

GOVERNANCE STATEMENT 2019/2020

Good Governance

Ethics and Values

Engagement

Development

Decision Making

Leadership

Risk Management

Reporting



Our Environment | Our People | Our Future

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INTRODUCTION

Welcome to the Council's Annual Governance Statement for 2019/2020.

As a public authority, the Council is responsible for ensuring that its business:

- ✓ Is conducted in accordance with the law.
- ✓ Operates to the highest standards in public life.
- ✓ Accounts for public resources in an open and transparent manner.

The Council also has a duty to secure continuous improvement in the way in which its functions and services are delivered and to achieve value for money for the Taxpayer.

To meet these objectives, the Council is expected to have the highest possible governance arrangements in place.

Governance is about how the Council runs its business and underpins everything that the Council achieves; without robust arrangements, there is a greater risk that failures will occur.

Good corporate governance is essential in demonstrating that there is credibility and confidence in public services. Sound arrangements should be founded on:

- Openness
- Integrity
- Accountability
- Leadership

The Council's Governance Framework

The Council adopts a Local Code of Corporate Governance. This sets out the System, which details the associated policies, processes and regulations, etc. which make up the Governance Framework at the Council.

The Governance System is based on established national guidance and is formed on **seven principles**.

The Principles	What this means
Principle 1: Behaving with integrity	Elected Members and Council Officers acting in accordance with national standards regarding Public Office.
Principle 2: Engaging with stakeholders	Keeping residents, businesses and other interested parties, etc. informed and seeking feedback through consultation.
Principle 3: Setting clear objectives	Having medium term business and financial strategies in place that provide for the sustainability and development of services.
Principle 4: Having positive interventions	The detailed plans and procedures, such as terms of reference for decision-making, a change management process and an annual budget, etc. which ensure that objectives are met.
Principle 5: Leadership and capacity	Clear direction from senior management and that adequate, trained and empowered staff are in place to deliver services.
Principle 6: Managing risks and performance	Having robust internal control and strong financial management to ensure that risk is mitigated, data is secure, and performance is regularly monitored.
Principle 7: Good reporting and transparency	Assigning clear accountability and reporting lines, allowing access to information and reporting performance on a regular basis.



Update and Review

The detailed System which demonstrates compliance with these principles, is reported to and reviewed by the Council’s Audit Sub Committee half yearly. The reports for 2019/20 [December 2019](#) and [July 2020](#) provide a regular update on changes and actions, which ensure the Council’s Governance Framework remains fit for purpose.

The detailed Framework and how the Council complies is detailed in Appendix 1.

This Framework was in place from 1 April 2019 and up to and including when this Statement was published in January 2021.

A Changing Environment

Although the basic principles will remain unchanged, ensuring compliance always requires regular review. The Council operates in a changing environment where external factors can affect how it operates. In turn, this can usually affect its Governance System.

Risks and Challenges

Governance must also be reviewed in the light of strategic risks and challenges facing the Council. The following key risks have been identified which have an impact on the Council’s Governance Framework.

Risk	Challenge	Effect on Governance
Continuing growth of the District and an increasing population	The Council is a designated growth area with a Local Plan target of 13,000 new homes between 2010 and 2028. This is increasing the local population and changing the demographics of the District.	Principle 2 As more people contact the Council, it is providing opportunities for developing more efficient interaction with customers through digital channels, where this is needed.
Government Funding	The continuing uncertainty of the Local Government Funding System from 2021. The Council is at risk arising from changes to the current distribution of the New Homes Bonus and Retained Business Rates.	Principle 3 The Council will need to maintain a sustainable financial position through its Medium-Term Financial Plan (MTFP) if it is to deliver the outcomes in the Corporate Plan.
New Corporate Plan adopted in November 2019	An ambitious plan to achieve targets regarding the Environment, Transformation and the local economy.	Principle 4 This has brought the Transformation Agenda to the fore to enable change to be delivered. Principle 5 It has also focused the Council towards Organisational Development to ensure sufficient capacity is available.
Coronavirus Pandemic (Covid-19)	Business Continuity arrangements have and continue to bring about changes to working practices and the democratic decision-making process. There is also the potential longer-term effect on the Council’s finances.	Principle 2 Decision-making through the democratic process is now being undertaken remotely using virtual technology. Principle 6 The crisis invoked the Council’s Business Continuity arrangements



Developments in the Year

The challenges specifically identified above brought about a series of developments during 2019/20, in addition to other matters that arose. Resulting actions and on-going work are all designed to strengthen the Council's Governance System.

Principle 1: Ethical Values

Following adoption of a new Corporate Plan in November 2019, 3 key values emerged to support the delivery of the Plan.

Staff training sessions were held to embed the Council's 3 key values of Pride, Respect and Excellence. On-going training and dissemination continue to ensure values are well known and applied. A staff survey will be undertaken in 2020 to test these values and to understand the culture within the organisation.

Principle 2: Engagement

During the year, work commenced on a new Equalities, Diversity and Inclusion Plan, together with a move to developing more communication channels.

Given the growing population and the global move towards digitisation, the Council has reviewed how it engages with its communities. New priorities were approved in the Corporate Plan to set consistent service standards and make greater use of technology.

Indicators have been agreed to measure outcomes and they will be monitored in the Council's performance reporting system.

Principle 3: Sustainable Outcomes

Given pressures on the Council's financial position from increasing costs and a reduction in income from a pending Funding Review and Covid-19, this could put pressure to deliver outcomes in the Corporate Plan.

With a Medium-term Financial Plan and Capital Investment Strategy in place, work was completed on two other plans to support outcomes.

These related to Asset Management and Procurement, the later with a greater focus on ensuring Value for Money. The adoption of both plans was delayed by the impact of Covid-19 but are due to be considered by the Council in July and August 2020.

Principle 4: Interventions

During the year, focus was on reviewing financial management, guidance on demonstrating and achieving value for money, together with a new Transformation Plan.

The Council adopted CIPFA's new Financial Management Code which focuses on financial sustainability.

Following an internal assessment and consideration by the Audit Sub-Committee, the Council complied with 16 of the 17 standards, with consultation regarding financial planning to be reviewed in 2020/21.

The Council adopted a new Transformation Plan in June 2020 and convened a Steering Group to oversee its implementation.



Principle 5: Capacity and Leadership

The Council created and appointed to a new post of Head of Organisational Development and Performance specifically to develop the Council's capacity and capability.

This was supplemented by the appointment into a new post of Learning and Development Manager in April 2020. Their programme of work in 2020/21 will focus on succession planning, senior management development, the personal development process and internal communications.

Principle 6: Risk Management

The risks regarding data security and data management in the digital age need to be managed robustly. There are greater expectations on public bodies who hold much personal and sensitive data. In addition, the quality of data and how it is used in decision-making is paramount.

An Internal Audit review was undertaken to assess the Council's system for collecting and reporting data. The Audit provided reasonable assurance of the system but made several recommendations for improvement which have or are in the process of being implemented.

Principle 7: Reporting

The main impact arose from Covid-19 and the changes to decision-making through the Council's Committee system. However, the Covid-19 crisis has had a wider impact upon Governance arrangements as now highlighted.

Coronavirus Pandemic (Covid-19)

The situation effectively tested the Council's **Business Continuity** arrangements, which worked well with all services which could continue, being delivered to the same standard, albeit, with a different operating model, and in particular for Waste Collection, to adhere to social distancing guidelines.

Almost overnight, the impact of the Government's lockdown "forced" the Council to work differently, including almost all staff becoming homeworkers.

Technology

Over the year, significant investment was made in IT to strengthen business continuity and to enable transformation. This included a migration away from desktop terminals to laptops, an upgrade to Office 365 and the transfer to a new remote working network.

The Council deployed technology to aid remote working and communications

Redeploying Skills and Capacity

Front-line services, such as Waste Collection and Street Cleansing were reconfigured to observe social distancing guidelines

Resources were redeployed to ensure essential services continued to be delivered.



Customer Contact

Customer contact, face-to-face, reduced significantly with special measures put in place to observe safe distancing where contact (for example with vulnerable people) was unavoidable.

Consequently, there has been a greater interaction with residents by telephone and digital means, which is the method that the Council is encouraging to provide a more efficient way to make contact and transact with the Council.

This will be used as a learning point to shape future provision in this area. Upgrading appropriate technology (the use of softphones for example) is already being developed to provide a more efficient and flexible service for residents.

Decision Making

Section 78 of the Coronavirus Act 2020 enabled Committee meetings to be conducted remotely. The Council has used the TEAMS functionality in Microsoft 365.

This enabled meetings to be held for which the Public could also view live whilst functionality allowed any “exempt” reports to be considered confidentially in a secure environment.

The system allowed the Council to maintain transparency in the decision-making process and enabled fully inclusive meetings as if they were being held in the usual debating chamber.

The Financial Implications of Covid-19.

The impact of the crisis has affected the Council’s finances through additional expenditure and loss of expected income compared to that budgeted. Although this affects the position post 2019/20, the exceptional nature of the crisis warrants an update in this year’s Statement.

The short-term impact has been softened by additional Government funding of £1.1 million. It is expected that this will protect the short-term position in 2020/21 without any adverse impact.

However, the longer-term impact is still emerging, and it is considered that this will depend on key two factors.

<p>The longer-term impact of people’s ability to pay Council Tax and Business Rates.</p>	<p>The knock-on effects of the national and local economies and how this may then affect future local government financial settlements.</p>
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However, the Council’s medium-term financial position and resilience is relatively strong and sustainable with a projected level of reserves, after allowing for commitments, staying well above its safe minimum level by 2025, based on current forecasts.

Dealing with the crisis remains a challenge for the Council. Changes highlighted above will need to be assessed from an internal control view and the Governance System amended accordingly. The financial implications are being regularly monitored by the Council’s Leadership Team and the Finance and Management Committee.



Propriety in the Conduct of Council Business

An indication of how well the Council is performing, is to review any propriety matters that arose in the year, i.e. how well does the Council, its Members and Officers behave compared to accepted standards, values and the rule of law.

An overview for 2019/20 is provided below.

- ✓ **Codes of Conduct:** no reported breaches
- ✓ **Register of Interests:** no issues raised
- ✓ **Whistleblowing:** no matters arose
- ✓ **ICT Security:** no major incidents reported
- ✓ **Data Protection:** no reported incidents to the Information Commissioner
- ✓ **Litigation:** none and no issues pending

<p>Complaints to the Local Government and Social Care Ombudsman</p>	<p>The Ombudsman's most recent report highlighted seven complaints about the Council in 2018/19, of which one was upheld.</p> <p><i>In this case, the investigator found that the Council had misfiled information causing a delay regarding Council Tax collection, which was fault, but that the complainant was not significantly affected or suffered injustice to warrant further investigation.</i></p>
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<p>Health and Safety (H&S)</p>	<p>There were six reportable incidents under H&S Regulations in the year. However, none of them required any further investigation by the HSE.</p> <p><i>The HSE did undertake a programmed inspection of the Council's arrangements for dealing with Asbestos. They made several recommendations for improvement which were all implemented by the Council.</i></p>
<p>Incidences of Fraud and Other Matters</p>	<p>An isolated incident occurred regarding the misuse of a Council mobile phone over a period of 6 months by a former Council employee. This cost the Council approximately £13,000 in additional charges.</p> <p>Internal Audit conducted a systems weakness audit and made 6 recommendations to improve internal control, of which 4 have been implemented and the remaining 2 are in the process of being implemented.</p> <p>The Police also brought a criminal prosecution for fraud.</p>



Business Continuity

Being able to maintain public services is vital in an emergency.

Under the Civil Contingencies Act 2004, the Council is required to have updated plans in place and to regularly review and test these plans alongside other agencies.

During 2019/20, the Council was affected by three emergency incidents which called on its Emergency and Business Continuity Plans.

*In November 2019 and January 2020, there were two separate incidents of **flooding** in the District, where the Council had a supporting role in the community and to other agencies. The third incident related to **Covid-19**.*

Debriefing sessions followed the flooding incidents and some learning points were updated in the Plans in accordance with usual practice.

It became clear from all incidents that the Council places too much reliance on its “out of hours” service to act as a central contact point in an emergency.

A review is being conducted on extending technology and processes in the Contact Centre to allow greater resilience in these circumstances.

Internal Audit

From its work, Internal Audit provide a form of assurance regarding the Council’s internal control environment.

During the year, Internal Audit completed and reported on 34 audit assignments of which 4 attracted a **Limited Assurance Rating**. This indicates an overall level of risk in a system or a service which is, or has the potential, to materially weaken the control environment.

Limited Assurance Ratings 2019/20

- ✚ Mobile Phones
- ✚ Council House Sales
- ✚ Maintenance of Public Buildings
- ✚ Housing Safety Inspections

The outcome of these audits, together with the implementation and tracking of recommended actions, are monitored by the Audit Sub-Committee.

Opinion of the Internal Audit Manager

As reported to the Audit Sub-Committee on 29 July 2020.

“Based on the work undertaken during the year, I have reached the overall opinion that there is a Satisfactory System of Governance, Risk, internal Control – Findings indicate that on the whole, arrangements are satisfactory, although some enhancements may have been recommended.

External Audit Opinion

As reported to the Audit Sub-Committee on 9 December 2020, the Council’s Accounts and Financial Statements for 2019/20 were given an unqualified opinion. In addition, they stated that:

“they had no matters to report about your (the Council’s) arrangements to secure economy, efficiency and effectiveness in your use of resources.”



Is Current Governance Effective

The Council considers that its System is effective and fit for purpose but is not complacent and continues to face challenges as highlighted in this Statement.

Test of Effectiveness

The Local Code	✓ Up-to-date and regularly reviewed.
Work Plan	✓ Completed during the year to strengthen Governance in response to risks and challenges.
Financial Management	✓ The Council complied with CIPFA’s Financial Management Code and the Statement on the Role of the Section 151 Officer in Local Government during 2019/20, as reported to the Audit Sub-Committee.
Internal Audit	✓ The Chief Audit Executive reached an overall opinion in 2019/20, that there is a satisfactory system of Governance, Risk and Internal Control. ✓ The Internal Audit Service generally conformed to the Public Sector Internal Auditing Standards.
External Audit (Opinions)	✓ The Accounts and Financial Statements were not qualified. ✓ They had no matters to raise regarding the Council’s VFM or Governance arrangements.
On-going Development	✓ An approved plan for 2020/21 to maintain good Governance.
Propriety	✓ No major issues and recommended actions arising from external

	reviews were implemented. ✚ Although the matter regarding mobile phones was in isolation a serious issue, it was not considered to have had a material impact on overall Governance.
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Action Plan 2020/21

The Council operates within a changing environment with constant development in ICT, together with demand on its services due to the significant growth of the District. In addition, the impact of Covid-19 has itself brought about change.

The Action Plan

Principle	Action
Behaving with Integrity (P1)	To review compliance with the best practice standards recommended by the Government Committee on Standards in Public Life.
Demonstrating Ethical Values (P1)	To review outcomes from a staff survey.
Openness (P2)	To implement a new Equalities, Diversity, and Inclusion Plan in consultation with stakeholders.
Organisational Capacity (P5)	To deliver the work programme for Organisational Development.
Risk Management (P6)	An audit review of the effectiveness of the Council’s arrangements.
Business Continuity (P6)	To develop customer contact points for reporting and escalating issues during an emergency or business continuity incident.



And Finally, Council Sign-off

On behalf of the Council, we are satisfied that our current Governance arrangements remain effective and fit for purpose and that appropriate actions are in place to maintain good Governance at the Council.

We commend the good practice highlighted in this Statement but do not remain complacent given issues and challenges also highlighted. Based on the information reported to us, we therefore approve the Governance Statement for 2019/20.



Frank McArdle (Chief Executive)



Kevin Stackhouse (Section 151 Officer)

7 January 2021

