

AUDIT AND GOVERNANCE COMMITTEE

DATE	13/07/2023
REPORT OF	Executive Director Place and Resources
SUBJECT	Draft Annual Governance Statement 2022/23
STATUS	Open

CONTRIBUTION TO OUR AIM

Good governance is fundamental to the effective delivery of the Council's services and achieving its strategic aims. Open and transparent decision making; financial and budgetary control; effective scrutiny arrangements; strategic risk management and effective partnership working all impact on the way the Council runs its business for the benefit of local people.

EXECUTIVE SUMMARY

It is a requirement of the Accounts and Audit Regulations (2015) for the Council to annually produce, and contain within the statement of accounts, an Annual Governance Statement (AGS). The AGS lays out the Council's governance framework, how it obtains assurance that the governance framework is operating as intended, and (where applicable) those areas for further focus in 2023/24.

RECOMMENDATIONS

That the Audit and Governance Committee considers whether the draft AGS provides a sufficient level of assurance on the adequacy of the Council's governance arrangements to allow the Committee to fulfil its role and recommends its adoption by the Council subject to any changes that may be required up to the approval of the statement of the accounts.

REASONS FOR DECISION

The production of the AGS is a statutory requirement. It is a responsibility of the Audit and Governance Committee as the body charged with governance to review it and recommend its adoption by the Council.

1. BACKGROUND AND ISSUES

- 1.1. Under Section 2 of the Accounts and Audit Regulations (2015), councils must ensure that it has a sound system of internal control which:
 - *“Facilitates the effective exercise of its functions and the achievement of its aims and objectives;*
 - *ensures that the financial and operational management of the authority is effective; and*
 - *includes effective arrangements for the management of risk”.*
- 1.2. The regulations also state that the Council must:

- conduct a review at least once in a year of the effectiveness of its system of internal control.
 - prepare an Annual Governance Statement.
 - consider the findings of the review by Full Council or by a relevant committee.
 - following the review approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.
 - a draft Annual Governance Statement is published at the same time as the publication of the draft accounts; and
 - ensure that the statement is approved in advance of the approval of the statement of accounts.
- 1.3. The AGS sets out the Council's governance arrangements in place and considers their effectiveness. The Council's governance arrangements are set out in its Code of Governance which was updated and approved by the Audit and Governance Committee in January 2023. The Code is based upon guidance provided by the Chartered Institute for Public Finance and Accountancy (CIPFA) and the Society for Local Government Chief Executives (SOLACE) "Delivering Good Governance in Local Government – a framework" (April 2016).
- 1.4. The Council's Local Code of Corporate Governance is framed around seven core principles of good governance for the local government sector. All councils are expected to adopt the core principles and, most importantly, demonstrate evidence of their compliance.
- 1.5. The three lines of assurance model is central to the review of effectiveness of the Council's governance arrangements as follows:
- First Line – (Management of the control environment at delivery/operational level).

Each Assistant 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.

In addition, Directors produce reports for Cabinets, Scrutiny and Audit and Governance Committee which provide assurance on governance and the control environment in specific areas.

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

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

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

- Third line (independent oversight) - e.g., Internal Audit/External Audit/ External Inspections.

- 1.6. The draft AGS 2022/23 is attached and shows that the Council has well-established governance arrangements that are monitored and reviewed on a regular basis. However, the review of governance arrangements has identified the principal areas where the Council will need to focus its efforts during 2023/24 to address changing circumstances and challenges identified. These are highlighted in section 7 of the AGS.
- 1.7. This conclusion will be updated should any significant issues arise between the date the draft is adopted and the completion of the external audit on the statement of the accounts. When the Committee receives the audited accounts, it will also receive the final version of the AGS, where it will be asked to recommend to the Leader and the Chief Executive to sign it on the Council's behalf.

2. RISKS AND OPPORTUNITES

The Annual Governance Statement is a statutory requirement and there is potential reputational risk if it was not produced, or if it fails to accurately reflect any relevant issues relating to the Council's governance arrangements. Any significant issues identified in the AGS should be reflected in the Council's risk registers.

3. OTHER OPTIONS CONSIDERED

Not applicable. The production of an AGS is a requirement of the Accounts and Audit regulations 2015.

4. REPUTATION AND COMMUNICATIONS CONSIDERATIONS

There is inherent reputational risk related to those areas identified for focus in 2023/24. Monitoring arrangements have put in place to manage these risks. The draft AGS will be published on the Council's website.

5. FINANCIAL CONSIDERATIONS

None specifically related to the production of the AGS.

6. CHILDREN AND YOUNG PEOPLE'S IMPLICATIONS

Children and Family services have been identified in section 7 of the AGS as an area of focus for 2023/24.

7. CLIMATE CHANGE AND ENVIRONMENTAL IMPLICATIONS

The Council's approach the environment is included in the Council's Code of Governance and is considered as part of the annual review of the Council's governance arrangements.

8. FINANCIAL IMPLICATIONS

As part of the supporting evidence to the AGS there is a requirement to assess the Council's financial management arrangements against the CIFA's code of financial management. No significant gaps requiring specific reporting in the AGS have been identified.

It is important that governance issues are addressed as soon as practicable in order to avoid any significant financial liabilities.

9. LEGAL IMPLICATIONS

The legal implications of the contents of this report are covered in its body.

10. HUMAN RESOURCES IMPLICATIONS

The HR aspects are covered within the contents of the report.

11. WARD IMPLICATIONS

The report covers issues affecting the whole operation of the council and therefore is relevant to all wards.

12. BACKGROUND PAPERS

Accounts and Audit Regulations (2015)
Delivering Corporate Governance in Local Governance Framework (April 2016)
Local Code of Corporate Governance (April 2022)
Annual Governance Statement 2020/21

13. CONTACT OFFICER(S)

Peter Hanmer, Head of Audit and Assurance, (01472) 323799
Caroline Wilson, Strategic Lead (Risk and Governance), (01724) 296050

SHARON WROOT

EXECUTIVE DIRECTOR PLACE & RESOURCES

2022/23

North East Lincolnshire Council

Annual Governance Statement



Stronger Economy: Stronger Communities. **Together we can be stronger.**

Executive Summary

North East Lincolnshire Council fully recognises its responsibility for having effective governance and internal control arrangements in place. This is demonstrated by its commitment to the principles of good governance as identified in Delivering Good Governance in Local Government Framework 2016.

The annual review of the Council's arrangements, as described in this Annual Governance Statement, provides assurance that its governance arrangements and system of control are robust and reflect the principals of the Code of Corporate Governance. Over the coming year the Council will take steps to further, strengthen its governance arrangements as highlighted in section 7.

Signed:

Cllr. Philip Jackson
Leader of the Council

Date

Rob Walsh
Head of Paid Service

Date

1. Introduction

North East Lincolnshire Council (the Council) is required by the Accounts and Audit (England) Regulations 2015, regulation 10(1), to prepare and publish an Annual Governance Statement in order to report on the extent to which we comply with our Local Code of Corporate Governance. This Statement provides an overview of how the Council's governance arrangements operate, including how they are reviewed annually to ensure they remain effective. A summary of significant issues/challenges that the Council faces is also given. This provides transparency and gives assurance that the Council is committed to continuously improvement in the way in which it functions.

The 2022/23 reported that the review of governance arrangements had identified four main areas where the Council would need to focus its efforts during 2022/23 to address changing circumstances and challenges identified. These were:

- Children and Family services
- Programme management/Project Management
- The capacity to deliver Council outcomes
- Health and Social Care System

As part of the compilation of the AGS the current position in relation to these areas were reviewed and consideration was made as to whether they remained areas of focus in 2023/24. (See section 6)

2. Scope of Responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards that public money is safeguarded and properly accounted for and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

3. The Purpose of the Governance Framework

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

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at North East Lincolnshire Council for the year ended 31 March 2023 and up to the date of approval of the Statement of Accounts.

4. The Governance Framework

The Council adopted a Council Plan covering the period 2022-2025 in February 2022. The refresh of the Plan was approved by Full Council on 22 February 2023. The Council has defined its key strategic priorities as, all people should:

- Reach their full potential through skills and learning
- Benefit from a green economy and high quality environment
- Enjoy good health and wellbeing
- Benefit from a strong local economy
- Live in a safe environment, can have their say about things that are important to them and participate fully in their community

Good governance processes are critical in supporting the delivery of strategic outcomes. The Council operates to a Code of Corporate Governance, which forms part of the Constitution. It is based on the guidance provided by the Chartered Institute for Public Finance and Accountancy (CIPFA) and the Society of Local Government Chief Executives (SOLACE) “Delivering Good Governance in Local Government – a framework” (April 2016). It was subjected to its annual review in December 2022 to ensure that it reflected the Council’s current governance arrangements and the revisions made were approved by the Audit & Governance Committee in February 2023.

[The Constitution | NELC \(nelincs.gov.uk\)](https://nelincs.gov.uk)

It is based on the following principles:

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

5. Review of the Effectiveness of the Governance Framework

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The Council’s Corporate Governance Group, made up of the Council’s key senior officers with governance role and chaired by the Executive Director Environment, Economy & Resources and Governance, is responsible for coordinating this review.

The three lines of assurance model is central to the review of effectiveness as follows:

First Line of Assurance – Management of the control environment at delivery/operational level

Each Assistant Director is annually required to complete an annual self-assessment as to how they seek assurance that their services/functions comply with each of the seven principles. This showed that the principles in the main are embedded in practice in all significant areas of the Council's operations. Two issues were consistently highlighted as a concern, these being capacity and budget constraints

In addition, Directors produce reports for Cabinets, Scrutiny and the Audit and Governance Committee which provide assurance on governance and the control environment in specific areas e.g.

- **Adult Social Care and National Health Service Statutory Complaints and Compliments Annual Report 2021/22** – reported to the Health and Adult Social Care Scrutiny Panel 22 March 2023. It provides an overview of the complaints received by the North East Lincolnshire Clinical Commissioning Group (NELCCG). It also highlights service improvements implemented as a result of a complaint. During 2021/22 47 complaints were received by NELCCG, an increase of 2 on the previous year. 27 of these related to adult social care complaints, an increase of 4 from the previous year. During the year 58 claims were closed and of these 25 were either upheld or partially upheld. 53 compliments were received during the year which represents a fall of 35%.
- **Director of Public Health Report (DPHAR) 2022** – reported to Cabinet 21 December 2022. This DPHAR has been produced by the Greater Lincolnshire (GL) public health team as part of the GL pilot. The report provides an opportunity for the Council to recognise the key challenges and opportunities facing its distinct geographical areas. The report makes recommendations for future focus, to help ensure resources are allocated most appropriately and residents supported as best as possible.
- **Safeguarding Adults Board Annual Report 2021/22** - reported to the Health and Adults Social Care Scrutiny Panel 1 February 2023. This sets out the activities and work undertaken by North East Lincolnshire Safeguarding Adults Board and its members to deliver on the aims and objectives of its Strategic Plan. It also includes performance data including the number of concerns received.

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

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

- **Assurance provided by the Monitoring Officer in relation to operating within the rule of the law and constitutional arrangements including member code of conduct** – no material issues were identified although it is recognised that education, training and socialisation of internal governance controls and

processes can be improved upon. Work is in progress to better understand areas of weakness and how best to improve knowledge and therefore compliance.

- **Assurance provided by the Head of People and Culture on human resources policy frameworks and arrangements** – this identified issues around compliance with IR35 regulations and services engaging temporary workers outside of our procured arrangements and agreed practices
- **Assurance provided by the Deputy Section 151 Officer on finance issues** - no material issues were identified.
- **Assurance provided by the Health and Safety Manager** – all key work locations have a Site Safety Log which they maintain to demonstrate compliance with the Health and Safety policies and the safety management system requirements. This year, the team have started a targeted campaign to further enhance the Building Responsible Persons understanding of their role and key activities. This involves a full re-write of the supporting documentation and role requirements, re-launch and delivery of improved training associated with the role and responsibilities.
- **Assurance provided by the Strategic Lead Business Practice and Performance** – no material issues were identified. Arrangements for the handling and responding of Subject Access Requests within statutory deadlines, continues to be reviewed and developed.
- **Assurance provided by the Assistant Director Policy Strategy and Resources** – Through the new operating model that was implemented from 1st August 2022 the Council has created a new corporate function focussed on Business Practice and Performance. It intends to develop a new performance framework during 2023/24.

The Ofsted report published in October 2021 identified ineffective performance management arrangements in Children's Services, stating that they did not provide senior leaders with an accurate understanding of practice quality, or children's experiences, to drive service improvement or target resources where needed. This is being addressed through the Sector Led Improvement Partnership (SLIP) arrangement that is developing the Improvement Plan for Children's Services.

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

- **CIPFA Code of Financial Management Self-Assessment – reported to Audit and Governance Committee.** The Financial Management Code (FM Code) provides guidance for good and sustainable financial management in local authorities. By complying with the principles and standards within the Code authorities will be able to demonstrate their financial sustainability. A self-assessment of the Council's current standing against each of the Financial Management Standards will be conducted and reported to the Audit & Governance Committee 13 July 2023.

- **Annual Review of the Constitution** – a review was conducted by the Monitoring Officer and the amendments were reported to Full Council on 25 May 2023. Various changes were made to the Constitution including the Scheme of Delegation. It also included a review of the Council’s scrutiny arrangements.
- **Annual Fraud Report 2022/23** – reported to Audit and Governance Committee 20 April 2023. It highlighted the work that has been undertaken for the prevention and detection of fraud, corruption and financial misconduct. No issues of material concern were identified.
- **Annual Scrutiny Report 2022/23** – this was reported to Full Council on 25 May 2023. It provided a summary of the work undertaken by scrutiny in 2022-23 and outlined future work programmes.
- **Audit and Governance Committee Annual Report 2022/23** – reported to Audit and Governance Committee 20 April 2023. It summarises the activities of the Committee and demonstrates how it has discharged its duties. It also reports on the outcome of the Audit Committee’s self-assessment against good practice. No issues of non-compliance were identified.
- **Capital Programme Quarterly Update Reports** – the Estates and Business Development Manager, provides quarterly update reports on the delivery of the Capital Programme to the Corporate Governance Group and Major Projects Group. These reports provide an update on the overall status and highlight any specific risks, including slippage on projects. Any significant risks identified in relation to delivery could impact on the delivery of the Councils Economic and Financial Strategy, therefore mitigation may be required, and further actions agreed. The Major Projects group can also share lessons learned with Project leads from project exceptions. In recent months, some projects have quoted increased construction costs, as a result of the current economic climate.
- **Information Governance and Security Annual Governance Report 2022/23** — reported to the Audit and Governance Committee 20 April 2023. This report outlines the key Information Governance activities undertaken by the Council in the calendar year 2022 and provides assurance that the Council across all of its work areas and functions remains compliant with its legal obligations and follows good practice. Four incidents met the criteria requiring reporting to the Information Commissioner’s Office (ICO), who determined that no further action was necessary. A further two incidents were reported to the ICO by the data subject, one is still under investigation, whilst for the other the ICO required the Council to take steps to improve its information rights practices.
- **Our Green Annual Report** – reported to Cabinet 8 March 2023. The report sets out the Council’s aspirations and progress in relation to the following three strategies and its contribution to delivering net zero by 2030:
 - North East Lincolnshire Council’s Waste Management Strategy (2020)
 - North East Lincolnshire Council’s Carbon Roadmap (2021)

- North East Lincolnshire Council's Natural Assets Plan (2021)

In December 2022, a Motion was approved by Full Council for a commitment to reinforce and accelerate the borough's contribution to tackling the effects of climate change by committing to faster progress with a view to achieving a net zero carbon impact by the Council and its assets by 2030. By accelerating its plans and bringing forward its net zero carbon emissions target, the Council aims to take advantage of the benefits this will bring: financial, environmental, and public health. In achieving net zero carbon emissions by 2030 it aims to empower local business and communities to achieve their own carbon targets and climate initiatives.

- **Partnership Stocktake** – reported to Audit & Governance Committee 2 February 2023. The report provides the Committee with a summary of the Council's key partnerships, the governance arrangements for managing them, and any current key risks and challenges relating to them.
- **Risk Management Annual Report** – will be reported to the Audit and Governance Committee on 13 July 2023.
- **Treasury Management Policy and Statement Strategy Statement** – reported to Cabinet 22 February 2023 and Full Council 23 February 2023. The Statement conformed with Treasury Management regulations and no material breaches were reported.
- **Treasury Management Outturn** – will be reported to the Audit and Governance Committee in July 2023.
- **Value for Money Annual Report 2022/23** - prepared by the Deputy Section 151 Officer and reported to the Audit and Governance Committee 20 April 2023. This report summarises activity during 2022/23 and identifies additional actions for 2023/24 and beyond. A range of service reviews have been undertaken during 2022/23, with further service reviews planned across all areas of the Council's activities in 2023/24. It was concluded that the Council has effective arrangements in place for the achievement of Value for Money.

Third Line of Assurance (independent oversight)

Local Government Association Corporate Peer Challenge

In February 2023, the Local Government Association conducted a peer review of the Council. The outcome of this peer review will be reported in mid-June and will be referred to it in the final version of the AGS.

Head of Internal Audit Annual Report and Opinion 2022/23 – will be reported to the Audit and Governance Committee 13 July 2023. Any issues arising from this report will be reported in the final draft of the Annual Governance Statement.

External Audit – the Council's External Auditors, Mazaars, are timetabled to provide an opinion on the Council's statement of accounts and on value money by 30 September 2023.

The External Audit opinion for the 2021-22 accounts has not yet been issued. Although the Audit Completion Report Year Ended 31 March 2022 was presented by Mazars to the November 2022 Audit and Governance Committee indicating that an unqualified opinion was expected, this was subject to a legislative update in respect of Infrastructure Assets. This is a national issue, not unique to North East Lincolnshire, and may have a knock-on impact of the timeliness of completion of the 2022/23 audit.

The Office for Standards in Education, Children’s Services and Skills (Ofsted)

As reported in the 2021/22 Annual Governance Statement in November 2021 following an inspection of the Council’s provision of services to Look After Children it was provided with an inadequate rating. In 2022/23 there has been two subsequent monitoring visits by OFSTED. The outcomes were as follows:

- Monitoring Visit Dec 22: “Permanence planning for children has not improved since the standard inspection in November 2021. Too many children experience delay in their need for permanence being assessed, planned and achieved. The constant high turnover of social workers and managers is resulting in children’s assessments being delayed and restarted without timely conclusion.”
- Monitoring Visit Feb 23 “Since the last monitoring visit, the senior leadership team has been strengthened and an enhanced level of sector-led improvement partnership work is in place. Leaders recognise the need to increase political and corporate understanding, scrutiny and continued investment, to ensure that there are the right conditions and infrastructure to drive the whole service improvements that are required.
- Special Educational Needs and Disability Inspection (March 2022):
 - [50183876 \(ofsted.gov.uk\)](https://www.ofsted.gov.uk/inspections/50183876)

The Inspection concluded that “the area has made sufficient progress in addressing all three of the significant weaknesses identified at the (previous) inspection.

- Recent Children’s Homes Inspections

Children’s Home Ofsted Placement Code	Date of Full Inspection	Most recent full inspection Judgement
SC033127	11/10/2022	GOOD
SC477428	12/12/2022	GOOD
SC069618	05/09/2022	REQUIRES IMPROVEMENT TO BE GOOD
SC394101	17/08/2022	REQUIRES IMPROVEMENT TO BE GOOD
2563216	10/05/2023	GOOD, PENDING QUALITY ASSURANCE PROCESS
2594189	21/11/2022	REQUIRES IMPROVEMENT TO BE GOOD

SC441553	14/09/2022	REQUIRES IMPROVEMENT TO BE GOOD
----------	------------	---------------------------------

- Youth Justice services in North East Lincolnshire were rated as ‘Good’ in an inspection by Her Majesty’s Inspectorate of Probation (HMIP).

Other External Inspections and peer reviews - other Inspections have taken place in year:

- Independent Sector Providers of social care who are commissioned by the Council are audited by the CQC. Current care home inspection figures show that 85% are rated good, 3% are rated outstanding, 9% require improvement and 3% (one home) is inadequate. All four supported living providers registered in NEL are rated good and 70% of support at home providers are rated good
- The newly Qualified Social Worker Programme (ASYE) delivered by Focus Independent Adult Social Work was reviewed by Skills for Care. This showed significant improvement in delivery following the development of new posts to lead this work in Focus. It was reported that there are areas to work on but the process recognised solid and improved performance
- PSN Code of Connection IT Health Check – one action outstanding to be completed by the supplier once the mitigation/patch is available
- The NHS Data Security and Protection Toolkit assessment – for 2022/23 met the required standard
- The Fishing Heritage Centre passed their Visit England Quality Assured Visitor Attraction assessment this year with a very good overall score of 87%
- General Register Office Local Authority Annual Performance Report - annual assurance to the Registrar General in relation to service delivery, performance, public protection & counter fraud and the requirements set out in the Registration Acts.
- The Federation of Burial and Cremation Authorities - the inspection found the facility to be operating in accordance with the three key areas of compliance. In addition, the Crematorium Inspector found an excellent level of service provision and did not feel it necessary to make any recommendations.

Local Government and Social Care Ombudsman - The Ombudsman is responsible for independently investigating complaints that have not been resolved by the organisation. Its Annual Letter will be issued in July 2023.

6. Progress on areas identified as areas of focus in 2022/23

The position as of May 2023 as reported by the relevant officers is as follows:

- **Children and Family Services**

Following the Ofsted inspection in October 2021 which graded the Council’s Children’s Social Care as inadequate, a formal Improvement Board has been formed, chaired by the DfE Commissioner. The Local Authority continues to be subject to quarterly monitoring visits by Ofsted and the November 2022 letter

has been published on their website, along with their follow up visit and letter published March 2023. The revised Improvement plan has been further strengthened to address the challenges and risks identified and formally signed off 6 April 2023. This continues to be overseen by the Continuous Improvement Board and a Board made up of cross party elected members.

- **Programme Management**

Project and programme management is critical to the delivery of the Council's regeneration and transformation agendas. Major projects and programmes follow a governance route that assesses the business case against HM Treasury 5 case model (strategic, economic, commercial, financial and management case) before being taken forward. The Council is working alongside Government and private investors to regenerate and accelerate growth across the Borough. Major projects such as the South Humber Industrial Investment Programme (SHIIP), Cleethorpes Masterplan and the Town Centre regeneration programme are factored into the Council's capital investment programme. A Major Projects group is established to review and challenge the delivery of key capital projects. The main focus of the group has been on regeneration projects, and this is to expand in 2023 to include other major projects such as schools' capital projects

In addition, the Council has an ambitious transformation programme, particularly in relation to the challenges within Children and Family Services which is supported by multi-disciplinary teams. During 2022 the Council made major changes to the support structures for service transformation projects, and work is on-going to ensure that corporate support capacity is focussed on projects and programmes linked to strategic priorities. Revised guidance has been developed and launched for managers to enable them to undertake smaller projects themselves using the same service design and agile principles that are deployed corporately. This approach will continue to develop during 2023.

- **Capacity**

2023 succession planning is underway to review and refresh our plans and ensure we have clear actions plans in place for identified internal successors to key roles or where we would be seeking external recruitment. We have successfully made appointments from our graduate programmes into permanent roles across the Council as well as people identified as part of succession planning in 2022. NELC continues to invest in our "grow your own" initiatives with opportunities for interns and undergraduate summer placements and the two year graduate programme. This year we have introduced 3 centrally funded business support apprentices.

Academy NEL will be launching a number of modules around management and leadership through 2023. The first pilots of the launch of the leadership competency framework are taking place focusing on a new team, established team and a frontline team, feedback from the pilots will lead to further refining with the intention to roll out across the organisation at management levels by

the end of 2023. In addition, the review of the performance management policy, Supporting Positive Performance is now live with a revised supervision process.

A dedicated resourcing team has now established and our recruitment and approach to the market has become much more focussed. It is delivering positive results across the board from Director level down. Our relationships with agencies and the engagement of agency workers has significantly improved with plans to review our approach in 2023 and ensure that the Council's needs are being met when working with agencies.

Our ambitious capital and regeneration plans, the transformation programme in children and family services as well as changes on the horizon around adult social care do present challenges of capacity and resource to meet competing priorities. A service transformation team has established a clear process to identify projects and determine level of priority and risk to support the deployment of resources to support the projects. This is reviewed by Assistant Directors on a regular basis and highlights issues around resource and enables broader discussions to take place.

- **Health and Social Care System**

Pursuant to the Health and Care Act 2022, with effect from the 1 July 2022 Clinical Commissioning Groups (CCG) were statutorily terminated and their functions subsumed into Integrated Care Boards (ICBs). North East Lincolnshire (NEL) is part of the Humber and North Yorkshire ICB geography. The governance of the NEL health and care system will be overseen by a combination of health and local democratic leads via the Health and Wellbeing Board, a proposed statutory joint committee of the Council and the ICB and a place-based Health and Care Partnership (HCP). These forums will bring health and care providers together to function as the delivery and transformation arms under the new arrangements. Such arrangements, together with aspects of Children's and Adults commissioning and service delivery will ultimately be captured in a refreshed s75 Agreement. This is a reaction to significant NHS reorganisation that seeks to bring local government and the NHS closer together, through a population health management approach, to improve outcomes and experiences for the local population.

7. Governance Challenges for 2023/24

The review of governance arrangements has identified the main areas where the Council will need to focus its efforts during 2023/24 to address changing circumstances and challenges identified. Clearly these and other areas will be underpinned by a need to deliver value for money, referenced elsewhere in this statement. Value for Money is defined as the relationship between:

- Economy (cost) - the price paid for providing a service.
- Efficiency (performance) - how much is obtained for what is paid; and
- Effectiveness (quality) - the impact of the service, how successful it is.

Value for Money is not an absolute end in itself and should be considered as a compromise between cost, performance and satisfaction. It is an outcome of the Council's activities and

not a process in its own right. Furthermore, it should not be seen in isolation from day to day activities.

Of the four previously identified challenges as shown in section 6 it was determined by Leadership Team that programme management was no longer considered a specific governance challenge but the other three remained. The key activities in these areas are shown below:

- Capacity - to deliver of the extensive programme of work in 2023/24 and in preparation for 2024/25 as referred to section 6.
- Children and Family Services – North East Lincolnshire Children’s Services continues with the improvement journey to transform children’s social care services. We continue to work with the DfE appointed Commissioner and our Sector Led Improvement partner Lincolnshire county Council. Ofsted continue to monitor the pace and progress of change to service delivery and the impact and outcomes on children and families. There remains much to be done and the Council through Corporate and Political Leadership are determined to ensure that the services for children and families in North East Lincolnshire provide the right support, at the right time, by the right person and that children’s best interests remain at the heart of everything we do.
- Health and Social Care – North East Lincolnshire Council are looking to establish with the ICB a revised S75 agreement that determines governance for health and care decisions at place through the formation of a Joint Committee. All decisions relating to health and care will be discussed at the Shadow Joint Committee and Health and Care Partnership Governance Forums. Where a decision for Adult Social Care meets the criteria for cabinet then this will be the formal governance route. For Health this will be the Integrated Care Board if the decision falls outside the agreed delegations to the North East Lincolnshire Place Director. These arrangements will remain in place until the new S75 arrangements have been fully agreed.

No new areas of challenge have been identified.