

North East Lincolnshire Council

Annual Governance Statement - 2015/16

1 Scope of Responsibility

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

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

In discharging this overall responsibility, the Council is required to put in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*, including its six key principles:

This framework is based upon the following six core principles of good governance:

1. focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
2. members and officers working together to achieve a common purpose with clearly defined function and roles;
3. promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
4. taking informed and transparent decisions which are subject to effective scrutiny and managing risks;
5. developing the capacity and capability of Members and Officers to be effective; and
6. engaging with local people and other stakeholders to ensure robust public accountability.

A copy of the authority's code is included within the constitution and is shown on our website at:

<https://www.nelincs.gov.uk/councillors-and-democracy/decision-making/the-constitution/>

The Annual Governance Statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 10(1), which requires all relevant bodies to prepare an annual governance statement.

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 2016 and up to the date of approval of the statement of accounts.

2 The Governance Framework

The key elements of the Council's governance framework are based on the guidance provided by the Chartered Institute for Public Finance and Accountancy (CIPFA) "Delivering Good Governance in Local Government (Addendum)" (December 2012)

In summary, the key areas are:

- Arrangements for setting, promoting, and monitoring the achievement, the Council's vision and objectives;
- Arrangements for the achievement of Value for Money;
- Decision making processes;
- Financial management;
- Risk Management;
- Conduct and Fraud;
- Partnership Governance;
- Information Governance;
- The management of change and transformation;
- Complaints handling;
- Internal Audit, including the effectiveness of the Audit and Governance Committee;
- Consultation and Community engagement;
- Member and Workforce development;
- Clinical Governance;
- Environmental Sustainability; and
- Health and Safety.

In addition, in March 2015 the Council adopted the CIPFA code for *“Managing the risk of fraud”*, under which there is an expectation to confirm adherence with the code in the Annual Governance Statement.

3 Review of Effectiveness

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

- self-assessments against the key elements of the governance framework referred to above;
- a survey of service managers to identify their understanding of the Council’s control environment, and to identify any significant control weaknesses identified within their service;
- internal audit reports, including specific cyclical audit reviews on those areas which are part of the governance framework;
- the corporate risk register;
- issues identified by the external auditor or other external inspectorates;
- issues identified by members of the Leadership Team during the year;
- Development of the Council’s Outcome Based Accountability Framework;
- an annual report on the of the Council’s VfM arrangements
- the annual report of the Scrutiny Committees;
- the annual review of the constitution;
- an annual review of the Council’s financial management arrangements against the CIPFA statement “The Role of the Chief Financial Officer on Local Government”;
- annual review of the risk and opportunities framework, and regular review of the strategic risk register by the Audit Committee
- an annual review of the Council’s compliance with the CIPFA *“code for managing the risk of fraud”* as reported in the Annual Fraud Report. This review concluded that the Council was compliant in all material respects, although it identified opportunities, as part of the setting up of the new fraud team within the Audit and Assurance service, to strengthen our arrangements to prevent and detect fraud against the Council as well as the application of sanctions against those who have committed fraud;
- review and update of the Partnership Protocol;
- an annual report in relation to information governance prepared by the Information Security and Assurance Board
- quarterly reporting of complaints and complements to Cabinet;
- an annual assessment of Internal Audit’s compliance with Public Sector Internal audit Standards, and the CIPFA document “The Role of the Head of Internal Audit”
- an annual assessment of the effectiveness of the Audit and Governance Committee against expected standards as identified by CIPFA.
- A corporate wide clinical governance group to lead on clinical governance and review clinical governance related issues and instances;
- external assessment of workforce development through “Investors in People” award ; and
- external assessment of workforce development through “Investors in People” award ; and

- A Health and Safety group meetings quarterly and reports on health and safety issues. In addition, the Council was awarded the ROSPA Gold Award in 2016 for the sixth consecutive year.

The assessment also includes the monitoring of action plans in relation to control weaknesses identified in previous years. In 2014/15, partnerships, information governance, environmental sustainability, and programme/ project management were identified as areas for development in the Council's governance framework. Although there have been developments in each of these areas 2015/16 it is recognised that they remain key areas for focus as discussed in section 4 of this statement.

4 Conclusion

We have been advised on the implications of the result following the review of the effectiveness of the governance framework by the Audit and Governance Committee and that the arrangements **continue to be regarded as "fit for purpose" in accordance with the governance framework**. The key areas for focus and further development are outlined below:

- **Environmental Sustainability:** Whilst work continues on an environmental sustainability framework it has been recognised in the first instance the Council should produce and publish a high level policy statement laying its overall approach to environmental sustainability and its future aspirations. This high level policy was approved by Cabinet in June 2016. A series of key performance indicators will now be developed, informed by the outcome of an internal audit and Scrutiny, as part of an annual monitoring and reporting regime. This now sets the context for the delivery of the Council's commissioning priority "energy". The scope, vision and ambitions for this project have also been approved by Cabinet in June 2016. The Energy and Carbon Board are exploring proposals to implement an ISO standard carbon reporting protocol. A number of energy efficiency measures have already been installed across the Council's estate, including solar panels and efficient LED street lighting. The business case for further investment is being developed.
- **Highways/ A18:** Assurance on the technical delivery of the Highways Management function which sits within the Council's Services Agreement with Engie is in the process of being obtained through the commissioning of external experts, W S Atkins plc (Atkins). Atkins have been briefed to comment on all aspects of this activity from the strategic and documentary framework through to operational delivery on the highways themselves. Atkins have further been briefed to comment on the frequency upon which they should return to carry out periodic technical assurance. The tragic deaths of 5 members of the Cockburn family on the A18 on 12 April 2013 were considered at a Coroner's Inquest in March 2016. In addition to determining the causes of death, HM Coroner issued a report on the Prevention of Future Deaths. This report places requirements on the Council to procure a report on a potential highways improvement scheme aimed at bringing a relevant section of the A18 up to the standard of a newly constructed highway of this class. A project team has been implemented and AECOM (highways design, safety and technical experts) have been jointly

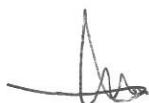
commissioned by NELC and ENGIE to carry out this activity in accordance with the timetable set by HM Coroner.

- **Information Governance:** During 2015/16, the Information Security and Assurance Board continued to review and develop the Council's Information Governance Framework. Embedding of information governance continued Through the roll out of the mandatory training and awareness raising activities including the launch of themed newsletters. The focus for 2016/17 and 2017/18, is preparing for the introduction of the General Data Protection Regulations in May 2018.
- **Partnership Governance:** Emerging areas for the focus of partnership governance in 2016/17 will include changes to our current (primarily economic) partnerships associated with devolution; local and regional changes in the health and social care system; local development of an accountable care partnership; emerging joint strategic commissioning arrangements for health and care and new arrangements stemming from the implementation of the Council's key projects in its outcomes framework. The effectiveness of arrangements in respect of shared services with North Lincolnshire Council will also be considered.
- **Programme and Project Management:** During 2015/16 the Council has developed its project and programme management arrangements although it is recognised that there is some further work to do to ensure that they are consistently applied. For major/significant projects which have material impact on both the local authority and the borough, we will implement arrangements whereby we commission external advice/expertise/challenge/capacity to ensure that there is:
 - robust challenge on development and rationale behind business cases/project plans;;
 - adequate capacity and expertise to deliver is in place;
 - maximisation of knowledge transfer to ensure future resilience;
 - compliance with governance and project management methodology is robust; and
 - evidence in support of options appraisals has been challenged and supported

Over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that have been identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.

Signed:

Leader of the Council



Chief Executive



