

<b>SUBJECT:</b>	<b>ANNUAL GOVERNANCE STATEMENT 2022/23</b>
<b>DIRECTORATE:</b>	<b>CHIEF EXECUTIVE AND TOWN CLERK</b>
<b>REPORT AUTHOR:</b>	<b>MICHELLE HOYLES – BUSINESS MANAGER CORPORATE POLICY AND TRANSFORMATION</b>

## 1. Purpose of Report

- 1.1 To inform the Audit Committee that the Council has prepared this year's Annual Governance Statement (AGS), attached as '**Appendix A**' to this report. This AGS forms part of the Council's draft Statement of Accounts.

## 2 Executive Summary

- 2.1 The Council is statutorily required to publish an Annual Governance Statement that reviews how it applies, and complies with, its Code of Corporate Governance. The Code, which is also reviewed annually, was most recently updated and approved by the Corporate Management Team on 9<sup>th</sup> May 2023. The updated Code has undergone only minor amendments.
- 2.2 Due to the impact of a restructure within the Corporate Policy team, and recent capacity issues caused by a number of vacant posts, the Council's approach to this year's AGS mirrors that of the previous year. The process undertaken this year is explained further in paragraph 3.3 of this report.
- 2.3 This report contains two appendices:
- **Appendix A** – the proposed draft AGS 2022/23; and
  - **Appendix B** – a glossary of the terms used in the AGS
- 2.4 No new significant governance issues have been identified for inclusion in the AGS 2022/23, and as such the document concludes that governance arrangements at City of Lincoln Council remain effective.

## 3. The AGS Process

- 3.1 The AGS is completed annually and comprises a retrospective 'look back' at how the Council applied its Code of Corporate Governance in the previous 12 months, and a 'look forward' at how it aims to further build upon its governance arrangements in the year ahead. The AGS is also required to identify any new and emerging significant governance issues that have arisen during the previous year or are expected to arise in the coming year.
- 3.2 The AGS is required to be published as part of the draft Statement of Accounts, which has a statutory date for publication by 31<sup>st</sup> May 2023. Subsequently, the final AGS is included in the audited Statement of Accounts which are to be published by 30<sup>th</sup> September 2023.

3.3 The year's AGS is to be completed in accordance with the following process, previously presented to and endorsed by CMT in May 2022:

1. Initial collation and review of key governance information from across the Council. This review was conducted by senior officers from the Council's Internal Audit, Finance, Legal and Corporate Policy and Transformation teams. Sources of the key governance information includes the Council's annual audit report, assurance, performance data, corporate risk register and committee reports.
2. Creation of an AGS officer questionnaire, completed with support from the Chief Finance Officer, Assistant Director for Transformation and Strategic Development, Internal Audit Manager and the City Solicitor.
3. Preparation of a draft 'AGS 2022/23', based on information derived from the completed officer questionnaire.
4. Presentation of the draft AGS to the Corporate Management Team.
5. Incorporation of CMT comments/feedback into the AGS, in preparation for formal sign-off by the Chief Executive and Leader, inclusion in the Council's draft Statement of Accounts, and progression to the Audit Committee; and
6. Publication of the final AGS alongside the Council's audited Statement of Accounts.

## **4 Significant Issues**

- 4.1 The 2021/22 AGS identified that the Council's IT Disaster Recovery Plan should remain as a significant governance issue. Substantial progress has been made on this issue during the past 12 months. This progress has been regularly reported to the Audit Committee, and as of March 2023 Internal Audit is satisfied that the issue is now fully resolved such that it is no longer a significant governance issue. Accordingly, this has been picked up by the AGS process.
- 4.2 Officers have not identified any new significant governance issues that should be included in the AGS 2022/23.
- 4.3 During this year's annual review, two governance issues were identified for further discussion to determine if they meet the 'significant' threshold. These can be briefly summarised as:
- Recruitment issues and limited capacity within frontline Council services, and equivalent issues within internal professional support services that provide the advice and oversight necessary to ensure effective governance of significant and complex projects; and
  - Ongoing need to ensure financial, legal and procurement advice is sought for projects in a timely manner
- 4.4 Both issues were assigned the RAG rating 'amber'. It is therefore proposed that, whilst neither meets the 'significant governance issue' threshold, both nonetheless will require ongoing monitoring.

## **5. Strategic Priorities**

- 5.1 This report supports the Council to meet its statutory duties by reviewing the effectiveness of its governance arrangements. This statutory duty therefore underpins all corporate priorities within Vision 2025, and helps to ensure the Council remains capable of implementing its associated three year action plan.

## **6. Organisational Impacts**

- 6.1 **Finance (including whole life costs where applicable)** – There are no direct financial impacts arising from this report.
- 6.2 **Legal Implications including Procurement Rules** – this report ensures the Council meets its statutory duties to publish an AGS, and that it continues to conduct itself in accordance with the law and proper standards and in an open, honest and accountable manner.
- 6.3 **Equality, Diversity & Human Rights** – The AGS assesses how the Council applies its Code of Corporate Governance to its business activities. The Code identifies the processes the Council has put in place to ensure compliance with E&D legislation and reduce risk.

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination;
- Advance equality of opportunity; and
- Foster good relations between different people when carrying out their activities.

## **7. Risk Implications**

- 7.1 (i) Options Explored – there are no alternative options available; the Council has a statutory duty to publish an AGS.
- 7.2 (ii) Key risks associated with the preferred approach – not applicable.

## **Recommendations**

- 8.1 That the Audit Committee note the 'Annual Governance Statement 2022/23' and accompanying glossary, attached as '**Appendix A**' and '**Appendix B**' to this report, are incorporated into the Council's draft Statement of Accounts.

**Is this a key decision?**

No

**Do the exempt information categories apply?**

No

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?**

No

**How many appendices does the report contain?**

Two (A, B)

**List of Background Papers:**

None

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