

SAFE WELL PROSPEROUS CONNECTED

**ANNUAL GOVERNANCE
STATEMENT**

Draft

2020-2021

**North
Lincolnshire
Council**

www.northlincs.gov.uk

Executive Summary

The Council has in place strong governance arrangements which we are confident protect the interests of the council and provide necessary assurances to our residents and stakeholders.

Notwithstanding inherent risks facing local government and strategic risks within the local operating environment which are identified and reviewed throughout the year, the Council's governance arrangements provide robust mechanisms to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The council has set out a clear ambition for North Lincolnshire in its Council Plan and will strive to seek continuous improvement. The council will continue to provide effective governance arrangements and will make further improvements in line with good practice and external recommendations accordingly.

The operating environment for local government has been significantly impacted on by the coronavirus pandemic over the past 15 months. Locally the council has led the response to the pandemic, working with communities, businesses and partners to minimise and mitigate the impact from COVID for people and place. Our COVID-19 recovery and renewal framework provided a guide for the council's actions through the different transition phases of 'recovery', both short and medium term at both Place and Council level. Each phase guided by national guidance and legislation; Public Health advice and guidance and supported by local evidence, information and intelligence. Our local arrangements were set within governance structures aligned with the Humber Local Resilience Forum to enable a whole system approach with sub-regional partners. With a strong focus on business continuity the council resources were flexibly and agilely deployed to deliver for our residents.

The Annual Governance Statement 2020-21 concludes that there are no significant governance issues that have arisen during the year which require specific reporting apart from the exceptional circumstances of Covid-19.

Becky McIntyre

Director Governance and Partnerships

30 June 2021

1. Council's responsibility for good governance

North Lincolnshire Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the council is responsible for putting in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

The Accounts and Audit Regulations 2015 require the council to publish with its final accounts an Annual Governance Statement (AGS). The AGS sets out the council's governance arrangements in place and considers their effectiveness.

2. Council's Governance Framework

The council's governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and those activities through which it accounts to, engages with and leads its communities. It enables the council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. Key elements of the council's framework are:

- The [Council Constitution](#) sets out how the council operates and how it makes decisions. The Constitution says what the council must do to make decisions efficiently, transparently and accountably. The statutory Monitoring Officer undertakes a review of the Constitution annually to ensure the council's arrangements remain compliant with legislative requirement and is fit for purpose in supporting the council's strategic objectives.
- The Council Plan, which sets out North Lincolnshire Council's ambition to be best place and the best council it can be, and the outcomes it is committed to achieving for local residents, through whole council transformation.
- The system of internal control, which is based on an on-going process designed to identify and prioritise the risks to the achievement of the council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- The [Council's Code of Governance](#) which sets out how the council's strategies, policies, plans, procedures, processes, structures, attitudes and behaviours. The key components are:
 - A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
 - B. Ensuring openness and comprehensive stakeholder engagement

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

3. Review of effectiveness of governance arrangements

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review relates to the governance framework which has been in place at North Lincolnshire Council for the year ended 31 March 2021 and up to the date of approval of the Statement of Accounts. Any issues identified as a significant governance issue are reported within the AGS, and the progress made by management in 2020/21 to address these issues will be reported regularly to the Audit Committee as the body charged with governance.

The review of effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment; by the Head of Audit and Assurance Annual Report; comments made by External Auditors and other review agencies and inspectorates. The Council Assurance Group is responsible for co-ordinating the review.

The three lines of defence assurance model is central to this review of effectiveness and is made up as follows.

First Line – (delivery/operational area)

Each Head of Service undertakes a self-assessment as to how assurances are sought to confirm that the services and functions they are responsible for comply with each of the seven principles. The Directors use these to inform their Director Assurance Statements which confirm the arrangements against the assurance framework.

Additionally the council has a performance framework to help assess the effectiveness of its arrangements. Performance is monitored at different levels across the organisation and forms part of the Directors' assurance.

The Director assurance statements review against previous years' actions highlighting areas of good governance actions to further strengthen the control environment. Examples of good governance and improvements progressed include:

- Governance and accountability arrangements for SEND have been strengthened through the introduction of a SEND Standards Board. The membership of this Board includes senior leaders and chief officers from partner agencies

- One Social Work Team Model embedded, ensuring that the statutory responsibilities of the Council are met and enables individual need to be supported at the lowest level of the social care pathway
- In response to complaints feedback, the fly tipping process was redesigned to improve customer reporting, response and feedback.
- Rolling programme of HR policy review provides assurance that the organisation has a legislatively compliant framework in place along with regular updates from LGA on any changes to legislation affecting local government
- Safeguarding in Education Line of Sight meetings provide a management overview of safeguarding within the council's functions for schools and settings and concentrate on exceptions.

In addition Directors produce reports for Cabinet, Scrutiny and committees which provide assurance on governance and the control environment in specific areas e.g.

- **Director of Public Health's Report 2019-20** – presented to Health and Wellbeing Board 14 September 2020. In video format, the review is the DPH's professional judgement and statement about the health of local communities. It highlights good progress being made against the priorities set for 2019-20 and concludes with the priority areas for the next 12 months, including:
 - Supporting positive mental health and wellbeing
 - Taking a whole systems approach to creating healthy environments
 - Encouraging people to be more physically active
- **Virtual School Headteacher Annual Report 2020** – reported to Cabinet 7 December 2020. The role of the Virtual School is to promote the educational achievement of children in care. The report provides an overview of the work undertaken to support children and young people throughout their journey and the impacts and successes over the past year. The virtual school reported that standards have once again been raised for their young people.
- **Local Safeguarding Adults Board Annual Report 2019/20** – presented to Health and Wellbeing Board 18 March 2021 and Cabinet 1 February 2021. The annual report demonstrated that the LASB:
 - listened and responded to the voices of adults with care and support needs, and adults with the lived experience;
 - was effective in providing help and protection to adults with care and support needs;
 - effectively met statutory obligations;
 - benefitted from strong and consistent leadership, and
 - had made good progress on delivering the strategic objectives laid out within the strategic plan

As part of its statutory duties, the board carried out an independent Safeguarding Adults Review (SAR) in relation to Adult A.

Significant work has been undertaken by partners to understand how agencies could work better together to safeguard adults at risk in such circumstances. The SAR has been published on the website and provided the Board with important learning to take forward in the future.

A key priority for the board in 2020/21 is to gain assurance from partner agencies about how any impact of Covid-19 on local safeguarding arrangements is being managed, particularly looking at how the current situation is impacting on adults who have care and support needs and on the effectiveness of safeguarding arrangements within North Lincolnshire

- ***Independent Reviewing Service (IRS) Annual Report 2019/20*** – presented to the Children and Families Cabinet Member 7 October 2020. It focuses on the IROs for Looked After Children and sets out a range of information about the service, including the extent to which it complies with regulation and best practice. Information contained within the report includes:
 - A total of 634 Looked after and Adoption Reviews have been chaired during the year.
 - North Lincolnshire has maintained a low number of children in care and remains lower than the latest national and statistical neighbour comparators. 129 Children entered care in 2018/19, compared to 51 Children entering care during 2019/20.
 - Over the past year the numbers of children in care has decreased, from 251 at the end of March 2019, to 231 at the end of March 2020. This places North Lincolnshire below the England latest published rate.
- ***Special Education Needs and Disabilities (SEND) Annual Report 2019/20*** – reported to Children and Education Scrutiny Panel 1 February 2021. The report summaries work undertaken by the council and its partners to implement the SEND Delivery Plan, and also highlights achievements. No issues were identified.
- ***Managing Allegations Against People Who Work With Children Annual Report 2019/20*** – reported to Children and Families Cabinet Member 18 January 2021. This report provides an overview of the activity and impact of the Local Authority Designated Officer (LADO) function in the year 2019-20. This includes an analysis of the allegations reported to the LADO, including the responses and outcomes. Of the 28 referrals received, a small decrease from the previous year, two were substantiated.
- ***Regulation of Investigatory Powers 2000 (RIPA) 2020 Update*** – reported to Cabinet 1 February 2021. The report provides information about the council's surveillance activity during 2020 in respect of the RIPA regime. An independent inspection by the Investigatory Powers Commissioner's Office in July 2020 were satisfied that our arrangements demonstrated a good level of compliance and the RIPA policy and procedures currently in place remain fit for purpose.

- **Care Call Service – Annual Report 2019-20** – reported to Cabinet 7th December 2021. The report provides an overview of the service activity and service performance April 2019 to March 2020, including that call handling and feedback statistics exceeded the accreditation scheme standards for a third consecutive year. Future developments include upgrading the hardware and software to improve to offer better resilience and more effective methods of communications for users.
- **Annual review of the Children’s Multi Agency Resilience and Safeguarding Local Arrangements 2019-20** – reported to Health and Wellbeing Board 16 November 2020. The report demonstrates that the local arrangements:
 - effectively meets statutory obligations
 - is effective in providing help and protection to children
 - benefits from strong and consistent leadership
 - has made good progress against its areas of focus
 - listens and responds to the voices of children and young people
 - has swiftly and confidently responded to the challenges posed by COVID-19

The review identifies areas of focus for 2020-21. Safeguarding partners and relevant agencies will continue to listen, learn, review and adapt; continue to deliver the core functions with particular focus on – work with adolescents and their families; emotional health and wellbeing; domestic abuse and emerging harm arising from COVID-19 across the early help and safeguarding system.

Second Line - (oversight of management activity and separate from those responsible for delivery)

The council’s Assurance Group receive a quarterly overview which provides an update on the position against a set of criteria, which help identify whether the council is fulfilling its duties as an organisation and employer. Assurance is evaluated using information and data including management sign-off of critical functions and by referencing specific performance measures for example additional assurance in respect on arrangements for fleet compliance was sought and progress on the implementation of a new system for monitoring compliance within the grey fleet was provided.

As part of the process for completing the AGS those responsible for the oversight of management activity, separate from those responsible for delivery were asked to provide statements on the overall operation of the control environment in their particular areas of oversight:

- **Assurance provided by the Monitoring Officer in relation to operating within the rule of the law and constitutional arrangements including member code of conduct** – no material issues were identified.

- **Assurance provided by the Head of Human Resources and Organisational Development in respect of human resources policy frameworks and arrangements, including organisational health and safety** - no material issues were identified.
- **Assurance provided by the Deputy s151 Officer on finance and procurement policy and procedures** - no material issues were identified.

In addition a range of reports are produced annually or throughout the year which provide assurance from a second line perspective e.g.

- **CIPFA Code of Financial Management Self-Assessment** - The Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the Code authorities will be able to demonstrate their financial sustainability. The self-assessment has been completed demonstrating compliance against the vast majority of the standards. We have identified balance sheet reporting and financial resilience assessment as areas of focus, although meet the standard, further development has been prioritised to support financial sustainability.
- **Annual Report of the Audit Committee 2020/21** – to be presented to the Audit Committee 21 July 2021 and Full Council 11 October 2021. It summarises the activities of the Committee and demonstrates how it has discharged its duties. It also reports on the outcome of the Audit Committee's self- assessment against good practice.
- **Annual Report of the Standards Committee 2020/21** – to be presented to the Standards Committee on 8 July 2021 and Full Council 11 October 2021. The annual report highlights the work of the Committee over the period and outcomes from complaints made against the Code of Conduct. Although activity has increased in number of complaints received, the report doesn't conclude any particular theme or concern.
- **Fraud Annual Report** - reported to the Audit Committee on 8 April 2021, to assist in discharging its responsibilities for monitoring the effectiveness of the Council's arrangements for managing the risk of fraud. The report highlights the work undertaken to prevent fraud in relation to business grants. It also reported that in 2020/21, significantly fewer referrals relating to allegations of fraud or financial misconduct were received than in previous years. No major frauds were reported.
- **Risk Management Progress reports** – A Risk Management Progress report was presented to the Audit Committee 27 January. This provides an update on the Risk and Opportunities framework and the Council's Strategic Risks. Audit work highlighted improvements to how risk is referred to in Cabinet reports.
- **Treasury Management Policy Statement** - reported to Audit Committee 8 April 2021 – this outlined the policies and objectives of its treasury management activities, as approved by Council. It also set out high-level objectives of the council's treasury management activities.

Audit Committee also receive a mid-year position against the treasury management strategy and an end of year report.

- **Youth Council and Young Voice Annual Report** – reported to Children and Families Cabinet Member 9 December 2020 - this highlights the work undertaken across the Youth Council and wider young voice activities and outlines the impact and outcomes of engagement, predominantly at a service, local, regional and national level. The report also focused on young people’s perspectives and experiences during the pandemic and associated restrictions. No issues were identified.

Third line (independent oversight)

Head of Internal Audit Annual Report and Opinion 2020/21

Presented to the Audit Committee on 21 July 2021 the Head of Internal Audit concludes that the council had a satisfactory control environment with some areas for improvement identified. It also provided a satisfactory opinion on governance identifying that Scrutiny arrangements could be strengthened and substantial opinion on risk arrangements. The report also provided assurance that Internal Audit meets required quality standards.

External Audit

The External Auditor’s opinion on the Accounts and Value for Money arrangements is scheduled to be issued by 30 September 2021. The final version of the AGS will incorporate the outcome of the audit.

Ofsted

Adult Education and Community Learning Interim Visit December 2020 - No judgements given but report was positive with no recommendations made.

Assurance Monitoring Visit (Kingfisher Lodge) – no judgement but noted that it is a well-managed home.

Other External Inspections/Assessments

Other external inspections and verifications carried out in 2020/21 are listed below together with their ratings:

- **Registration Service: Public Protection & Counter Fraud Inspection**, March 2020 - 100% criteria met for monitoring and compliance and all statutory operational standards being met
- **Catering & Cleaning: Food Hygiene Rating Scheme** – 4.89/5.00 score
- **Building Control Quality Management Systems (ISO 9001)** – no nonconformities posted as part of annual review.
- **Defence Employers Recognition Scheme (Gold Award)**
- **The Office of the Information Commissioner** carried out an inspection of the Council’s **Regulation of Investigatory Powers Act (RIPA)** found ‘a good level of compliance’.

- **Department for Transport** – annual self-assessment against set criteria regarding **Highway Asset Management** including asset evaluation and programme management. DFT assessed North Lincolnshire as achieving Band 3 which is the highest rating demonstrating that the council is prioritised investment based on properly assessed needs analysis.
- The council's approach to managing its fleet effectively is subject to external verification by the **Driver and Vehicle Standards Agency (DVSA)**. The DVSA operate a traffic light system to ensure targeted enforcement and the Council currently has a Green rating.
- **Inspection by the Ministry of Housing Community and Local Government around youth homelessness service** – points to consider in future planning were proposed and all feedback received was positive and commented on the vibrant discussion that had taken place.

Local Government and Social Care Ombudsman

The Ombudsman is responsible for independently investigating complaints that have not been resolved by the organisation. There were fewer complaints received by the Ombudsman during 2020/21 compared to previous years, with the majority not progressing to investigation following their initial enquiries. Only one complaint upheld in full and one partially upheld and all remedy recommendations were complied with. The Annual Letter from the Ombudsman will be issued to the Council in August 2021.

4. COVID-19

COVID-19 has had considerable impact on the delivery of the Council's responsibilities and governance arrangements to support them. In line with the guidance from CIPFA the Council has assessed its response in three areas:

- *Adaptations to reflect new ways of working and emergency arrangements*
- *Changes to 'business as usual' activities, including cessation or reduced frequency or scale of activities*
- *Longer-term changes to priorities, programmes, strategies and plans as a result of the impact of the pandemic on the organisation and the local area*

Since the start of the pandemic the council put the necessary governance arrangements in place both locally and regionally and with partners. Every meeting of the Cabinet a COVID-19 report has been presented, providing updates on the response, recovery and outbreak management and prevention. Alongside reporting to Cabinet, the Health and Wellbeing Board extended its health protection remit to specifically be the publicly accountable oversight committee for the Local Outbreak Management Plan and arrangements. The frequency of meetings was increased for regular oversight to take place. The membership was also extended to ensure system level partners were involved. Overview and Scrutiny Committees also adapted their workplans to consider COVID-19 related matters.

The Council has considered the three areas above, reviewing information, reports and plans in respect of COVID-19 response and recovery which demonstrate that:

- The Council responded quickly to the pandemic, framed around the Council Plan to give a clear priority focus on keeping people safe and well (prevent and reduce the spread); protecting the most vulnerable from the impact of COVID-19; enabling communities to be resilient and protect and enabling the local economy, whilst ensuring business continuity in line with local and national priorities. In response to the emergency new systems and agile working arrangements were established at pace at an early stage. This swift and flexible approach, including the implementation of emergency decision making ensured that the council was able to operate within its agreed governance framework.
- Via the enhanced use of technology, the Council has been able to maintain most of its activities. Inevitably, however, there were some activities which were impacted, as required by government guidelines. Creative solutions were implemented to offer alternative access through technologies. The strong partnerships across North Lincolnshire provided a good foundation upon which to build, adapt and enable higher risk setting, such as schools, care homes and businesses to operate in line with COVID-19 secure guidelines. Where national and local restrictions required some venues and activities to be suspended we were able to direct resources to the COVID-19 response – for example the Shield programme, working across communities to meet the needs our clinically extremely vulnerable residents.
- Overall, no significant control issues have been identified as a result of the pandemic. The financial impacts during 2020/21 have been contained within the additional grant funding received from government. The longer-term financial impact continues to be assessed in the context of national policy and local needs analysis. The Council has recognised that the continued recovery from the pandemic will remain challenging, and as a result it has been identified as an area of focus for 2021/22 as shown in section 5 of the AGS. A strength of the council's approach has been that throughout its response to the covid pandemic it has remained focused on its ambition and priorities set out in the council plan.

5. Governance Challenges

Governance challenges can arise when something has gone or is going wrong which will affect the achievement of the Council's objectives. There is a need to respond and often recover from an issue and in financial terms, responding and recovering may add significant cost to the organisation or its processes. An issue may arise unexpectedly or may result from a poorly managed risk. Determining the significance of a governance issue will always contain an element of judgement.

An issue is likely to be significant if one or more of the following criteria applies:

- It has seriously prejudiced or prevented achievement of a principal objective.
- It has resulted in the need to seek additional funding to allow it to be resolved.
- It has required a significant diversion of resources.
- It has had a material impact on the accounts.

- It has been identified by the Audit Committee as significant.
- It has resulted in significant public interest or has seriously damaged reputation.
- It has resulted in formal actions being taken by the Section 151 Officer or Monitoring Officer.
- It has received significant adverse commentary in external or internal inspection reports that has not been able to be addressed in a timely manner.

Based upon the assurance systems in place and the council's approach to continuous learning through external and internal review and the information considered in the AGS, the conclusion is that there are no significant governance issues that have arisen during the year which require specific reporting apart from the exceptional circumstances of Covid-19.

6. Governance Risks 2021-22

The financial impact of COVID-19 on the council during 2020/21 could be met by the additional funding made available by government. Overall, the net additional cost amounted to £27m (18% of the approved budget). However, the approach taken whilst responding effectively to additional responsibilities mitigated against creating longer term legacy costs or demand and making use of redirected internal resources to minimise costs. This approach contributes to financial resilience for 2021/22 and beyond as it is anticipated that the longer-term impacts of COVID-19 will require re-prioritisation of investment. An exercise has commenced to review the financial sustainability and assess the medium-term financial plan with adapted assumptions on funding and spend. In addition, the review and renewal of the Council Plan and Health and Wellbeing Strategy will take account of the impact of COVID and prioritise recovery and renewal focus on mitigation and reduction of inequalities.

At an organisational level, there are changes within the council's statutory roles. Recruitment has commenced for the Chief Executive and interim arrangements for Director of Children's Services and Director of Public Health roles following the retirement of the current chief officers.

North Lincolnshire Council will benefit from investment as part of the government's 'Build Back Better: our plan for growth' over the next few years. This will require new and strengthened governance arrangements to operate effectively.

The changes to NHS structures and the development of Integrated Care Systems will also impact on local governance arrangements. The Council are a key stakeholder in the development and design of the new ICS NHS body and place-based partnerships, including the transitional arrangement during 2021/22.