

GOVERNANCE STATEMENT 2020/2021

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 2020/2021.

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 it 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 2020/21 [December 2020](#) and [June 2021](#) provided a regular update on changes and on-going work, which ensured 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 2020 and up to and including when this Statement was published, following a review by External Audit in (tbc)

A Changing Environment

Although the seven basic principles generally 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 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 2022. 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 Climate, Environment, Transformation and the local economy. During 2020/21, the Council approved detailed Transformation and Climate Action Plans to deliver its ambitions in these areas.	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 was undertaken remotely in 2020/21 using virtual technology. Principle 6 The Pandemic invoked the Council’s Business Continuity arrangements



Developments in the Year

The challenges specifically identified above brought about a series of developments during 2020/21, in addition to other matters that arose. Resulting actions and on-going work are all designed to strengthen the Council's Governance System.

A new Strategy and Action Plan covering 2020 to 2024 was approved by the Council in February 2021. The Action plan is being monitored by the Equalities Steering Group, which includes representatives from outside bodies.

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.

Following staff training sessions in 2019/20, the Values (**Pride, respect and Excellence**) were embedded into the Council's Personal Development Review process in 2020/21.

It had been planned to undertake a staff survey in 2020/21 to gauge an understanding of the Council's values and organisational culture.

However, this was postponed until a decision has been made on working arrangements post Covid. It is now anticipated that the survey will be

Principle 3: Sustainable Outcomes

To support outcomes in the Corporate Plan, the Council's Asset Management and Procurement Strategies were reviewed and updated in July 2020.

An update to the Contract Procedure Rules was also approved by the Council in April 2021. This reflected the Council's commitment to Climate Change, providing guidance to ensure that environmental benefits are included in tender evaluation and contract management.

Principle 4: Interventions

The Council complies with a national Financial Management Code which contains a range of professional standards designed to ensure financial capacity and resilience. Following an initial assessment in July 2020, an internal audit review of compliance is planned for later in 2021.

In addition, the Council approved a four-year Transformation Plan in July 2020. and various projects were delivered as part of the first-year plan in accordance with an established Business Change process. Cloud-based upgrades to the Finance and Revenues systems, together with the implementation of a Route Optimisation System for Refuse vehicles, are designed to deliver greater efficiencies in service delivery.

Principle 2: Engagement

The Council is required every four years to review and publish a Strategy which demonstrates that it has due regard to the Equalities Act 2010 when delivering services. A review was undertaken in 2020 which included consultation with Members and Officers, together with external stakeholders and the voluntary sector.



Principle 6: Risk Management

Work during the year focused on the Risk Management System itself, together with specific reviews of emergency planning and anti-fraud and corruption.

Audit work was undertaken to review the effectiveness of the Council’s Risk Management arrangements. Four recommendations to improve the Council’s process were implemented and an updated Policy Document was approved in **June 2021**.

The Out of Hours and Emergency Contact process was reviewed for reporting and escalating issues during an emergency or business continuity incident. A trial is currently being undertaken to assess the effectiveness of a new system and if this is successful, a longer-term solution will be recommended for approval later in 2021.

Internal Audit also undertook a review during the year of the Council’s Anti-Fraud and Corruption procedures.

Their report made two recommendations to strengthen procedures, and an updated Anti-Fraud and Corruption Policy was approved in **June 2021**.

Principle 7: Reporting

Due to Covid 19, the Council continued to conduct meetings via video/tele-conferencing in 2020/21, until legislation was rescinded in May 2021.

Coronavirus Pandemic (Covid-19)

Following publication of the Governance Statement for 2019/20, which reported in detail the impact of Covid 19 on the Council’s services, revised working arrangements became embedded during 2020/21.

By March 2021, homeworking had been established for 12 months and with previous investment in technology, this enabled services and functions to operate fairly normally.

Operational services such as Waste Collection and Housing continued to be delivered, albeit with some changes in order to comply with Covid Health and Safety requirements.

Although homeworking provided more flexible working arrangements for staff and reduced the Council’s “grey mileage”, it potentially impacted on the health and well-being of some staff who worked remotely.

This was considered to be a risk to individual performance, capacity and overall service delivery.

Consequently, the Council ensured appropriate resources were in place to support managers and staff through communications, video links, sharing experiences, etc. In addition, mental health first aiders were made available to support staff where necessary.



Lessons Learnt

Following the relaxation of restrictions in June 2021, the Council was considering a future working model based on “*lessons learnt*”.

This initiative is focusing on the future working environment and site locations, together with options of future service delivery.

The Council is keen to ensure that the benefits of new working arrangements are continued as much as possible.

Dealing with the pandemic has provided opportunities for more agile/flexible/hybrid working which is hoped will create efficiencies and increase effectiveness in service provision.

As part of the options appraisal, consideration is being given to the health and well being of staff, IT requirements and potential implications on employment contracts.

Customer Contact Post Covid 19

Tbc

Customer Contact During Covid

Contact with residents and customers face-to-face, was very limited in 2020/21 with special measures put in place to observe safe distancing where contact, for example with vulnerable people and when entering people’s homes, was unavoidable.

Consequently, there was a greater contact with people by telephone, e-mail and over the Internet to deal with queries, make enquiries and payments, etc.

Decision Making During Covid

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

All meetings were live streamed and recorded over the Internet so that the decision-making process remained open and transparent.

Due to the rescinding of legislation, meetings were again held in public buildings from May 2021, to allow a physical presence by Elected Members when debating and voting on issues.



The Council's Wider Role During Covid

Covid brought to the fore the Council's wider Leadership role in the local community, for example:

- ✓ Supporting voluntary groups with food parcels and distributing supplies to local residents.
- ✓ Providing buildings for NHS test centres.
- ✓ Administering and paying out various grants to local businesses and individuals from funding provided by the Government.
- ✓ Providing financial support to local community and charitable organisations who were not eligible for other funding.
- ✓ Supporting local business with safe ways of operating during Covid.
- ✓ Taking enforcement action where necessary.
- ✓ The dissemination of general public health messages and being a contact point for concerned residents and businesses.

The Financial Implications of Covid-19.

The impact of the Pandemic affected the Council's own finances through additional expenditure and loss of expected income compared to that budgeted.

For example, additional costs were incurred on providing PPE, and to provide additional resources in the form of personnel, equipment and vehicles, etc. to ensure services could still operate

during Covid in accordance with health and safety guidelines.

Normal income levels reduced mainly due to the curtailment of leisure activities and by subsidising local leisure centres.

However, the overall cost of these additional measures was met by Government funding of approximately £1.4 million and currently, this is meeting all costs incurred during 2019/20 and 2020/21.

At this stage, the longer-term impact is still not known, 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 following the easing of restrictions.</p>	<p>The knock-on effects to 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 over the next two years remains relatively strong based on current forecasts, but this is being kept under review pending additional cost pressures.

In the meantime, the Council has approved that no new spending will be approved until any further implications of the financial position becomes clearer in 2021/22.



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 2020/21 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. A global hack of Microsoft systems in March 2021 did affect the Council, although extra security measures were put in place to strengthen the Council’s server platform.
- ✓ **Data Protection:** no reported incidents to the Information Commissioner
- ✓ **Litigation:** none and no issues pending
- ✓ **Fraud and Corruption:** there were no reported incidents in the year, either internally or from external sources, against the Council.

<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 2019/20, of which one was upheld.</p>	<p><i>In this case, which related to how the Council handled a Council Tax matter, fault was found. However, the investigator considered that the actions that the Council had already taken to remedy the situation for the complainant, were satisfactory.</i></p>
<p>Health and Safety (H&S)</p> <p>There were two reportable incidents under H&S Regulations in the year. However, none of them required any further investigation by the HSE</p>	<p>However, the Council undertook its own investigation in each case and updated procedures and training where this was necessary.</p> <p>The HSE also undertook four audits during the year at the Depot (2) Forestry Centre and Civic Offices, the later to ensure that it was Covid compliant.</p> <p>In each investigation, no issues were raised regarding compliance, or which contravened H&S regulations.</p>
<p>Business Continuity</p> <p>Being able to maintain public services is vital in an emergency</p> <p>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.</p>	<p>In March 2021, the Council’s Kerbside Recycling Contractor, who undertook collections, went into administration.</p> <p>The Council implemented its contingency arrangements and mobilised resources, successfully managing to continue the service in-house.</p>



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 25 audit assignments.

All audits reported either a “**Reasonable or Substantial**” rating, although two of these audits did not attract a rating as the work involved advisory or effectiveness reviews, rather than an assessment of the internal control environment.

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

Opinion of Internal Audit

The Chief Audit Executive reported to the Audit Sub-Committee on 28 June 2021.

“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

To be inserted following Audit

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	✓ In all material aspects, the Council complied with CIPFA’s Financial Management Code.
Internal Audit	<ul style="list-style-type: none"> ✓ The Chief Audit Executive reached an overall opinion in 2020/2021, 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)	<ul style="list-style-type: none"> ✓ The Accounts and Financial Statements Tbc. ✓ VFM and Governance Tbc.
On-going Development	✓ An approved plan for 2021/22 to maintain good Governance.
Propriety	✓ No major issues and recommended actions arising from external reviews were implemented.



Action Plan 2021/22

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.

Frank McArdle (Chief Executive)

Consequently, besides on-going work already being progressed, the following reviews and action will be undertaken in 2021/22.

Councillor Kevin Richards (Leader of the Council)

The Action Plan

Principle	Action
Behaving with Integrity (P1)	To review and update the Member’s Code of Conduct.
Demonstrating Ethical Values (P1)	To review outcomes from a staff survey.
Determining Interventions (P4)	An Audit review of compliance with the Financial Management Code.

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 commend the Governance Statement for 2020/21 for approval.

