from home and support their health and wellbeing

Proposed activity for the coming year:

- Development of activities to support the city and high street, including leading on multi-agency partnership to support high street recovery.
- One Council – under the Organisational Development pillar we will be putting processes in place and revising policies as required in response to COVID-19, particularly around work styles and support for staff and members to ensure we have the governance in place to make sure these new ways of working and new activities are fit for purpose
- Implementation of ongoing support of community and vulnerable persons through working with partner organisations
- Re-establishment of committee meetings via electronic means to ensure democratic responsibility
- Development of policies and procedures to enable delivery of services, including critical services, whilst ensuring protection of staff and customers.
- Transfer of befriending service to voluntary sector organisations
- Ensure processes in place to enable businesses in the city to access support, e.g. Environmental Health Officer utilising legal powers to manage re-opening of businesses under COVID-19
- Management of the financial impacts of COVID-19
- Performance report for Q4 2019/20 to take the form of a review of 2019/20 including our COVID-19 response
- Combined Q1 and Q2 Performance report to help assess impact of COVID-19
- Review of Vision 2025 Year 1 Delivery Action Plan to focus on remobilising services, savings, legacy projects and further developing One Council
- Review of actions taken, and lessons learned from response to the COVID-19 pandemic
- Many of these actions are covered under the key principles below and further activities will be identified once the council emerges from the current recovery stage

1.6 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 2019/20:

- Member induction for those new Members elected in May 2019
- Anti-bribery Policy reviewed and approved
- Whistleblowing Policy and Guidance updated
- Member Code of Conduct updated and approved
- New website launched
- Safeguarding Policy approved
- Modern Slavery Charter and Statement reviewed
- Equality Objectives for 2020-24 developed and approved by Executive

Proposed activity for the coming year:

- Update Code of Corporate Governance
- Re-establish regular portfolio holder meetings following COVID-19
- Update member code of conduct in accordance with government guidelines
- The internal audit plan was approved by Corporate Management Team but due to COVID-19 a revised audit plan will be developed and presented to the Audit Committee in September 2020.
- Further activities to be identified once the council emerges from the current recovery stage

1.7 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 2019/20:

- Consultation conducted in January 2020 on Vision 2025 with residents and businesses
- Consultation with residents, elected members and staff on Equality Objectives
- Engagement with the voluntary sector on Equality Action Plan
- Equality Objectives for 2020-24 developed and approved
- Annual staff roadshows
- Daily briefings to staff during COVID-19 emergency

Proposed activity for the coming year:

- Review Consultation and Engagement Strategy
- Consultation with Befriending Service users prior to transfer to alternative providers
- Citizen Panel consultation regarding High Street recovery to inform action plan
- Undertake consultation in respect of repurposing of Vision 2025
- Further activities to be identified once the council emerges from the current recovery stage

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

Vision 2020 was 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, and the forerunner to the current strategic plan, Vision 2025. It

highlighted four priorities for the city, acknowledging that the council could not deliver everything needed by itself and must work in partnership and collaboration to achieve the ambitious plans. These were:

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

These priorities were underpinned by the need to deliver 'Professional high performing services'.

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

Vision 2020 has now been replaced by Vision 2025, the council's vision for the next five years to 2025. As with previous strategic plans, Vision 2025 was developed using a robust evidence base including information gained through consultation with local residents and businesses. The priorities in Vision 2025 remain broadly similar, but with the addition of a priority to address the challenges of climate change:

- ▶ Let's drive inclusive economic growth
- ▶ Let's deliver quality housing
- ▶ Let's address the challenge of climate change
- ▶ Let's reduce all kinds of inequality
- ▶ Let's enhance our remarkable place

Activity within Principle C in 2019/20:

- Approval of the MTFS which is a financial representation of the council's Vision 2020 and the new Vision 2025
- Ongoing implementation on the place strategy for Park Ward/Sincil Bank, highlighted as an area for regeneration. Three key strands of work are underway.
- Ongoing development for embedding sustainability over the next 3 to 5 years
- Plans developed to improve Lincoln Crematorium
- Celebrating Vision 2020 published, detailing progress made against priorities within the council's strategic plan for 2017-20, Vision 2020.
- Vision 2025, the council's strategic plan for 2020-25 developed and adopted
- One Council programme established
- Participant in Business and Economy recovery cell for Greater Lincolnshire and Rutland with six-month economic recovery plan developed.

Proposed activity for the coming year:

- Repurpose Vision 2025 to support the recovery of the city and council economically and ensure community support
- Review the delivery plan for Vision 2025 to take account of the impact on the council of COVID-19.
- Working closely with Lincolnshire Resilience Forum partners to support recovery
- Lead on implementation of Business and Economy Recovery Cell short term forward plan for construction sector and place marketing.
- Develop 5 year recovery plan linked to Town Investment Plan for the City.
- Key partner in Infrastructure Recovery Cell covering Lincolnshire, which includes housing, to ensure infrastructure is in place enabling growth plans to be implemented

- Sign up to civic university agreement with BGU and Lincoln University

1.9 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. Whilst service plans for 2020/21 have not been completed work is ongoing to ensure robust service management as we enter the recovery stage. 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 2019/20:

- Ongoing implementation of the Capital Programme Group to ensure financial responsibilities in all capital projects are conducted correctly
- The TFS programme Team has worked on a phase 7 programme to meet the increased MTFS savings target
- Development of One Council – Scopes defined for four pillars – Organisational Development, Value Processes, Use of Assets and Technology
- Pilot of Office 365
- Pilot of desktop refresh
- Technology introduced to adapt to COVID-19
- Review of workstyles to understand technology required
- Refreshed infrastructure platform

Proposed activity for the coming year:

- Conduct a PIR on implementation of the Lincoln Project Management Model
- Development of TFS programme incorporating impact of COVID-19 emergency
- Refresh of V2025 and identification of actions to be brought forward in the delivery plan
- Complete roll out of Office 365
- Complete desktop refresh
- Look at investment in IT required to support new ways of working
- Establish micro-sites for key services, e.g. Christmas Market, Building Control, Visitor services.
- Identify top 10 interactions with customers and move to online forms where possible to take pressure off contact centre.
- Housing repairs online pilot – to enable booking of repairs online.
- Review of my-info.
- Further activities to be identified once the council emerges from the current recovery stage

1.10 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. We have a programme in place under the organisational development pillar of our One Council approach which 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 2019/20:

- More HR policies have been reviewed with training delivered to managers
- Policies put in place to cover home working during COVID-19 emergency
- Continued HR line management briefings
- Needs analysis to be completed on Leadership Development
- Staff consultation on the new staff charter
- Daily briefings from Chief Executive during COVID-19 emergency
- Ongoing implementation of the People Strategy
- Development of One Council pillars – Organisational Development and Create Value Processes, including piloting Office 365 and remote working and introduction of Microsoft Teams for all staff
- Commissioned consultants to undertake a review of space at City hall and Hamilton House to support new ways of working
- Visitor information centre successfully brought back in house

Proposed activity for the coming year:

- Adapt our policies and procedures to ensure we adopt new ways of working moving forward in the immediate and longer term
- Further review of space at City Hall and Hamilton House following COVID-19. This will also include community centres and other buildings
- Look at ways to increase and strengthen City hall as a public sector hub
- Further activities to be identified once the council emerges from the current recovery stage

1.11 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.

Activity within Principle F in 2019/20:

- A successful savings and income generation programme was developed and implemented to address reductions in central government funding in 2019/20.
- Increase the level of purchase order usage across the authority to ensure full control
- Development of One Council activities
- Development of the quarterly dashboard report for Executive members and senior officers summarising progress with key strategies, strategic plan projects, risk governance and performance
- Publication of Celebrating Vision 2020, reporting on our strategic plan for 2017-20
- The External auditor issued an unqualified opinion on the authority's 2018/19 final statement of accounts although further areas of development were identified. This included significant improvements in the close down of accounts from the previous financial year.

Proposed activity for the coming year:

- Continuing to develop the council's response to the emerging financial situation including, ensuring strong financial management to make sure that we manage public funds correctly, e.g. revised budget estimates, TFS programme, expenditure control budget review process, lobbying strategy.
- A key piece of work will be to review control systems to ensure they continue to be fit for purpose with the new ways of working
- Development of measures to report progress on Vision 2025
- Further activities to be identified once the council emerges from the current recovery stage

1.12 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 2019/20:

- Launch and content management of new website
- Introduction of PIMS, a new performance management system

Proposed activity for the coming year:

- Further development of the performance management system
- Review of Lincoln Performance Management Framework
- Due to COVID-19 a revised audit plan will be developed and presented to the Audit Committee in September 2020.
- Further activities to be identified once the council emerges from the current recovery stage

2 Review of effectiveness of the governance framework

We undertook an assessment of the council's governance framework during 2018/19. The 2019/20 assessment has been delayed in order to consider any new requirements arising following the COVID-19 pandemic.

The Head of Internal Audit is required annually to give an opinion on the overall adequacy of and effectiveness of the Council's governance, risk and control framework and therefore the extent to which the Council can rely on it. For 2019/20 substantial (green) assurance was provided over governance, risk management and internal control.

Supporting this assessment is the detailed work undertaken by Internal Audit during the course of the year. Whilst this identified a number of minor issues none were considered significant enough to highlight any significant governance issues.

There was one limited assurance report on Project Management. The recommendations in this audit were already being addressed as part of the Post Implementation Review of the Lincoln Project Management Model. This is not considered a significant issue but will be monitored by Corporate Management Team over 2020/21 as a post implementation review of project management arrangements is currently in progress.

There were three areas of combined assurance assessed as red, but the risks have been managed and they are no longer considered significant.

As at March 2020 there were a number of high priority audit recommendations both made and outstanding. Outstanding agreed actions were in respect of the following: ICT Mobile Devices, Tenancy Services, HMO licensing, IT applications and Malware/anti-virus user training. Progress towards addressing these recommendations will be monitored through existing monitoring arrangements and none are considered as 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 2018/19

The council has regularly monitored its 2018/19 significant governance issue through senior management and the Audit Committee during 2019/20. One issue was identified for monitoring:

- **The Disaster Recovery plan in place for IT arrangements:** during 2019/20 significant progress was made towards alignment with the Business Continuity plans that are in place for restoring key services in terms of IT needs. Overall, all but one action has been completed.

5 Significant governance issues identified from 2019/20

Significant issues carried forward from 2018/19 – As noted above there was one significant governance issue monitored during 2019/20 which still remains as an issue for monitoring during 2020/21:

- **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.

There is already an action plan in place for addressing this significant issue and all but one of the 35 actions have now been completed. The outstanding action relates to the full implementation of the secondary data site which is in progress. Progress on this action will be reported regularly to Audit Committee.

New significant issues identified from 2019/20 – In terms of new significant governance issues the following two additional issues have been identified:

- **Review of impact of Coronavirus on the council's service delivery and embedding new ways of working for staff.** COVID-19 has had a significant impact on the council's budget resulting in the need to undertake a comprehensive review of how and what services are delivered ensuring our statutory requirements are met. The council was already undertaking a pilot to enable more agile working and with the lockdown the council fast tracked this approach and the council now needs to review the effectiveness of working conditions for staff and members and look to the future. The issue is that we will need to ensure that as the council develops its different approaches to service delivery and new ways of working it ensures governance is at its heart, recognising that governance

arrangements may need to adapt and change in order that they remain fit for purpose in the new world.

- **Vision 2025 needs to be re-profiled and communicated to a wider audience in the light of COVID-19.** The strategy was adopted but there was no formal public launch due to COVID-19. The council's response to the pandemic was to proactively divert resources to tackle the emergency and all projects and programmes that could be paused/had not already commenced were stopped in a planned way. Tackling the emergency situation and resulting recovery phase has been a long process due to the prevalence of COVID-9 nationally and there is now a need to review Vision 2025 in light of COVID-19, re-profile the commitments in the strategy and then communicate it widely. This process started in late August 2020.

Several lesser concerns were raised during the process of developing this statement and these will be passed to the Corporate Management Team for quarterly monitoring alongside performance and reported to Leadership.

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:** 17th August 2020



Chief Executive (Mrs Angela Andrews) **Date:** 17th August 2020