

AUDIT AND GOVERNANCE COMMITTEE

DATE	21 January 2021
REPORT OF	Executive Director for Environment, Economy and Resources
SUBJECT	Local Code of Corporate Governance and Annual Governance Statement Update
STATUS	Open

CONTRIBUTION TO OUR AIMS

Effective corporate governance arrangements provide a framework to support the delivery of the Council's strategic aims.

EXECUTIVE SUMMARY

This report provides the Audit and Governance Committee with the following:

- an updated Code of Governance which takes account of any changes to the Council's governance arrangements since it was approved in January 2020.
- progress as of 31 December 2020 in respect of issues raised in the 2019/20 Annual Governance Statement (AGS).

RECOMMENDATIONS

In its role as the group charged with governance the Committee is asked to:

- approve the updated Code of Governance for inclusion in the Council's Constitution; and
- note the action which has to be taken to respond to the issues raised in the 2019/20 AGS.

REASONS FOR DECISION

The Committee's responsibilities include monitoring the effectiveness of the Council's governance arrangements and related control environment. As part of discharging its responsibilities it receives updates on revisions to the Council's Code of Corporate Governance and progress in implementing the actions relating to the previous year's Annual Governance Statement.

1. BACKGROUND AND ISSUES

- 1.1 In April 2016, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Government Chief Executives (SOLACE) issued their document "*Delivering Good Governance in Local Government: a Framework*". It is based on the following seven principles underpinning the framework.

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

1.2 In 2016/17 the Council updated its Local Code using the principles in the Framework. It was approved by Audit & Governance Committee on 26 January 2017. The Code is subject to an annual review to ensure that it continues to reflect the Council's current arrangements. A 'light touch' review took place between November 2020 and December 2020 and no significant changes in the design of the Council's arrangements were identified. There have been some minor changes which are highlighted in italics in the revised Code attached at Appendix 1. A section has been included in the Introduction to outline how the pandemic has impacted on governance arrangements across the Council.

1.3 The updated Code shows that overall the council continues to comply with the principles outlined in the CIPFA/SOLACE Framework.

1.4 In November 2020 the Audit & Governance Committee approved the AGS. Two areas for further focus were identified (Children's Services and Covid-19). The AGS referred to an Ofsted assurance visit that was anticipated before the end of 2020. The outcome of which would determine whether the DfE Improvement Notice may be removed. Ofsted have subsequently confirmed that they will not undertake any further focused or assurance visits in areas that are classified as Tier 3 or above. Therefore the current arrangements will remain in place until the visit can be undertaken. In relation to Covid-19 the Recovery Plan arrangements referred to in the AGS remain in place.

2. RISKS AND OPPORTUNITIES

Ineffective corporate governance arrangements have a number of inherent risks in the context of organisational management, the use of resources and service delivery. Designing a Code of Governance based on national frameworks and responding to the issues raised in the 2019/20 AGS is a means of mitigating such potential risks. In addition the issues raised in the 2019/20 AGS are included in the Council's risk register.

3. OTHER OPTIONS CONSIDERED

Not applicable - there is an expectation that councils update their Code of Governance to reflect changes in the CIPFA/SOLACE framework. In addition the Audit and Governance Committee is required to regularly monitor issues in relation to governance, including the progress in addressing issues identified in the 2019/20 Annual Governance Statement.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

Ineffective governance arrangements could lead to failures in internal control which in turn could lead to reputational, financial and service impacts.

Each of the issues identified in the 2019/20 Annual Governance Statement could have a potential reputational impact if not addressed.

5. FINANCIAL CONSIDERATIONS

The Code of Corporate Governance refers to key financial documents such as financial regulations, contract procedures rules and the Medium-Term Financial Strategy.

6. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

None directly arising from the recommendations in this report.

7. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report..

8. LEGAL IMPLICATIONS

There are no specific legal implications raised in this report which are not considered within the text of the report. References are made within the report to best practice guidelines and principles aimed at enabling the Council to discharge its functions within an appropriate governance framework.

9. HUMAN RESOURCES IMPLICATIONS

Whilst there are no direct HR implications arising from the contents of this report, the ongoing governance of the framework and principles may lead to matters being dealt with through appropriate HR procedures if required.

10. WARD IMPLICATIONS

Applicable to all wards.

11. BACKGROUND PAPERS

“Delivering Good Governance in Local Government: a Framework”- CIPFA/SOLACE (2016)

2019/20 Annual Governance Statement (November 2020)
Code of Governance (January 2020)

12. CONTACT OFFICER(S)

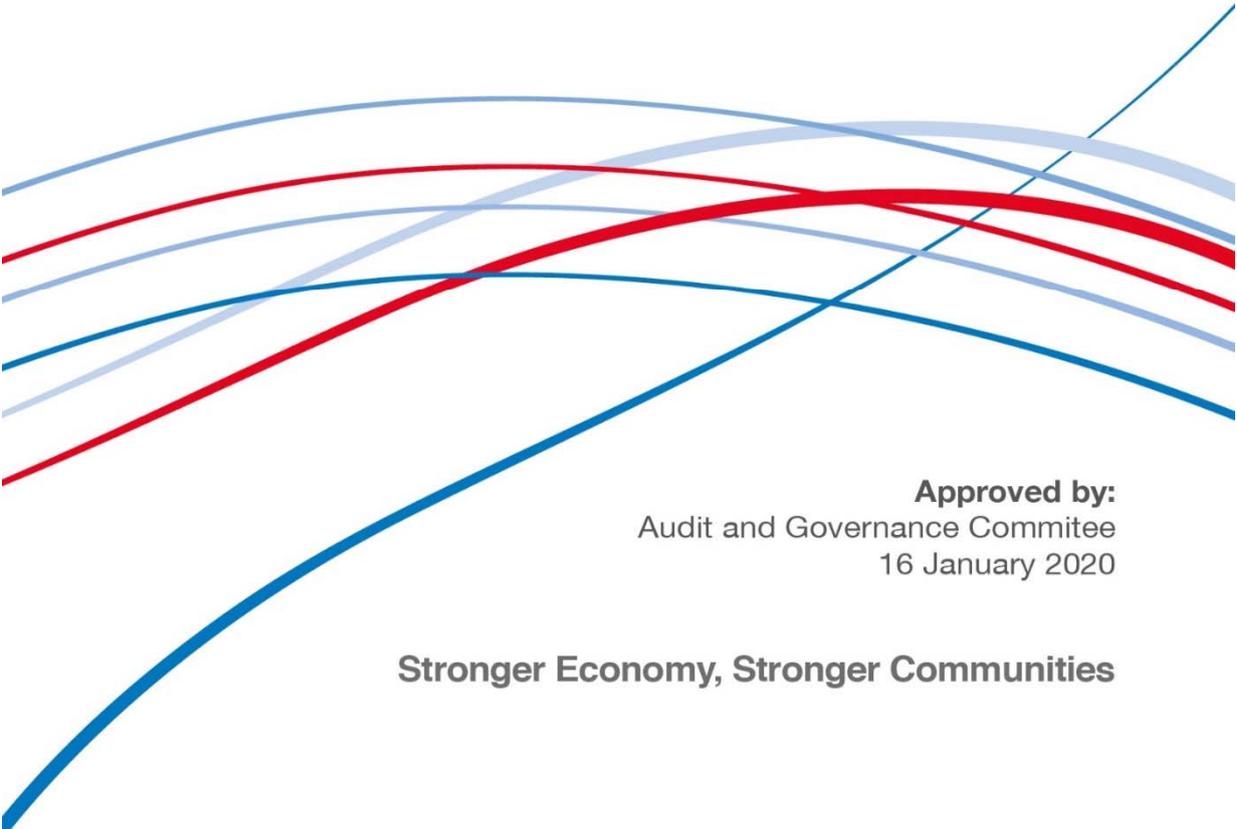
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North East Lincolnshire Council **Local Code of Corporate Governance**



Approved by:
Audit and Governance Committee
16 January 2020

Stronger Economy, Stronger Communities

LOCAL CODE OF CORPORATE GOVERNANCE

INTRODUCTION

The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) defines governance as follows:

“Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved”

The International Framework also states that:

“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times”.

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders”

GOOD CORPORATE GOVERNANCE

North East Lincolnshire Council is committed to achieving good corporate governance and this Local Code describes how the Council intends to achieve this in an open and explicit way. The local code is based upon the CIPFA SOLACE framework “Delivering Good Governance in Local Government” (April 2016). As laid out in the guidance it *“is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources to achieve desired outcomes for service users and communities”*. Consequently, the local Code has been written to reflect the Council’s own structure, functions, and the governance arrangements in existence.

*The local code is based on the following 7 principles, the first 2 of which underpin the remaining 5 with the overall aim of “**Achieving the intended outcomes while acting in the public interest at all times**”.*

The principles are as follows:

Acting in the public interest requires a commitment to and effective arrangements for:

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement

In addition to the overarching requirements for acting in the public interest in principles A and B, achieving good governance also requires a commitment to and effective arrangements for:

- 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

The requirements of the Code are included in the Council's constitution and the Council's key strategies and policies.

These principles should be considered when developing the Council's policies and frameworks. For example, the Partnership Protocol demonstrates how these principles should be applied when governing partnerships.

MONITORING AND REVIEW

The design and content of the Code of Corporate Governance is subject to annual review by the Audit and Governance Committee and update to reflect changes in the Council's policies and processes.

The effectiveness of the governance arrangements are assessed annually and reported in the Annual Governance Statement (AGS). The Council has adopted the "three lines of defence model" of assurance.

First Line – (delivery/operational area)

Each Director is required to complete an annual 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.

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

A range of reports are produced annually or throughout the year from those responsible for the oversight of management activity which provide assurance on the operation of elements of the governance framework. These have been linked to each of the areas of the Code. In addition, there are a number of boards and groups which effectively contribute to the provision of assurance. These have been referred to in the second lines of defence within the Code.

Third line (independent oversight)

- External inspectorates, such as Ofsted and the Care Quality Commission
- External audit
- Internal Audit
- Ombudsman

These have been linked to each of the areas of the Code.

COVID-19 PANDEMIC

It would be remiss not to acknowledge the impact of the COVID-19 pandemic on governance arrangements across the Council.

With the prospect of a national lockdown (March 2020) an emergency decision making framework was put in place, subsequent to the Council being put on an emergency footing. All usual business of the Council was suspended as officers and resources were directed to response. This included all Council and committee meetings.

*Section 5 (**Scheme of Delegation to Officers**), Para 13 (**Decisions Taken in Urgency**) of the Constitution reflects that the Chief Executive and all Directors are empowered to deal with matters of urgency, or routine Council business, (subject to several caveats) where, during any period, Cabinet/Committee meetings are in recess*

All decisions made by principal officers of the Council were to be made in consultation with the Leader and the Portfolio Holder for Finance and Resources at the direction of the Chief Executive.

The emergency framework provided for decisions to be made at CEX level (subject to hierarchical delegations to senior officers in the case of incapacity) and in consultation with the Leader of the Council and Portfolio Holder for Finance and Resources. Therefore, with both officer and democratic oversight.

All individual decisions were taken on an urgent basis with the acquiescence of the Chair of the Communities Scrutiny Panel. This panel having the constitutional remit for emergencies and civil contingencies. Ultimately the decisions would be referred to the Communities Scrutiny panel for noting and oversight when circumstances permitted.

As a result of the response to the COVID-19 pandemic, governance is being reviewed generally with likely improvements resulting in a more efficient, transparent and responsive regime. Such review may result in Constitutional change which will be subject to ratification by Full Council.

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

<p>Rational: Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p>	<p>North East Lincolnshire Council's commitment to achieving good governance is demonstrated below:</p> <p>Behaving with integrity</p> <ul style="list-style-type: none">• A Code of Conduct for Members to <i>help</i> ensure that high standards of conduct are maintained. <i>The Code is reviewed on an annual basis in line with the recommendations of the Committee for Standards in Public Life and includes other aspects of recognised best practice.</i>• A procedure outlining arrangements for breaches of the Member Code of Conduct.• The Standards and Adjudication Committee is responsible for overseeing the conduct of members and identifying training <i>and development</i> needs of members in relation to the Code of Conduct. The Committee receives a report at each meeting on the progress of complaints/investigations. An Annual report of member conduct is also produced.• An Independent Person (<i>or a Deputy</i>) advises on complaints made against Councillors.• Standards Committee Members receive training on the Code of Conduct, <i>as do newly elected members.</i>• Standards Committee Members receive training on the Code of Conduct.• An Employee Code of Conduct that sets down standards of behaviour and conduct the Council expects of its employees. Reference is made to the Code on the Induction Checklist.• Standard decision-making reporting format to ensure that all those responsible for taking decisions have the necessary information on which to do so. Key decisions are supported by an Integrated Impact Assessment where appropriate.• Publication of a Report Writing Guide – reviewed and updated <i>September 2020.</i>• An employee policy for acceptance of gifts and hospitality.• An employee policy for registering interests.• Registers of Members' interests and records of gifts and hospitality are published on the Council's website. Register of Members' interests reviewed annually, and monthly reminders are sent to Members regarding gifts and hospitality.• Members' declaration of interests are a standing item on all agendas. Minutes show declarations of interest were sought, and appropriate declarations made.• A Protocol for Council Representation on Outside Bodies.• A Corporate Feedback Policy that is published on the Council's website and is supported by a Complaints, Compliments and Suggestion on-line form.• Whistleblowing Policy updated April 2019.
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Demonstrating strong commitment to ethical values

- The Constitution that sets out how the Council operates and how it makes decisions. It also states that the Council will exercise all its duties in accordance with the law. This is reviewed annually to ensure the Council's arrangements remain compliant with legislative requirements and is fit for purpose. A comprehensive review was carried out in 2019.
- Terms of Reference that exists for all committees.
- Contract Procedure Rules.
- Place Partnership Protocol is being developed. This will emphasise the expectation for partners and contractors to comply with the "seven principles of public life".
- An appraisal and supervision framework based on restorative principles, which holds staff to account through regular performance reviews which take account of training or development needs.
- Values are embedded in organisational development activity that is undertaken, such as 21st century public sector worker and restorative practice.
- *An annual review to ensure compliance with CIPFA's Code of Financial Management (CIPFA 2019).*

Respecting the rule of law

- The Constitution identifies the Chief Legal Officer as the Council's Monitoring Officer and sets out the role of the Monitoring Officer. The Monitoring Officer is responsible for ensuring the Council operates within the law and decisions are administered correctly.
- An Anti-Fraud & Corruption Strategy that is supported by a Fraud Response Plan, Anti-Money Laundering Policy, Anti-Bribery Policy and Whistleblowing Policy.
- Maintenance of records of legal advice provided by officers e.g. Officer Decision Records. Legal implications are included in Cabinet/Committee reports.
- Job descriptions that detail responsibilities and conditions of employment to ensure statutory officers and key post holders fulfil their responsibilities.

Sources of Assurance

Second Line of Defence

- Annual report of the Standards and Adjudication Committee
- Annual review of the Constitution – reported to Full Council
- *Self-assessment against the “Code of Financial Management”*
- Annual Fraud Report – reported to the Audit and Governance Committee
- Children’s Social Care Statutory Complaints and Compliments Annual Report – reported to Cabinet
- Statutory Adults Complaints Reports
- Corporate Parenting Board – ensures the Council is fulfilling its duties towards looked after children corporately and in partnership with other statutory agencies

Third Line of Defence

- Ombudsman Annual Review Letter

Core Principle B: Ensuring openness and comprehensive stakeholder engagement

<p>Rational: Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.</p>	<p>North East Lincolnshire Council's commitment to achieving good governance is demonstrated below:</p> <p>Openness</p> <ul style="list-style-type: none">• A Publication Scheme is published on the Council's website that describes the kinds of information we proactively publish and provides guidance about how to access other information the Council holds by submitting either a Freedom of Information or an Environmental Information request. Selected information provided in response to requests is proactively published on the website, and a list of published datasets is available in the Freedom of Information area of our website.• A standard decision-making report format to ensure that the decision maker is presented with all of the information necessary to inform the decision.• Publication of a Report Writing Guide – reviewed and updated <i>September 2020</i> principally around the requirement to include details of the outcome of impact assessments.• An Impact Assessment toolkit is used for key decisions and helps ensure that the decisions taken consider a range of potential impacts/risks.• Agendas, reports and minutes, for all committees of the Council (including Scrutiny, Cabinet and Full Council) are published on the Council's website <i>and widely circulated</i>. Meetings are held public unless there are good reasons for not doing so based <i>upon statutory exemptions</i>.• Dates for submitting, publishing and distributing timely reports are set and adhered to <i>subject to general exception reports or those under special urgency</i>.• The Outcomes Framework sets out the priorities and strategic direction for the Council and can be found in budget papers.• Decisions to be taken by Cabinet and Portfolio Holders are published in advance with the Forward Plan of Key Decisions.• <i>All decisions of Cabinet are subject to publication via a Decision Notice.</i>• Cabinet decisions are tracked to ensure actions are implemented on a timely basis. <p>Engaging comprehensively with institutional stakeholders</p> <ul style="list-style-type: none">• A Communications Team Plan which sets out the plan for improving communications across the Council with employees, partners, residents and other stakeholders.• Community Engagement Toolkit laying out how consultation with employees, partners, residents, businesses and other stakeholders should take place. A joint Community Engagement Toolkit with NELCCG has been created.• A partner/organisation/stakeholder list has been drawn which details those the authority engages with.
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- Consultation feedback is included in reports where appropriate.
- A Place Partnership Protocol reviewed and updated December 2019.

Engaging stakeholders effectively including individual citizens and service users

- A Community Engagement Strategy sets out how the Council and CCG will talk, listen and work with the community.
- The Council seeks the views from individuals, organisations and businesses on a wide range of issues. All Council surveys are delivered online using the corporate approved software. Links to current consultations are published on the website.
- Consultation activity is evaluated throughout each consultation and upon completion.
- The Council has arrangements to engage with all sections of the community including seldom heard groups.
- A consultation mailing list for organisations, businesses and public is in existence.
- Increased interaction via social media (externally recognised).
- The Council works with the CCG in relation to promoting a consultation.
- The Engagement & Consultation Register is forwarded to Members and published on the Intranet and provides a look forward and back on engagement activity.
- Members are updated quarterly on Consultation related activity.

Second line of defence

- Annual review of the Constitution
- Safeguarding Executive Board – brings together the three safeguarding partners to assess needs, create a strategic direction, plan delivery of work and receive assurance that outcomes are being met
- Health and Wellbeing Board – established to join up commissioning and services across NHS, social care, public health and voluntary sector to benefit the health and well-being of local people
- Community Safety Partnership Board – oversees the role of the Community Safety Partnership
- Children’s Improvement Board – to improve services/outcomes within Children’s Social Care

Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefit

<p>Rationale: The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p>	<p>North East Lincolnshire Council's commitment to achieving good governance is demonstrated below:</p> <p>Defining Outcomes</p> <ul style="list-style-type: none">• The Outcomes Framework sets out the Council's vision and priorities together with its aims and actions.• Core strategic plans (such as Economic, Health and Wellbeing, Safeguarding, and Financial).• A Community Engagement Strategy sets out how the Council and CCG will talk, listen and work with the community.• Leadership team and Cabinet receive performance monitoring reports at regular intervals based on the Council's Outcome Framework. <p>Sustainable economic, social and environmental benefits</p> <ul style="list-style-type: none">• The Council has a published Environmental Policy Statement highlighting its commitment to sustainable environment and an Air Quality Strategy.• The Council has an Economic Strategy which lays out its approach to sustainable development• Impact Assessment toolkit that is used for all key decisions helps ensure that the decisions taken consider a range of potential impacts/risks. Where appropriate background papers are cited in the standard report.• A Social Value Policy Cabinet (that is designed to assist commissioners and procurers to maximise opportunities to improve the social, economic and environment condition of our local area through effective commissioning and procurement) was approved by Cabinet for full implementation from 1st April 2019.
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<p>Second Line of Defence</p> <ul style="list-style-type: none">• Performance Reports to Cabinet and Scrutiny• Climate and Local Environmental Policy Annual Report• Development and Growth Board – tasked with responsibility for setting the Economic Strategy for NEL and monitoring its delivery

Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

Rationale: Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

North East Lincolnshire Council's commitment to achieving good governance is demonstrated below:

Determining interventions

- The format of decision-making reports to ensure that all relevant information is considered such as analysis of options, risks, resource implications, and outcomes of Integrated Impact Assessment etc. Options are clearly defined and analysed to ensure decisions are based on the best possible information.
- The Commissioning Cycle (see below) is applied to ensure clear alignment to need and improving outcomes. This will be included in the budget papers.



Planning interventions

- A Community Engagement Strategy sets out how the Council and CCG will talk, listen and work with the community, involving local people in its most important decisions through community engagement and sets out how it will do this. It seeks opportunities to get local people involved in the running of services and assets.
- The Outcomes Framework is the means by which the Council's strategic framework will be translated into action and delivered.
- The Commissioning Plan and Framework ensures and fosters clear links between the Outcomes Framework and the resources available to achieve them.

- Leadership Team and Cabinet receive performance monitoring reports at regular intervals based on the Council's Outcome Framework.

Optimising achievement of intended outcomes

- The annual budget is prepared in line with agreed Financial Strategy. The Council publishes its Financial Strategy bi-annually. The Council's Financial Plan reflects a three-year cycle in conjunction with a detailed one-year budget. This is intended to include realistic estimates of revenue and capital expenditure.

Second Line of Defence

- Quarterly Performance Reports to Cabinet and Scrutiny
- Safeguarding Children's Board Annual Report
- Adults Safeguarding Annual Report
- Public Health Annual Report
- Educational Standards Annual Report
- Independent Reviewing Officers Annual Report
- Children's Health Provision Annual Report
- Regeneration Partnership Annual Report
- Finance Commissioning and Assurance Report
- Safeguarding Executive Board - brings together the three safeguarding partners to assess needs, create a strategic direction, plan delivery of work and receive assurance that outcomes are being met
- Community Safety Board - oversees the role of the Community Safety Partnership
- Special Education/Disability Board – an overarching strategic forum for a wide range of partners to discuss areas of common interest for children and young people with special educational needs or disability
- Children's Improvement Board – to improve services/outcomes within Children's Social Care

Third Line of Defence

- Peer Challenges
- External inspectorates, such as Ofsted and the Care Quality Commission

Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

<p>Rationale: Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p>	<p>North East Lincolnshire Council's commitment to achieving good governance is demonstrated below:</p> <p>Developing the entity's capacity</p> <ul style="list-style-type: none">• Provide an updated report on Value for Money (VFM) activities to the Audit & Governance Committee annually.• <i>The Council produces value for money focused analysis on an annual basis to inform whether the right outputs and outcomes are being delivered by the financial input (costs). This information is used to support the budget setting process.</i>• The Council fosters effective relationships, collaborative working and contractual arrangements with other public, private and voluntary organisations in delivering services.• The Council has a People Strategy. <p>Developing the capability of the entity's leadership and other individuals</p> <ul style="list-style-type: none">• A Protocol on Member/Officer Relations that assists both Members and officers achieve good working relationships in the conduct of Council business.• A Scheme of Delegation that is reviewed annually in light of legal and organisational changes.• A Constitution that sets out financial management arrangements through the Financial Regulations and Contract Procedure Rules.• Member Induction Programme in place for newly elected members.• Member Development is managed via the Group Leaders and training is provided as of need.• Members are updated on legal and policy changes etc. as required.• Level 3 and Level 5 Leadership and Management Development Programme and the Talent and Leadership Academy are in place to identify aspiring leaders.• Mandatory Induction programmes for all employees. Induction guides exist for managers and staff together with an Induction Toolkit.• Training for employees is made available through the annual Corporate Training Programme.• An appraisal and supervision framework based on restorative principles, which holds staff to account through regular performance reviews which take account of training or development needs.• 21st Century Public Servant has been adopted which is a model to help identify current and new skills in relation to Members and officers.• A continued Apprenticeship Programme offering training, skills and experience in Local Government.• NELC Intranet promotes staff development including 70/20/10 advice and guidance.
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	<ul style="list-style-type: none">• A Workforce Planning Toolkit is available and helps managers through the Workforce Planning process.• Employee Voice and Developing NEL network to obtain feedback from managers and staff.• Health and Safety policies designed to protect and enhance the welfare of staff are actively promoted and monitored.• Occupational Health and Safety Performance report produced annually.
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Second Line of Defence

- Quarterly Human Resources monitoring reports
- Annual VFM report – reported to Audit and Governance Committee
- Annual review of the Constitution – reported to Council
- Occupational Health and Safety Performance Report

Core Principle F: Managing risks and performance through robust internal control and strong public financial management

<p>Rationale: Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services.</p> <p>Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision-making activities.</p> <p>A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.</p> <p>It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p>	<p>North East Lincolnshire Council's commitment to achieving good governance is demonstrated below:</p> <p>Managing risk</p> <ul style="list-style-type: none">• The Council has a Risk and Opportunities Policy and approach including robust systems of identification, evaluation and control of risks that threaten the Council's ability to meet its objectives to deliver services to the public. This is subject to annual review and approval at the Audit and Governance Committee.• Responsibilities for managing individual risks are contained within the Risk and Opportunities Policy.• The Council has set its risk appetite and is contained within the Risk and Opportunities Policy.• The Assurance Board regularly reviews the strategic risk register and seeks assurances that it is kept up to date and actions to mitigate risks are implemented.• Risk management arrangements help in decision-making. <p>Managing performance</p> <ul style="list-style-type: none">• Key indicators have been identified which support the Council's Outcomes Framework. Assigned leadership team members are responsible for the monitoring of the delivery of performance measures in support of the outcomes.• Reports and minutes and decisions under member consideration are published on the website and are available in hard copy in a variety of formats on request.• The Constitution, through its Overview and Scrutiny Procedure Rules, gives opportunities for the scrutiny panels to challenge and debate policy and objectives before and after decisions are made <i>with the ability to refer matters back to the decision-making forum with recommendations or escalation to Full Council.</i>• Agenda and minutes of scrutiny meetings and any associated reports with recommendations to the Executive are published on the Council's website.• Overview and Scrutiny training for members is provided initially at induction, also on an annual basis or on specific subjects within scrutiny panel meetings.• Contract Procedure Rules and Financial Regulations set out the Council's arrangements and ensure that processes continue to operate consistently.• An effective internal audit service is resourced and maintained. Internal Audit prepares and delivers a risk-based audit plan in line with international auditing standards which is kept under review to reflect changing priorities and emerging risks.
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Robust internal control

- *The Assurance Board (made up of the senior leadership team) seeks assurance on the operation of the Council's control environment.*
- *Corporate Governance Group (made up of officers responsible for key aspects of the control environment) considers corporate and operational governance matters and escalates any issues of significance to the Assurance Board.*
- The Managers' "Guide to the Control Environment" provides guidance to managers on the control environment and their responsibilities in relation to it.
- An annual report is produced by Internal Audit that provides an opinion on the Council's control environment, and a self-assessment of its arrangements against the public sector internal audit standards and CIPFA's guide to the role of the Head of Internal Audit.
- The Council is subject to External Audit and inspection regimes that require action plans that are assigned to officers and reported to relevant Portfolio Holders.
- Anti-Fraud and Corruption Strategy that is subject to regular review and is approved by the Audit and Governance Committee. An annual fraud report summaries anti-fraud activity in the year.
- AGS that is subject to review by the Audit and Governance Committee.
- The Audit and Governance Committee, which is independent of Cabinet (and has an independent chair), oversees the management of governance issues, internal controls, risk management and financial reporting. Its performance is subject to annual self-assessment.
- Audit and Governance Committee Terms of Reference are reviewed annually and revised to reflect professional bodies' expectations and best practice.
- Training is provided to Audit & Governance Committee Members on areas relevant to their role.
- There is framework in place to obtain assurance in relation to clinical governance.
- There are frameworks in place in relation to child and adult safeguarding.

Managing data

- Procedures for the effective, lawful, fair and transparent processing of data are set out in the Council's Record Management Policy and Information Governance Framework and Data Protection Policy.
- Information governance and security awareness including individual responsibilities and good practice is raised and embedded with officers and elected members through the mandatory information governance training and supported with regular refresher and update activities including IG newsletter, intranet postings, e-mails and articles in Vision.
- The Council's ICT and Information Security Policy provides guidance on the arrangements/good practice that must be in place to ensure personal and confidential data is kept protected and secure.

- Information governance and security policies, standards and guidance are being regularly reviewed in collaboration with partners (North East Lincolnshire CCG and North Lincolnshire Council) to ensure compliance and consistency in the effective management of data and information.
- Effective information sharing is undertaken in accordance with the General Data Protection Regulation, Data Protection Act and the Council's Data Protection Policy. Information Sharing Agreements, are reviewed on a regular basis, are in place to document the sharing of information using national agreements or the template in the Humber Information Sharing Charter.
- Data Subjects are informed why their personal information is being collected and how it will be processed (including when shared with other bodies) through the Council's overall Privacy Notices and service specific notices published on the Council website and individual Privacy Statements on forms, in booklets etc.
- Data verification and validation processes are integrated within systems and processes.
- The creation of the Humber Information Governance Alliance. This involves other public sector bodies and promotes consistency in the processing of information.
- The Information Security & Assurance Board has been established to co-ordinate and provide an oversight of information governance activities.
- The council completes external self-assessments when required e.g. PSN Code of Connection and NHS Data Security & Protection Toolkit.

Strong public financial management

- *Compliance with CIPFA's code of financial governance (CIPFA, 2019). This is reviewed annually.*
- Financial procedures are documented in the Financial Regulations.
- There is a Financial Strategy in place.
- The financial position is reported quarterly to Cabinet and referred to Scrutiny.
- *Monthly* budget monitoring procedures are in place.
- Key accountabilities outlined for all budget holders.
- Rolling programme of reviews of critical business systems.
- Clear focus on the effective management of working capital.

Second Line of Defence

- Risk Management Annual Report
- Annual Report of Scrutiny
- Performance Reports to Cabinet and Scrutiny
- Annual Fraud Report
- Annual report of the Audit and Governance Committee
- *Self-assessment against the "Code of Financial Management"*
- Information Governance and Security Annual Report – reported to Audit and Governance Committee
- Annual Treasury Report
- Information Security and Assurance Board – provides leadership and direction on information governance and security
- Treasury Management Strategy Group – discusses borrowing, lending and cash flow
- Estates and Capital Programme Board – responsible for all corporate asset led projects and operational corporate property and land matters
- Schools Capital Board – leads on projects aligned to the schools

Third Line of Defence

- Head of Internal Audit Annual Report and Opinion
- Internal Audit 5 yearly review – reported March 2018
- External Audit
- NHS Data Security & Protection Toolkit
- Public Services Network (PSN) compliance

Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

<p>Rationale: Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p>	<p>North East Lincolnshire Council's commitment to achieving good governance is demonstrated below:</p> <p>Implementing good practice in transparency</p> <ul style="list-style-type: none">• Agendas, reports and minutes are published on the Council's website.• Reputation section included in reports template.• A style guide document that outlines how to communicate more effectively and to ensure communications are consistent and clear.• Comply with the National Transparency Code. <p>Implementing good practices in reporting</p> <ul style="list-style-type: none">• Annual Financial Statements are compiled, published to timetable and included on the Council's website.• A review of VFM activities reported to the Audit & Governance Committee annually. <p>Assurance and effective accountability</p> <ul style="list-style-type: none">• The AGS sets out the Council's governance framework and the results of the annual review of the effectiveness of the Council's arrangements. The AGS includes areas for improvement.• An effective internal audit service is resourced and maintained. The Service has direct access to members and provides assurance on governance arrangements via an annual report containing an opinion on the Council's internal control arrangements.• An annual report is produced by Internal Audit that includes a self-assessment of its arrangements against the public sector internal audit standards and CIPFA's guide to the role of the Head of Internal Audit.• External Audit provides an annual opinion on the Council's financial statements and arrangements for securing Value for Money.• The Council actively welcomes peer challenge, reviews and inspections from regulatory bodies.• The respective roles of officers and associated accountabilities are set out in the Constitution.• The Council's scrutiny arrangements are well established and provide challenge and review and promote service improvement.
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Second Line of Defence

- Statement of accounts
- Annual VFM report
- Annual Report of Scrutiny
- Audit and Governance Committee

Third Line of Defence

- Head of Internal Audit Annual Report & Opinion
- External Audit
- Peer Challenges
- External inspectorates, such as Ofsted and the Care Quality Commission