

# AUDIT AND GOVERNANCE COMMITTEE

<b>DATE</b>	21/04/2022
<b>REPORT OF</b>	Executive Director Environment, Economy and Resources
<b>SUBJECT</b>	Local Code of Corporate Governance and Annual Governance Statement Update
<b>STATUS</b>	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 2021.
- progress as of 31 March 2022 in respect of issues raised in the 2020/2021 Annual Governance Statement (AGS).

## RECOMMENDATIONS

Audit and Governance 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 2020/21 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. The Code is subject to an annual review to ensure that it continues to reflect the Council's current arrangements. The 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 bold italics in the revised Code attached at Appendix 1.
- 1.3 The revised version of the Code as at February 2022 is shown in Appendix 1. No significant changes in the design of the Code were identified. There have been some minor changes which are highlighted in bold italics and these include:
- The development of the Council Plan for 2022-25.
  - Carbon Road Map and Natural Asset Plan adopted by Cabinet December 2021.
  - Production of Business and Commissioning Plans.
  - Development of a 3-year trainee approach to grow careers in the public sector.
  - A Health & Safety and Wellbeing dashboard.
- 1.4 The updated Code shows that overall the council continues to comply with the principles outlined in the CIPFA/SOLACE Framework.
- 1.5 The 2020/21 AGS, approved by the Audit and Governance Committee, identified the following areas for further focus during 2021/22:
- Children and Family Services, particularly the delivery of the transformation plan resulting from previous OFSTED visits;
  - COVID-19 Recovery;
  - Programme Management;
  - Organisational Capacity; and
  - Impact of reform to the Health and Social Care System.
- 1.6 An update was provided to the Committee on 20 January 2022, and a further update was requested for this Committee meeting. The position as of 5 April 2022 as reported by the relevant officers is as follows:

- **Children and Family Services**

As reported in January 2022, following the issue of the OFSTED Inspection Report the Council was issued with a Statutory Direction Notice and a Commissioner has been appointed to work with the Council. The Commissioner will report his findings and recommendations to the DfE In April 2022. An Improvement plan is now in place which responds to the areas identified within the OFSTED report.

- **COVID-19 Recovery**

The latest Finance and Commissioning Plan, along with a refreshed Council Plan were approved by Full Council in February 22 and references the ongoing impact of COVID-19 and the Council's approach to recovery. The uncertainties surrounding the impact of the pandemic remain, in particular the long-term impacts on the local & national economy, and the social care system.

- **Programme Management**

The Council currently has a large number of key projects in place designed to support the Council's, the Place's aspirations and to capitalise on the Levelling Up Fund opportunities coming through government. The Council recognises that these projects will need to be tightly managed within its capacity constraints and, therefore, since March 2021, has had in place a Major Projects Group made up of senior officers to regularly review the progress of these key projects. The Group produces a regular update report for Leadership Team and, where the delivery of a project appears to be slipping, ensures actions are put in place by the relevant project sponsor and manager. In addition, progress on these projects is being reported to Informal Cabinet and where appropriate Cabinet through the quarterly capital outturn report.

- **Capacity**

The Council continues to implement its 3-year People Strategy which gives us the framework for identifying and delivering our priorities, and we now also have a specific recruitment and retention plan for Children services in support of the Strategic Improvement Plan.

- **Impact of reform to the Health and Social Care System.**

As reported at the January Audit & Governance Committee in February 2021, the Government issued a white paper on the future of Health and Social Care. This will have significant impacts on the Health and Social Care system from 2022/23 onwards including the delivery of Public Health and the Union with the CCG, with the expected implementation date being July 2022. The Council continues to with its NHS partners to review its partnership governance arrangements to take account of the likely changes.

## **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 2020/21 AGS is a means of mitigating such potential risks. In addition the issues raised in the 2020/21 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 2020/21 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 2020/21 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)

Code of Governance (January 2021)

2020/21 Annual Governance Statement (November 2021/ Addendum  
December 2021)

**12. CONTACT OFFICER(S)**

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**New Cover to be added once approved by A&G  
Committee**

**Code of Corporate Governance 2022-23**

## 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 assurance model".

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.

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

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.

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

#### **Behaving with integrity**

- A Code of Conduct for Members to help ensure that high standards of conduct are maintained. 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.
- 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 and development 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 (or a Deputy) advises on complaints made against Councillors.
- Code of Conduct training was provided for newly elected members following the local elections in May, 2021 as part of the Member Induction Programme. The invite was extended to all Elected Members of North East Lincolnshire Council as a refresh.
- 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 **Equality** Impact Assessment where appropriate.
- Publication of a Report Writing Guide – subject to annual review.
- 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 **at least** annually, **or sooner where circumstances warrant**, 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.
- **Reporting a Concern (Whistleblowing) Policy updated October 2021.**

#### **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.
- Terms of Reference that exists for all committees.
- Contract Procedure Rules **which are reviewed annually.**
- A Partnership Protocol is in place and is subject to regular review.
- 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 21<sup>st</sup> 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 **Assistant Director Law, Governance and Assets** 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 Assurance**

- 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 Assurance

- Ombudsman Annual Review Letter

### Core Principle B: Ensuring openness and comprehensive stakeholder engagement

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.

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

##### Openness

- 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 annually**.
- 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 and widely circulated. Meetings are held in public unless **where part of the content falls within** statutory exemptions.
- Dates for submitting, publishing and distributing timely reports are set and adhered to subject to general exception reports or those under special urgency.
- The Outcomes Framework sets out the priorities and strategic direction for North East Lincolnshire. **The Council has developed a Council Plan for 2022-25 which articulates the Council's strategic priorities and the intended actions to deliver our aims.**
- Decisions to be taken by Cabinet and Portfolio Holders are published in advance with the Forward Plan of Key Decisions.
- All decisions of Cabinet are subject to publication via a Decision Notice.
- Cabinet decisions are tracked to ensure actions are implemented on a timely basis.

### **Engaging comprehensively with institutional stakeholders**

- Community Engagement Toolkit laying out how consultation with employees, partners, residents, businesses and other stakeholders should take place. ***A Community Engagement Toolkit is in development to guide organisations across NEL on any engagement work they may wish to undertake.***
- A partner/organisation/stakeholder list has been drawn which details those the Authority engages with.
- Consultation feedback is included in reports where appropriate.
- A Partnership Protocol in place and s subject to regular review.

### **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 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.

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

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.

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

#### **Defining Outcomes**

- The Outcomes Framework sets out vision and priorities for North East Lincolnshire. ***The Council Plan articulates the Council's strategic priorities and the intended actions to deliver our aims.***
- Core strategic plans (such as Economic, Health and Wellbeing, Safeguarding, and Financial).
- A Community Engagement Strategy sets out how the Council 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.

#### **Sustainable economic, social and environmental benefits**

- The Council has a published Environmental Policy Statement highlighting its commitment to sustainable environment and an Air Quality Strategy.
- ***Carbon Road Map adopted by Cabinet 1 December 2022. It sets a pathway for meeting Carbon Net Zero targets for the Council and the Borough.***
- ***Natural Asset Plan adopted by Cabinet 1 December 2022. It outlines the Council's strategy for managing and enhancing natural environment.***
- ***The council actively considers the environment impact of the council's decisions before decisions are made***
- 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 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.

#### **Second Line of Assurance**

- 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 **Equality** Impact Assessment etc. Options are clearly defined and analysed to ensure decisions are based on the best possible information. Further, such reports are supported by advice from Finance, Legal and People and Culture.
- The Commissioning Cycle (see below) is applied to ensure clear alignment to need and improving outcomes.



### Planning interventions

- A Community Engagement Strategy sets out how the Council 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 Council Plan (2022-25) states the Council's strategic priorities and actions to deliver them.***
- ***The Council Plan contains a suite of 'Vital Signs' indicators by which will measure progress. These are to be reported to Cabinet and Scrutiny on a quarterly basis (commencement Q1 2022)***
- ***More detailed service specific performance information is reported to relevant Scrutiny panels at agreed intervals.***
- ***As part of the budget setting process, on an annual basis each area of the business produces a Business & Commissioning Plan that provides a review of progress on previously agreed programmes/projects and proposals for the forthcoming year.***

### 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 Assurance**

- Safeguarding Children's Board Annual Report
- Adults Safeguarding Annual Report
- Public Health Annual Report
- Children's Health Provision Annual Report
- Independent Reviewing Officers Annual Report
- Clinical Assurance and Compliance Quarterly 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

### **Third Line of Assurance**

- 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**

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.

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

### **Developing the entity's capacity**

- Provide an updated report on Value for Money (VFM) activities to the Audit & Governance Committee annually.
- 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.
- 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 ***that consists of agreed approaches and activities that is targeted at supporting all aspects of the organisation in ensuring we attract, retain and develop our workforce.***

### **Developing the capability of the entity's leadership and other individuals**

- 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.
- A corporate induction programme is held ***monthly*** for all new starters as well as essential induction e-learning modules. An induction procedure and guidance documents exist for managers and employees
- Training for employees is made available through the annual Corporate Training Programme ***and use of the apprenticeship levy.***
- 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.

- 21<sup>st</sup> Century Public Servant has been adopted which is a model to help identify current and new skills in relation to Members and officers.
- ***A 3-year trainee approach has been developed to grow careers in the public sector, providing a framework for work experience, apprenticeships, interns, graduates, kick start and placements.***
- ***People & Culture website promotes workforce development, including advice and guidance on essential training and continuous development.***
- 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.
- ***A Health, safety and wellbeing dashboard provides real time data on events and activities.***

### **Second Line of Assurance**

- 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**

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.

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.

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.

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.

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

#### **Managing risk**

- 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 a bi-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.
- The Audit and Assurance Board reviews the strategic risk register every six months.
- Risk management arrangements help in decision-making.

#### **Managing performance**

- Key indicators have been identified which support the Council *Plan*. 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 with the ability to refer matters back to the decision-making forum with recommendations or escalation to Full Council.
- 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.

#### **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 ***encompassing quality assurance, quality improvement, risk and patient safety management.***
- 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) 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.

- ***Work with other public sector bodies, through the Humber Information Governance Alliance, to promote 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 Assurance**

- 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 Assurance**

- 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**

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.

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

##### **Implementing good practice in transparency**

- 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.
- Publication of officer decisions on the Council's website.
- Comply with the National Transparency Code.

##### **Implementing good practices in reporting**

- 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.

##### **Assurance and effective accountability**

- 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/focus.
- 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.

### **Second Line of Assurance**

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

### **Third Line of Assurance**

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