

<b>SUBJECT:</b>	<b>ANNUAL GOVERNANCE STATEMENT 2023/24</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 Background

- 2.1 The Council is required to publish an Annual Governance Statement that reviews how it applies, and complies with, its Code of Corporate Governance. The Code is reviewed annually, and was most recently updated and approved by the Corporate Management Team (CMT) on 27 February 2024. This updated Code has undergone only minor amendments.
- 2.2 The approach to this year's AGS mirrors that of the previous year and is explained in section 3 of this report.
- 2.3 This report contains one appendix, namely **Appendix A** – the proposed draft AGS 2023/24.
- 2.4 Overall, this year's AGS concludes that the Council's governance arrangements remain effective.

## 3. This year's AGS Process

- 3.1 The AGS is completed annually and comprises two elements:
- A review of 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/emerging significant governance issues that have arisen during the previous year or are expected to arise in the coming year.

- 3.2 As required by statute, the AGS will be appended to the Council's Statement of Accounts.

3.3 This year's AGS has been completed in accordance with the following established process:

- a) 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 this key governance information include a senior officers' questionnaire, the Council's annual audit report, assurance, performance data, strategic risk register and committee reports.
- b) Preparation of a draft 'AGS 2023/24', based on information derived from the completed questionnaire.
- c) Circulation and consultation on the draft AGS with all assistant directors, and with the service managers whose service areas are impacted by key findings.
- d) Presentation of the AGS and appendices to CMT. The resulting proposed AGS is attached as '**Appendix A**' to this report.
- e) Incorporation of CMT comments/feedback into the AGS, in preparation for progression to the Audit Committee prior to inclusion in the Council's draft Statement of Accounts; and
- f) Publication of the final AGS alongside the Council's Statement of Accounts.

3.4 The format of this year's AGS has been updated following a recent CIPFA briefing, to ensure the Council's approach reflects current best practice and the document can be easily read by a range of audiences. The new AGS format is in three parts:

- Part 1 summarises the overall effectiveness of the Council's governance framework.
- Part 2 reviews how the Council has met the requirements of its 'Code of Corporate Governance' as it was applied in the last 12 months, what's working well, and what steps are needed to further improve governance; and
- Part 3 is an action plan

3.5 The key changes made to the format of the AGS include introduction of a RAG rating for each of the seven CIPFA core principles, and re-ordering the layout so the content is easier to digest. The new format also re-frames how the Council assesses itself against the CIPFA core principles, so the document is more strategic and governance-focused, removing elements related to delivery of Vision 2025 projects that are already reported via other channels.

## 4 Significant Governance Issues

4.1 No significant governance issues were identified in the 2022/23 AGS, and therefore none have been monitored in the last 12 months.

4.2 No new significant governance issues have been identified for inclusion in the AGS 2023/24.

4.3 The questionnaire identifies six governance issues which, whilst not meeting the threshold to be 'significant', require monitoring over the coming year in order that they can be addressed. These are listed in Part 1 of the AGS ('**Appendix A**'), and relate to the following areas:

- Contract management
- IT Asset Management
- Lincoln Project Management Model
- Use of support services
- Capacity of frontline and support services, and recruitment challenges
- Lincoln Performance Management Framework

4.4 The new RAG rating for the seven CIPFA core principles in Part 2 are:

- Green – core principles B, C and G
- Amber – core principles A, D, E and F

The core principles rated 'amber' are, for consistency, those directly linked to the six governance issues proposed for monitoring. There are no core principles with a 'red' RAG rating.

4.5 The action plan in Part 3 of the AGS proposes one action, related to the LPMM, on the basis that the other five governance issues proposed for monitoring already have actions in place through other mechanisms.

## 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.

## 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.

## **8. Recommendations**

- 8.1 That the Audit Committee notes the 'Annual Governance Statement 2023/24' attached as '**Appendix A**' to this report, is to be 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?** One (A)

**List of Background Papers:** None

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