

Executive Summary

Governance is about how local government bodies ensure that they are doing the right things in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems, processes, cultures and values by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The Annual Governance Statement (AGS) is a public report by the Council on the extent to which it complies with its own governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

The council expects all of its members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the Officer and Member Code of Conduct, Constitution, Corporate Vision and Values, and Priorities as well as applicable statutory requirements.

This document describes our governance arrangements and how closely we align with good practice. In overall terms this is a positive statement for the financial year 2021/22. This document relies on several assurance mechanisms including internal audit annual review, internal audit reports throughout the year, the work of the Governance and Audit Committee, the overview and scrutiny process and external audit.

External audit is undertaken by Mazars LLP, and this provides assurance over the Financial Statements and Value for Money Opinion. Where the auditor identifies weaknesses in the Council's arrangements, these are highlighted in the Annual Audit and Inspection Letter. The Council received an unqualified audit opinion on its 2021/22 accounts, the latest audited and published.

DRAFT ANNUAL GOVERNANCE STATEMENT 2021-22

Scope of Responsibility

West Lindsey District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring that public money is safeguarded, 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 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 and facilitating the effective exercise of its functions, incorporating the system of internal control. This includes arrangements for the management of risk. The Council has a Local Code of Governance which details these arrangements and is structured around the 7 Principles of Good Governance in the Public Sector (CIPFA/IFAC 2014).

1. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
2. Ensuring openness and comprehensive stakeholder engagement.
3. Defining outcomes in terms of sustainable economic, social and environmental benefits.
4. Determining the interventions necessary to optimise the achievement of the intended outcomes.
5. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
6. Managing risks and performance through robust internal control and strong public financial management.
7. Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The Accounts and Audit (England) Regulations 2015 require every council to agree and publish an Annual Governance Statement. CIPFA (Chartered Institute of Public Finance and Accountancy) have produced guidance to Delivering Good Governance in Local Government Framework (2016). In producing this AGS, this guidance has been considered.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It also comprises the 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 consider whether those objectives have led to the delivery of appropriate services that represent value for money.

The system of internal control is an important part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, priorities, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise risks to the achievements of the

Council’s policies, priorities, aims and objectives. It also evaluates the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. Strategic risks are reported to the Governance and Audit Committee bi-annually.

The governance framework has been in place at the Council for the year ended 31st March 2022, and up to the date of approval of this Statement.

Financial Management Code

Strong financial management is an essential part of ensuring public sector finances are sustainable. The CIPFA Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities and assurance that authorities are managing resources effectively. The FM Code identifies risks to financial sustainability and introduced a framework of assurance.

Complying with the standards set out in the FM Code is the collective responsibility of elected members, the chief finance officer and their professional colleagues in the management team. Complying with the FM Code will help strengthen the framework that surrounds financial decision making.

The council has undertaken an assessment of compliance with the principles of the FM Code. This assessment has confirmed the council’s compliance, with two actions identified for further improvement to the Governance and Audit Committee in Jul 2021.

The Chief Financial Officer has reviewed the actions and progress is reported below:

Stakeholder Engagement and Business Plans			
Area of Code	2020/21 Assessment	2021/22 Assessment	Narrative
The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	Amber	Amber	Stakeholder Engagement for the 2022/23 was adversely affected by Covid-19. A detailed plan of engagement has been put in place for the 2023-24 budget which when delivered will provide a green assurance rating for the Council.
The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	Amber	Amber	Whilst the five-case business model is used for all significant decisions further guidance is being developed at an operational level for decision making. The Value For Money Handbook will be published and supported by training for all staff in Quarter 3 2022-23.

The Governance Framework and Annual Review of Effectiveness

With the continuing response to Covid19 throughout 2021/2022, the Council continued to support its staff and the people and businesses of West Lindsey towards planning for recovery from the global pandemic declared in connection with the Covid19 virus. The

Council worked closely with the Local Resilience Forum, other Councils, the Police, NHS, Public Health England and others to respond to and support the Government's roadmap for easing restrictions, the vaccination programme, testing, and the planning for recovery.

In the spring plans were developed and put in place for the Council's own organisational recovery taking account of the Government's roadmap and the local situation regarding Covid19 cases. The Council's Covid19 Management Group continued to meet regularly to actively manage the Council's response and recovery priorities.

Staff were already able to work from home with the right equipment and tools to carry out their roles, this continued into 2021/22, with support being offered to enable services to run effectively. Four staff surveys have been conducted during the last 2 pandemic years and the results have been very positive with actions being taken to address any concerns.

By the early Summer 2021, committees (and full Council) were returned to being held in person with amended room layouts, and external venues being used for full council.

The Council had not had supplier issues or large-scale staff absences due to the success of the vaccination roll out and safe ways of working. Nevertheless, the level of risk was monitored and reported to the Council's Covid19 Management Group, however it is effectively being managed as business as usual due to the longevity of the incident and the 'new normal' that Covid19 had become.

Throughout this time the Council's governance arrangements held strong and were effective, allowing it to be both flexible and confident in responding to emerging priorities, changes to service delivery and timely decision making.

West Lindsey District Council operates a Committee model form of Governance under the Localism Act 2011. This has ensured that there is a more democratic approach to decision making with no elected member having any individual executive power to make decisions and requiring committees to be politically proportionate. The Council's Constitution sets out how the Council operates.

The council uses its Constitution as a basis from which decision making, delegations and matters relating to the ability to meet legislative and statutory requirements are considered. Due to legislation changes last year in May 2021 the Council returned to face to face Committee meetings as required.

The Council is working to its Corporate Plan covering the period 2019-2023. It sets out the Council's vision for the District and sets out key strategic objectives which will deliver desired outcomes for communities. The Corporate Plan is explicitly aligned to the Medium-Term Financial Plan (MTFP) and Executive Business Plan which details key corporate activity which will support the achievement of the Council's aims and objectives. This ensures that the aspirations in the Corporate Plan are realistic within the context of the funding constraints placed on the Council.

The Constitution of the Council establishes the roles and responsibilities of the Full Council, Policy Committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements.

The Constitution is reviewed annually to ensure it continues to be fit for purpose.

The Constitution also contains rules of procedures (standing orders and financial regulations) that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Chief Financial Officer and Monitoring Officer are described, together with their contributions to provide robust assurance on governance and to ensure that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by the post-holders' membership of the Council's Management Team.

The council has developed, communicated and embedded codes of conduct, defining the standards of behaviour for both Members and staff. The Council adopted a new code of conduct for Members at its Full Council meeting in November 2021, having provided all Members with the opportunity to attend an awareness session prior to adopting the new Code.

The Council has successfully concluded its LGA Peer Review Challenge which began in January 2020. A report to Full Council set out the next steps following the closure of the project an extract of which is shown below:

Next Steps

The Council is pleased that the peer challenge follow-up recognises the significant progress that has been made since 2020 to implement the recommendations and, in many cases, go beyond these to deliver further improvements to service delivery, ensure greater strategic alignment, secure a highly skilled and resilient workforce and ensure financial resilience, all of which puts residents at the heart of Council activity in line with its core values. The Council remains ambitious in its plans and recognises there is always more to do. This report sets out the next steps the Council is already taking on its journey of continuous improvement and officers will ensure that the additional feedback from the peer review team is aligned with existing governance structures and decision-making frameworks to become part of the Council's business as usual. The Council would like to thank the LGA Peer Challenge team for undertaking the follow-up challenge and for preparation of its feedback report. West Lindsey's next, full peer challenge is scheduled to take place in 2024 and officers will begin work to prepare for this in collaboration with key stakeholders and decision makers.

The Internal Audit Plan 2021-22 was agreed by the Governance and Audit Committee and has been completed for the year. All of the audits completed in year achieved either High or Substantial assurance.

An area for the council to consider activity for the post-election 2023 period will be a review of the Community Governance arrangements across the district.

Officer training needs are identified through development appraisals and reviews, enabling individuals to undertake their present roles effectively and have the opportunity to develop to meet their own and the Council's current and future needs.

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework and including the system of internal control. The review is informed by:

1. The Combined Assurance report – made up from:
 - a) Feedback from senior managers within the authority who have responsibility for the development and maintenance of the governance environment and its effectiveness within their areas
 - b) The findings from the Annual Audit work plan

- c) Third Party assessment e.g. peer review, external consultancy
2. The Annual Review of Comments, Compliments and Complaints
3. The Annual Monitoring Officer Report and Review of the Constitution
4. The Annual Review of the Effectiveness of Internal Audit
5. Reviews of Whistleblowing
6. The Annual Review of Fraud
7. The Head of Internal Audit's Annual Report
8. Review of Strategic Risks
9. Comments made by external auditors and other review agencies

These reviews have been considered by the Governance and Audit Committee as well as a draft version of this AGS. As a result, the arrangements are deemed as being fit for purpose.

Despite the unpredictability of the 2021-22 year, the council believes that it can give a reasonable and soundly based level of assurance over these conclusions.

Significant Governance Issues

No significant governance issues have been identified in 2021-22.

Governance Risks – Areas for Improvement during 2022-23 (year ahead)

Whilst we are satisfied with the effectiveness of the corporate governance arrangements and systems of internal control, as part of our continued efforts to improve governance the following issues have been identified for improvement as part of the 2021-22 Annual Governance Statement process. An action plan will be implemented to ensure activity takes place to bring about the improvements.

- Loss of key staff – ensure that processes are fully documented, succession plans in place where appropriate, identify activities which are overly reliant on one individual
- Financial settlement – continue to update the MTFS as we gain greater certainty on the level of funding for future years
- Preparing for all out elections in May 2023 – ensure robust election planning and deliver an effective member induction plan
- New finance system – ensure it is effective and compliant
- Continue the review of corporate procurement procedures (carried forward from last year). The Council historically has bought in services from Lincolnshire Procurement but due to recruitment issues they can only provide a limited service
- Continue the implementation of CIPFA FM Code requirements

Approval of the Annual Governance Statement 2021-22

The council is satisfied that appropriate and effective governance arrangements have been in place for 2021-22.

Signed

Signed

Leader

Chief Executive