

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 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) based on the principles of CIPFA's "Delivering Good Governance in Local Government Framework 2016"

How we are meeting these defined responsibilities is detailed in the City of Lincoln's Code of Corporate Governance, which is available on our website at <https://www.lincoln.gov.uk/policies-publications/financial-policies-publications>.

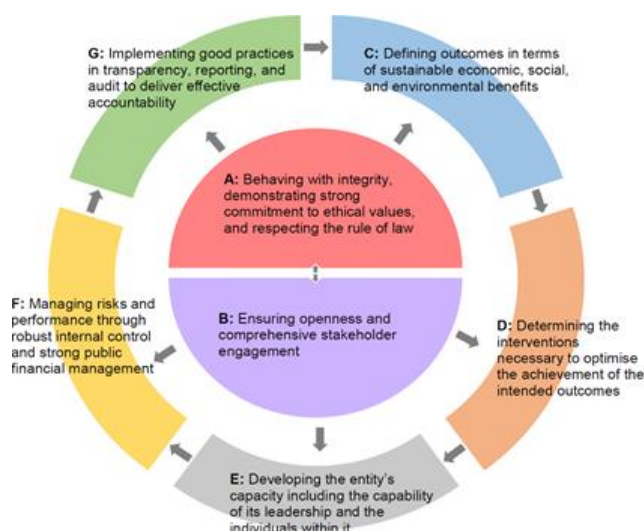
The Council's Code of Corporate Governance was comprehensively reviewed in 2021, to account for the impact of the Covid-19 pandemic. Further minor changes have since been made, with the Code most recently updated in May 2023.

This Annual Governance Statement details how the City Council has complied with its own Code of Corporate Governance over the past year. The Statement meets all relevant statutory requirements, and continues to incorporate actions taken in response to 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 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 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 council's 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 and provides commentary on how the framework itself has operated over the last 12 months. The first of these sections covers how the Council has continued to maintain good governance as it adapts to longer term impacts from the COVID-19 pandemic. Some of the activities mentioned in this first section are also mentioned under the 'Core Principles' sections that follow.

1.5 Impact of COVID-19 on maintaining good governance

The COVID-19 pandemic caused major disruption to the day-to-day work of the Council, and has had a lasting impact on how we continue to deliver services to our residents and local businesses. We have now taken steps to fully embed the enhanced business continuity procedures and renewed governance arrangements initiated during the pandemic, for the benefit of our residents, businesses and visitors.

Actions taken to address the impact of the COVID-19 pandemic in 2022/23:

- Reviewed business continuity plans following the Covid-19 pandemic.
- Developed a new IT Disaster Recovery Plan, including coverage of all risks highlighted throughout the pandemic
- Undertaken an initial review of the longer-term effects of Covid-19 within the City (including health) via the Lincoln City Profile.

Proposed activity for the coming year 2023/24:

- Undertake a further review of all business continuity plans, in order that they may be aligned with the new IT Disaster Recovery Plan.

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 the behaviour of our Members and employees. We have appropriate processes in place to ensure that Members and employees 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 rights of employees. All Council decisions consider legal and equality implications with support from our Legal Services team.

Our Audit Committee includes an independent Member, and provides assurance on the adequacy of our internal control environment by ensuring high standards of conduct are embedded within the Council's culture. The Committee also monitors all governance issues raised, and oversees our internal and external audit arrangements.

Activity within Principle A in 2022/23:

- Undertook an annual update of the Code of Corporate Governance
- Reviewed the requirement to update our Members' Code of Conduct, which remains legally compliant
- Ensured we are compliant with the proposed Subsidy Control Bill
- Ensured we are compliant with the Electoral Integrity Bill
- Completed a successful Adults Safeguarding Audit (LAAF)
- Reviewed our Modern Slavery Charter and Statement
- Reviewed proposals contained within the new Planning Bill
- Reviewed our Money Laundering Policy
- Reviewed our Whistleblowing Policy and Guidance

Proposed activity for the coming year:

- Undertake scheduled annual update of our Code of Corporate Governance
- Continue to monitor our compliance with the Subsidy Control Act 2022 as projects commence
- Continue to review our compliance with the Elections Act 2022 as the commencement orders come into place
- Review updated CIPFA guidance for Audit Committees, including a review of the Terms of Reference of the Audit Committee to ensure they remain compliant with best practice

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 decision making. We expect reports to decision makers to be open, to 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 2022/23:

- Commenced a review of the Lincoln Citizens' Panel
- Explored more effective forms of stakeholder engagement for budget consultations
- Commenced a review of Consultation and Engagement staff guidance
- Undertook consultations with service users relating to climate change

Proposed activity for the coming year:

- Finalise the review of our Consultation and Engagement staff guidance
- Complete a review of the Citizens Panel, and recruit new Panel members in a way that reflects the current makeup of the City
- Create a 'Community Development Toolkit' for local Ward Councillors to provide additional help and support within their community
- Explore further options for engaging with stakeholders on budget consultations
- Continue to develop more permanent and usable feedback systems for services.

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

Vision 2025 is the Council's vision for the five years to 2025 and forms the second phase of our Vision from 2017 to 2030. As with previous strategic plans, Vision 2025 was developed using a robust evidence base including information gained through consultation with local residents and businesses, and evidence from the Lincoln City Profile. The current priorities in Vision 2025 are:

- 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

The next corporate planning cycle to develop our 'Vision 2030' will commence towards the end of the current year.

Since the Covid-19 pandemic, progress has been made towards reinstating the five current Strategic Priority Boards. Meanwhile key strategic projects, including redevelopment of Central market/City Square and commencement of Western Growth Corridor, continue to be monitored through their respective MEGA Boards. All projects are also reported into the Portfolio Holders' annual reporting process.

A full mid-term evidence based review of the Vision 2025 was completed in 2022, and continues to be implemented.

Activity within Principle C in 2022/23:

- Re-energised implementation of the place strategy for Park Ward/Sincil Bank, highlighted as a priority area for regeneration following the Covid-19 pandemic, through progression of multiple contributing regeneration projects
- Progressed several projects set out in the Vision 2025 three year action plan including Central market/City Square, delivery of new homes at Rookery Lane, progression of our Climate Action Plan, and a range of projects within the High Street Heritage Action Zone
- Undertook promotion of the next phase of the three year Vision 2025 Delivery Plan
- Commenced a feasibility study for a 30-year Housing Business Plan, which will focus on regenerating our housing estates
- Advanced a detailed analysis of 2021 Census data, that will be incorporated into future Lincoln City Profile publications and used to support robust decision making

Proposed activity for the coming year:

- Further progress implementation of Phases 1a and 1b of Western Growth Corridor
- Progress further the implementation of the place strategy for Park Ward/Sincil Bank
- Finalise our 30-year Housing Business Plan for the period 2023 – 2053

- Complete our detailed analysis of 2021 Census data to support robust, evidence-based decision making

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 to ensure delivery of their intended outcomes. Service plans were completed for 2022/23, and plans for the coming year are currently underway. Work has continued to ensure robust management of the Council's services, and projects continue to utilise 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 our plans. The Council reviews progress against delivering those outcomes through its performance management framework.

Activity within Principle D in 2022/23:

- Commenced work on delivering a five year ICT Strategy
- Prepared and audited a new IT Disaster Recovery Plan
- Procured and delivered a replacement online, self service Council Tax and NNDR system
- Progressed improving customers' experience by continuing to move them away from our Customer Contact Centre towards online forms

Proposed activity for the coming year:

- Complete delivery of a five year ICT Strategy
- Formally adopt a new IT Disaster Recovery Plan
- Undertake a further review of our business continuity plans, in order that they may be aligned with the new IT Disaster Recovery Plan.
- Establish micro-sites for key services including Building Control, Visitor services and Lincoln Central Market.
- Identify further high volume interactions with customers in our Customer Contact Centre and move them to online forms where possible to take pressure off contact centre
- Review the Council's Risk Management Strategy and provide refresher training to Members and officers

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 our objectives. Under our One Council approach, we have in place an organisational development pillar that aims to ensure our workforce has the necessary skills and behaviours to deliver our Vision for the city, and is effectively engaged to champion the Council's corporate priorities. Partnership working extends capacity for key projects to be delivered beyond the Council's own resources and is embedded within our Vision 2025 objectives.

Activity within Principle E in 2022/23:

- Commenced a review of the Council's building assets including City Hall, Hamilton House and community centres etc
- Supported the relocation of Citizens' Advice into City Hall, to further strengthen City Hall's identity as a public service hub
- Reviewed our One Council organisational pillar, concluding that we have adapted new ways of working in response to all known issues arising from the Covid-19 pandemic
- Provided leadership development training to all service managers and team leaders

Proposed activity for the coming year:

- Continue to build on employee retention and professional training opportunities for our employees
- Review the Council's Our People Strategy
- Continue implementing our Organisational Development Action Plan, including a needs and skills gap analysis

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 2022/23:

- Reviewed our Financial Procedure Rules
- Implemented revised reporting requirements as required by the revised Prudential Code and Treasury Management Code
- Reinstated our monthly Vision priority meetings
- Reviewed our Contaminated Land Inspection Strategy
- Reported a new agreed action plan to ensure compliance with the CIPFA Financial Management Code
- Introduced a revised process for following up actions identified in Internal Audit reports, significantly improving internal controls for monitoring actions and reducing the time taken to address them.

Proposed activity for the coming year:

- Review Contract Procedure Rules upon enactment of the Procurement Act
- Undertake a benchmarking exercise to review our treasury management strategy and prudential indicators reporting against best practice
- Introduce quarterly reporting of our treasury management activities
Fully implement all actions within our agreed action plan to ensure compliance with the CIPFA Financial Management Code
- Provide training to all officers with budget responsibility on revised Financial Procedure Rules and continue to develop a business partnering approach to financial management

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 also 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 2021/22:

- Commenced a review of the Lincoln Performance Management Framework
- Undertook an internal audit of our Performance Management function
- Reviewed a range of control measures associated with the Council's key performance indicators, including renewing control sheets and performance reporting

Proposed activity for the coming year:

- Complete a detailed review of the Lincoln Performance Management Framework and how this can best support Vision 2030
- Further develop our internal performance management system



2. Review of effectiveness of the governance framework

We undertook an assessment of the Council's governance framework during 2022/23, by reviewing our Code of Corporate Governance and the review process used to develop the AGS. Included in this review, we assessed how we identify and rate significant issues and other areas that may require monitoring. We also considered how all of the following governance information influenced the effectiveness of our overall governance framework:

- Internal and external audits
- Third party assurances and combined assurance
- Committee reports
- Risk management practices
- Performance management observations and issues
- Management of projects
- Partnership governance
- Financial management
- Feedback from our senior management team and statutory officers.

The Head of Internal Audit is required annually to provide an opinion on the overall effectiveness of the Council's governance, risk and control framework and the extent to which these can be relied upon. In 2022/23 the Council was noted as performing well across three areas (Governance, Risk and Financial Control) and performing adequately against Internal Control. The audit plan was again reduced due to a temporary shortfall in staffing resource. Two posts are currently going through the recruitment process.

Internal audits completed in 2022/23 include:

- Performance management
- Stores
- ICT Programme and Project Management
- Medium Term Financial Strategy
- Housing Benefit Subsidy
- Organisational Development
- Key Controls – General Ledger
- Key Controls – Bank
- Climate Change
- De Wint Court
- Key Controls – Property, Plant and Equipment

Of these internal audits, both Performance Management and Stores were rated as having 'limited assurance'. Significant progress has been made against the action plan introduced in response to the Performance Management audit findings, with the remaining actions listed in Core Principle G of this AGS. Actions identified from the Stores audit will be monitored on a quarterly basis, with progress reported to the Audit Committee. Of the actions applicable to the areas rated 'limited assurance' none were considered significant enough to highlight as potential AGS significant governance issues.

The following internal audits remain in progress and are at draft report stage:-

- Staff Wellbeing
- IT Disaster Recovery
- IT Asset Management
- Follow-up of audit recommendations

As at April 2023 there were no high priority audit actions which were overdue.

3. Introduction of the CIPFA Financial Management Code 2019 (FM Code)

In December 2019, the Chartered Institute of Public Finance and Accountancy (CIPFA) published its Financial Management code (the FM Code), providing guidance for good and sustainable financial management in local authorities. The FM Code aims to assist local authorities to demonstrate their financial sustainability through a set of seventeen financial management standards.

CIPFA guidance issued in February 2021 requires Annual Governance Statements to now include an overall conclusion of the assessment of the organisation's compliance with these standards. An assessment against the FM Code was most recently undertaken and reported to the Audit Committee in March 2023, confirming an overall substantial level of compliance (65%), with six identified areas for improvement (35%).

It is not expected that there will be full compliance across all standards as continual improvement, routine revisions to policies and procedures, and assessment against best practice necessitate a need for new actions to be implemented following each annual assessment. The Council can be assured that it has achieved this level of substantial and reasonable assurance and that there are no areas of minimum compliance and no significant areas for improvement.

4. 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.

5. Status of significant governance issues monitored from 2022/23

The Council has regularly monitored its 2021/22 significant governance issues through senior management and the Audit Committee during 2022/23.

- **The Disaster Recovery plan in place for IT arrangements:** Substantial progress has been made over the last twelve months to put this plan in place. The final IT Disaster Recovery Plan is complete and is expected to be adopted in early 2023/24.

This is therefore no longer considered to be a significant governance issue.

6. Significant governance issues identified from 2022/23

No new significant governance issues have been identified during 2022/23.

7. Conclusion

The Council's governance arrangements are under continual review. No significant governance issues have been identified during 2022/23, however the Council will continue to monitor the effectiveness of its governance arrangements to enable the identification of new and emerging issues throughout the coming year.

Signed



Cllr R Metcalfe, Leader:

Date:



Angela Andrews, Chief Executive:

Date: