

# Annual Governance Statement 2019 and 2020



## **INTRODUCTION**

This, in many respects, is an unusual document. Annual Governance Statements (the “AGS”) are prepared as a point in time assessment of a Council’s governance framework and compliance with it. It normally covers a single year and supports a council’s Statement of Accounts providing comfort to members and the public that the decisions taken to support the financial decisions of the council have been made correctly and lawfully.

It is of course more than this, it addresses all decision-making processes. It provides confidence to the public that officers and councillors are acting with probity, that decisions are made transparently and that the best interests of the public are protected.

This document covers 2 years, the AGS presented to Governance Committee last year could not be signed off or approved. Both Internal Audit and External Audit were unable to accept statements made concerning the governance framework, nor compliance with it. In short there were significant governance failings identified (after the initial production of the draft AGS) that meant the AGS presented was simply not correct.

While some elements of this document will be familiar, following the format used for previous years, the contents of these sections will be significantly different. This will reflect the issues which were identified and have continued to be identified since the start of the municipal year 2019/20. Progress has been made to improve the council’s approach to governance. Section 5 of this AGS not only addresses the governance failings identified but also updates on improvements that have been made. It should also be accepted that the fact there continue to be issues identified is evidence of a more challenging approach to governance which in itself supports a culture of improvement.

However, the purpose of the AGS is to provide a stark and honest position statement of the Council’s approach to governance. This document will not only deliver a realistic assessment of the Council’s position but also provide an action plan for improvement against which progress can be monitored.



## 1. What we are responsible for

South Ribble Borough Council is responsible for ensuring that its business is conducted in accordance with the law, to high standards and that there is a sound system of governance (incorporating the system of internal control). Public money must be protected and properly accounted for. We also have a duty under the Local Government Act 1999 to continually review and improve the way we work, while at the same time offering value for money and delivering an efficient and effective service.

To meet this responsibility we should put in place proper arrangements for overseeing what we do (this is what we mean by governance). These arrangements are intended to make sure we do the right things, in the right way, for the right people, in a fair, open, honest and accountable way.

South Ribble Borough Council has approved and adopted a code of governance that is consistent with the principles of the CIPFA/SOLACE Framework<sup>1</sup>  
<sup>2</sup>.

The Council are legally obliged to prepare an Annual Governance Statement which demonstrates how we have complied with the requirements of our code<sup>3</sup>. Unfortunately, this governance statement details how we failed to follow our local code, how these failings were identified and how we are taking steps to ensure that our governance framework can be improved and our statement of internal controls are complied with.

In May 2019 this document (in a similar form) was presented to Governance Committee for consideration as a draft. This draft stated that, not only is there a robust and comprehensive governance framework but that this framework had sufficient controls to ensure it was complied with. Subsequent to this, important and longstanding governance failings have come to light, highlighting that the AGS was incorrect. Further work undertaken over the last twelve months by the council's internal audit team has identified additional failings.

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<sup>1</sup> The CIPFA / SOLACE (Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives and Senior Managers) framework "Delivering Good Governance in Local Government".

<sup>2</sup> South Ribble Borough Council has approved and adopted a code of governance that is consistent with the principles of the CIPFA/SOLACE Framework. A copy of the local code is available on line at [www.southribble.gov.uk](http://www.southribble.gov.uk) or can be obtained by contacting D Whelan, Deputy Monitoring Officer - Civic Centre, West Paddock, Leyland, Lancs, PR25 1DH

<sup>3</sup> Regulation 6(b) of the Accounts and Audit (England) Regulations 2015



## 2. Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which we direct and control our activities including those by which we account to, engage with and lead the community. It enables us to monitor how we are achieving our long-term aims and to demonstrate where this has led to improved services that are delivering value for money. The council has responsibility for ensuring that there is a sound system of governance.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot remove all risk of failing to achieve our priorities and aims, so it can only offer reasonable protection. It is based on an ongoing process that is designed to:

- Identify and prioritise the risks that could prevent us achieving our aims and objectives
- Assess the likelihood and impact of the risk occurring
- Manage the risks efficiently, effectively and economically.

### 3. Our Governance Framework

Our Governance Framework, which was adopted by full Council at its meeting on 24 May 2017, promotes and demonstrates our commitment to the principles of good governance and incorporates the council's values that emphasise how we do things at South Ribble Borough Council. It is important to note that a robust governance framework only has value if it is complied with and contains sufficient controls to ensure this. While the governance framework detailed below is correct and is on its face comprehensive some of the detail which would have protected the Council is absent. These identified issues are included in the Comments column. The council approach to improving these defects will be addressed in section 5 of the AGS.

The principal elements of our governance arrangements in 2018/19 and 2019/20 and our commitment to our local code are described below:

<b>Good governance means behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>			
<b>The Council's commitment to Good Governance</b>	<b>How the Council meets these principles</b>	<b>Where you can see Governance in action</b>	<b>Comments</b>
<b>Behaving with integrity</b>	<ul style="list-style-type: none"> <li>The council has a set of Core Values in place which inform everything we do</li> <li>Our values of Integrity, Positive Attitude, Learning Organisation, Teamwork and Excellence are at the core of our business and they influence everything we do. They demonstrate that we are serious not just about what is achieved but also how business is done</li> <li>We communicate our shared values with members, staff, the community and partners</li> <li>Our Core Values are incorporated into role profiles for senior managers and are embedded into our induction programmes for new officers and members.</li> <li>We have a suite of relevant policies in place – i.e. Whistleblowing policy,</li> </ul>	<p><b>Local Code of Governance Transformation Strategy Corporate Plan Suite of policies available through intranet – See Appendix C Action 6. Member and officer protocol</b></p>	<p>Whilst throughout this period there were a comprehensive suite of governance polices nevertheless some of those policies were in need of updating</p> <p>2018/19 No Personal Development and Review process in place, 2019/20 PDR process introduced, Induction improved, PDR's in general completed for all staff, 2020/21 process to be further embedded</p> <p>Management Controls require improving in regard to ensuring appropriate induction for individuals are promoted into Management roles, ensure appropriate regulation and rules training is undertaken.</p> <p>Breaches of CPR's and attempts to circumvent Financial Procedure Rules during 2018/19, early 2019/20. Training and review has taken place during 2019/20 and is ongoing.</p> <p>Number of temporary arrangements in 2018/19 re s151 and into 2019/20.</p>



	<p>Antifraud and Corruption Strategy, Fraud Response Plan, Anti Bribery Policy, Anti Money Laundering Policy and Guidance, RIPA</p> <ul style="list-style-type: none"> <li>Contracts and service specifications for the main partnerships are informed by our values</li> </ul>		<p>Assistant Director of Finance post now filled permanently; recruitment to Director of Finance in progress.</p> <p>A number of policies relating to anti-fraud and corruption, whistleblowing etc. require review and update and appropriate training provided for officers.</p>
<p><b>Demonstrating strong commitment to ethical values</b></p>	<ul style="list-style-type: none"> <li>We have a robust Members' Code of Conduct in place which was refreshed in 2017</li> <li>We had a Member and Officer Protocol which was adopted in March 2018 – all members and officers signed up to it for the year 2018 – 2019. For the year 2019 - 2020 (following the election in May) members were again asked to sign up to this protocol. The vast majority of members have signed up to this.</li> <li>We have a robust Employee Code of Conduct in place</li> <li>We are committed to raising the profile of our Standards Committee –the Chair of Standards reports to full Council on an annual basis</li> <li>The Protocol for the Independent Person was formalised and is included in the Constitution</li> <li>We strengthened our standards arrangements by appointing a second Independent Person</li> <li>We have an Investigation and Hearing policy which sets out how we deal with complaints against Members – this was updated and strengthened in 2017</li> </ul>	<p><b>Members Code of Conduct Constitution (Part 5A) – See Appendix C Action 2.2</b></p> <p><b>Code of Conduct for employees Constitution (Part 5B)</b></p> <p><b>Standards Committee Terms of Reference.</b></p> <p><b>Independent Person Protocol - Constitution (Part 4J)</b></p> <p><b>Member and officer protocol</b></p> <p><b>Member learning hours – Schedule in place</b></p> <p><b>Register of interests</b></p>	<p>Project Group established to align Code of Conduct across CBC and SRBC as part of shared arrangements, will include taking account of LGA model code as appropriate.</p> <p>Internal Audit Identified that a number of policies relating to the ethical governance of the Council require reviewing and updating.</p> <p>Provision of ethical training for Members and Officers is required</p> <p>Agreed values in partnership working require review and update, align to Corporate Strategy and Corporate Values</p> <p>Partnership Framework identified as out of date, requires review and update</p>



	<ul style="list-style-type: none"> <li>We have Member learning hours as well as tailored training for members on particular committees</li> <li>Following the elections in May 2019 training was provided for all members on Standards issues and additional training was provided to the members of the Standards Committee.</li> <li>We have a register of interests in place for officers and members to declare interests. Members are advised on an annual basis to review their declaration of interest's forms and interests are published online</li> <li>We have a robust Scrutiny Committee</li> </ul>		
<p><b>Respecting the rule of law</b></p>	<ul style="list-style-type: none"> <li>Appointment of statutory officers including; Head of Paid Service, Monitoring Officer and S.151 Officer who fulfil their responsibilities within legislative and regulatory requirements</li> <li>Compliance with CIPFA's statement on the Role of the Chief Finance Officer in Local Government (2016)</li> <li>We have an induction programme for new Officers and members</li> <li>We have Financial Regulations and Contract Procedure Rules in place</li> <li>Substantial work has been completed on reviewing and updating our Constitution, this is undertaken on an on-going basis.</li> <li>Legal Officers provide advice on all committee reports and delegated decisions</li> </ul>	<p><b>Constitution</b>  <b>Review of compliance with statement on role of CFO.</b>  <b>Financial Regulations and Contract Procedure Rules – See Appendix C Actions 1 &amp; 5</b>  <b>Effective Anti-fraud and corruption policies and procedures</b>  <b>Local Assurance testing</b></p>	<p>It should be pointed out that Internal Audit have identified a number of failings to comply with Contract Procedure Rules for the year up to May 2019. Since then extensive training has been delivered on this issue.</p> <p>Internal Audit reviews identified significant breaches of Contract and Financial Procedure Rules in respect of Contracts and Tender processes. CPR's in relation to High Value Procurement in respect of some Utilities contracts breached. Also breach of European Procurement Rules, failure to achieve and demonstrate Value for Money, also breach of Constitution as appropriate decision-making process not adhered to; contract not agreed and signed by Legal Services.</p> <p>Internal Audit review identified instances of waiver process not complied with; contracts extended without adhering to appropriate decision-making process and without obtaining waivers of CPR's in line with Constitution.</p> <p>There have been instances of legal advice being sought without going through the internal team, Monitoring Officer advice not always followed.</p> <p>Internal audit reviews identified circumvention of Financial Procedure Rules, they are ambiguous and require interpretation,</p>

			<p>not aligned to current operation of services ; - Financial Regulations are in need of updating</p> <p>Fraud &amp; corruption risks for Council require assessment Service Assurance Statements require testing to determine effectiveness of controls</p>
<b>Good governance means ensuring openness and comprehensive stakeholder engagement</b>			
<b>The Council's Commitment to Good Governance</b>	<b>How the Council meets these principles</b>	<b>Where you can see Governance in action</b>	<b>Comments</b>
<b>Ensuring openness</b>	<ul style="list-style-type: none"> <li>Our Local Code of Governance, Constitution and Annual Governance Statement show the Council's commitment to openness</li> <li>Our Corporate Plan in February 2019 provided a focus, setting out the priority objectives, key targets and supporting improvement actions, the plan is reviewed and updated on an annual basis and is communicated through our website. In 2018-19 we undertook extensive consultation on priorities with residents, businesses and partners to inform the development of a new 5-year Corporate plan for 2019-24</li> <li>Following a change of political administration in May 2019 work commenced on a new Corporate Plan. This was finalised and published in September 2019. It covers the period</li> </ul>	<p><b>Local Code of Governance</b> <b>Constitution</b> <b>Annual Governance Statement</b> <b>Corporate Plan 2018-2023</b> <b>New Corporate Plan 2019 - 2023</b> <b>Compliance with Transparency Code</b> <b>Freedom of Information publication scheme</b> <b>All agendas and minutes are available through the website.</b> <b>Scrutiny Committee Terms of Reference</b> <b>Results of employee survey</b> <b>Results of member survey</b> <b>Results of cultural mapping review</b> <b>Community Engagement Strategy</b> <b>Community Engagement</b></p>	<p>Internal Audit reviews identified a failure to review and action by Management of outstanding / overview contracts and excess spend levels outlined in the Transparency Register resulting in contracts continuing beyond agreed extensions. Not all spend in excess of £5000 is included in the Transparency register, thus failing to comply with Transparency Code.</p> <p>The Council's Contracts Management system is not up to date and does not contain all contracts;</p> <p>Community Engagement Strategy requires reviewing and updating.</p> <p>Consultation and Engagement toolkit requires developing</p> <p>Review of Internal and external communications required</p>



	<p>2019 – 2023. Extensive consultation was carried out prior to its introduction.</p> <ul style="list-style-type: none"> <li>• Council and Committee agendas and decisions are available to the public through our website except where confidential matters are being disclosed</li> <li>• The culture in the council is that wherever possible all reports should be open to the public; we minimise the number of exempt reports</li> <li>• Wherever possible exempt reports are made public following a six month period upon request</li> <li>• Public participation is encouraged at our council and committee meetings – for example at Planning committee the public have greater rights to speak than is found at many councils</li> <li>• Requirements of the Code of Transparency are generally being complied with but there have been some instances where this has not occurred</li> <li>• The Corporate Plan, financial strategy and governance arrangements are reviewed annually and incorporate the key improvement areas. They ensure that resources are directed towards our priority areas and that our aims are realistic in the context of the funding constraints placed upon us</li> <li>• Scrutiny Committee report to every Council meeting – it meets 6 times a year – Scrutiny Committee have clear terms of reference</li> <li>• Every two years we have an Employee survey</li> </ul>		<p>An approach to the review and updating of the Transparency Register must be developed and adhered to by Leadership Team. Leadership Team members must also ensure the high value spend report is reviewed to ensure spend above £5000 is recorded on the Transparency Register and determine good s/ services identified in the high value suppliers list, have been procured in accordance with the Council Contract &amp; Financial Procedure Rules.</p>
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	<ul style="list-style-type: none"> <li>• Staff are consulted on matters through a South Ribble Action Group, CONNECT, and the Leadership Team key messages and briefings. In addition there has been extensive consultation with staff as part of the cultural mapping review</li> <li>• The Transformation Strategy and Transformation Programme, progress was reviewed and reported to Cabinet in the year 2018/2019.</li> <li>• <b>In the year 2018/2019 In collaboration with North West Employers, we carried out a review of our organisational culture, as part of this we developed a staff engagement measurement tool.</b></li> </ul>		<p>For reasons explained further on in this document there is no current Transformation Strategy</p> <p>This staff engagement tool has not been properly implemented, developed or embedded</p>
<p><b>Engaging comprehensively with institutional stakeholders</b></p>	<ul style="list-style-type: none"> <li>• We had a Communications Strategy 2017-19 in place which enabled the establishment of communication task and finish groups on an ad-hoc basis when required</li> <li>• There is significant consultation with voluntary, community and faith sector groups via the South Ribble VCFS Network, Neighbourhood Forums and through Partnerships</li> <li>• South Ribble Partnership's Community Strategy 2019-2024 was developed allowing partners across the borough to work towards shared objectives in the interests of the local community – extensive consultation was carried out with all partners in developing this Strategy. The Strategy is available through South Ribble Partnership website. Council representation on</li> </ul>	<p><b>Communications Strategy 2017-19</b>  <b>Customer Feedback Policy</b>  <b>Community Strategy 2019-24</b>  <b>My Neighbourhood Plans</b>  <b>Schedule of Neighbourhood forum meetings (3 per annum)</b>  <b>Greenlinks consultation</b>  <b>Corporate Plan 2019-2024</b>  <b>Updated Corporate Plan 2019 – 2023.</b>  <b>Equality Impact Assessment</b></p>	<p>Communications strategy requires updating, Draft version 2019-22 has been developed, however requires updating, to address Communications team is now a shared service with Chorley.</p> <p>The Partnership Framework requires review and update in order to ensure the partnerships reflect the Corporate Plan and the Council's values.</p>



	<p>South Ribble Partnership includes the leader (vice chair) and the Chief Executive. All agenda and minutes are distributed to all partners.</p> <ul style="list-style-type: none"> <li>• The Council has close links with Disability Equality Northwest</li> <li>• Safer Chorley and South Ribble Community Safety Partnership</li> <li>• My Neighbourhoods surveys and My Neighbourhood forums provide opportunities for public involvement, 3 meetings per area are undertaken</li> <li>• Public involvement with any current consultation through website e.g Greenlinks consultation</li> <li>• Collaborative working with a wide range of public sector agencies and businesses to improve outcomes for local people and communities. Key Partnerships support this collaborative working and include;</li> </ul> <ul style="list-style-type: none"> <li>• <b>South Ribble Partnership</b></li> <li>• <b>South Ribble Community Leisure Trust</b></li> <li>• <b>Central Lancashire health and wellbeing partnership</b></li> <li>• <b>Lancashire Enterprise Partnership</b></li> <li>• <b>Preston, South Ribble and Lancashire City Deal</b></li> <li>• <b>Lancashire County Council</b></li> <li>• Chorley Borough Council</li> </ul> <ul style="list-style-type: none"> <li>• In 2018-19 we undertook extensive consultation with partners from the public sector, business and community to develop a new 5 year Community Strategy this is directly linked to the</li> </ul>		
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	<p>Council's Corporate Plan priorities and sets out how we will work with partners to use our joint resources to provide the services people need.</p> <ul style="list-style-type: none"> <li>• In 2017-18 we undertook extensive consultation on priorities with residents, businesses and partners to inform the development of a new 5 year Corporate Plan for 2019 – 24.</li> <li>• We also carried out a robust consultation exercise with all relevant parties prior to the development and adoption of a new Corporate Plan (following the change in administration in May 2019) in September 2019</li> </ul>		
<p><b>Engaging with individual citizens and service users effectively</b></p>	<ul style="list-style-type: none"> <li>• The council uses a range of mechanisms to understand the views and needs of its residents and partners. These include: public meetings, partnerships, multi-agency working, community and voluntary groups</li> <li>• The Council's website was developed to improve citizen engagement</li> <li>• The council is constantly examining its service delivery arrangements based on feedback in order to achieve best value, Improve customer service and take corrective action as necessary</li> <li>• All council/committee agendas, reports and minutes are openly available and can be viewed through the council's website</li> <li>• The council produces an Annual Report which provides a clear and concise summary of the council's activity over the previous year, so that residents can see</li> </ul>	<p><b>LGA Customer Survey</b>  <b>Customer Feedback Policy</b>  <b>Council website – committee reports and minutes</b>  <b>Annual report</b>  <b>Quarterly performance reports</b>  <b>Records of public consultation</b>  <b>Social Media (Facebook, Twitter etc.)</b></p>	<p>Procedures / processes relating to the Record of public consultations require review and update.</p> <p>Review and Update of Communications Strategy (as above)</p> <p>Review of Internal and external communications.</p> <p>Review and Update Community Strategy</p>



	<p>where money has been spent and what has been achieved</p> <ul style="list-style-type: none"> <li>Customer feedback policy was introduced in 2017 and resident satisfaction measures and proxy measures for customer care have been routinely reported to Scrutiny Committee and Cabinet throughout 2018-19 as part of the quarterly performance report.</li> <li>There is public involvement with any current consultation through the council website e.g. Greenlinks consultation, Town Centre Masterplanning. Consultation is being developed for the budget setting process.</li> </ul>		
<p><b>Good governance means defining outcomes in terms of sustainable economic, social and environmental benefits</b></p>			
<p><b>The Council's Commitment to Good Governance</b></p>	<p><b>How the Council meets these principles</b></p>	<p><b>Where you can see Governance in action</b></p>	<p><b>Comments</b></p>
<p><b>Defining outcomes</b></p>	<ul style="list-style-type: none"> <li>For the year 2018/2019 we had a new Corporate Plan 2019-2024 which was agreed by Council and reflected the council's priorities. The Plan was aimed at maintaining high resident satisfaction with the council and with the services we provide. It was also aimed at ensuring that the council remains financially self-sufficient with a focus on income generation. Regular reporting of progress towards achievement of the Corporate Plan was made to Scrutiny and Cabinet throughout 2018-19.</li> <li>In the year 2019/2020 (following a change of political administration after the local elections in May) a new Corporate Plan was introduced in September 2019.</li> </ul>	<p><b>Quarterly performance reports</b>  <b>Corporate plan 2018-2023</b>  <b>Corporate Plan 2019 - 2023</b>  <b>Transformation Strategy 2017-18</b>  <b>Community Strategy</b>  <b>Medium-Term Financial Strategy</b>  <b>CPRs – See Appendix C</b>  <b>Action 5</b>  <b>AGS action plan</b>  <b>Improvement Reference</b>  <b>Group Quarterly Performance Reports</b></p> <p><b>Risk Management Framework</b></p>	<p>It has become apparent that performance information previously reported was inaccurate, not evidenced and not properly signed off. During 2019/2020 a great deal of work has been done to address this – see further on.</p> <p>Further work is required to ensure process is embedded, a further review of Performance Management will be undertaken by Internal Audit as part of the 2020/21 Audit Plan work.</p> <p>Risk management inadequately evidenced through use of the Grace system</p> <p>Service Plans have not always been in place.</p> <p>Whilst there is a risk management framework in place, risk is not managed effectively, there is no Risk Strategy in place, a review is required of the Risk Management Strategy and Framework.</p>



	<ul style="list-style-type: none"> <li>• The South Ribble Partnership is made up of a number of organisations which represent each sector from South Ribble – they lead and influence the strategic vision of the Partnership</li> <li>• The South Ribble Partnership's Community Strategy was aligned with countrywide priorities and the council's Corporate Plan. The priorities of partners are also aligned to this</li> <li>• A medium-term financial strategy was in place which set out the financial assumptions and provided a set of goals for financial decision making for the planning period ahead, this is backed up with robust budget monitoring</li> <li>• Contract Procedure Rules and the guidance accompanying them contains advice on the social value dimension of procurement – this is backed up by advice from the council's legal and procurement officers</li> <li>• Regular meetings of the cross-party improvement reference group took place in 2018/19, to consider the actions set out in the Peer review. This will be commented on further later on in the report.</li> <li>• Contracts are in place for our major partnerships covering in particular Waste, Leisure, City Deal, Payroll, Shared Services (the latter with Chorley BC).</li> <li>• Quarterly performance and financial reports are produced and presented to Cabinet and Scrutiny</li> <li>• We have a risk management system (Grace) in place</li> </ul>	<p><b>Agreed set of quality standard measures</b>  <b>Treasury Management update</b>  <b>Capital Strategy update</b></p>	<p>Comments are made further on in this report about the work of the Improvement reference Group. Serious concerns have emerged about the accuracy of data reported to full Council about the completion of necessary work in the relevant Action Plan.</p>
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<p><b>Sustainable Economic, Social and Environmental Benefits</b></p>	<ul style="list-style-type: none"> <li>We had a Transformation Strategy for the year 2018/2019 in place and developed a transformation programme that demonstrated our continued commitment to customer centric service improvement and financial savings</li> <li>The council sets out the factors it has taken into consideration when making decisions in reports which are available on our website</li> <li>We have in place a Disaster Recovery Plan, an Emergency Plan and a Business Continuity Plan</li> <li>There is an annual review process resulting in a Governance improvement action plan</li> <li>We have a Customer Feedback Policy in place and is available to view on our website. This informs our customers of their right to complain and we monitor the number of complaints within the quarterly performance report considered by Leadership Team and members</li> </ul>	<p><b>Transformation Strategy and transformation programme Business Continuity Plan and Disaster Recovery Plan – See Appendix C Action 8 AGS action plan Customer Feedback Policy Quarterly Performance Reports Corporate Plan and priorities MTFS Capital Programme Capital Strategy Record of decision making and supporting materials</b></p>	<p>In 2019/2020 council elected not to introduce a new updated Transformation strategy. Transformation was considered part and parcel of everyday working. Also a key driver for transformation is shared services – a great deal of progress was made in considerably expanding the scope of shared services during this process.</p> <p>Internal Audit reviews identified insufficient information in budget setting process to ensure Members have appropriate information to make robust decisions; detailed information in respect of key decisions to be included in future budget setting processes.</p> <p>Improvements are required in the area of Customer Feedback.</p> <p>There are no formal procedures in place in any service for incorporating feedback from customers into reviewing/revising policies and delivery of services. Also complaints feedback is dealt outside of the system.</p>
<p><b>Good Governance means determining the interventions necessary to optimise the achievement of the intended outcomes</b></p>			
<p><b>The Council's Commitment to Good Governance</b></p>	<p><b>How the Council meets these principles</b></p>	<p><b>Where you can see Governance in action</b></p>	<p><b>Comment</b></p>
<p><b>Determining interventions</b></p>	<ul style="list-style-type: none"> <li>The Council's constitution governs the way we conduct our business and is based on the principles of accountability, transparency, efficiency and openness</li> </ul>	<p><b>Constitution Scheme of delegation, Financial Regulations and CPRs – See Appendix C Actions 1 &amp;57</b></p>	<p>In terms of the work of the Improvement Reference Group issues have emerged about this – in particular inaccurate information has been reported to cabinet and Council the actions that had been carried out to address the Action Plan.</p>



	<ul style="list-style-type: none"> <li>• The constitution clearly explains how decisions are made; the extent of delegated powers and includes standing orders, contract procedure rules and financial regulations</li> <li>• Our delegated decisions are published and are subject to call in</li> <li>• The Monitoring Officer regularly advises on the correct interpretation of the Scheme of Delegation</li> <li>• Scrutiny Committee has a vital role to play in scrutinising and challenging the decisions of cabinet and individual officers e.g, 3 Scrutiny call-ins of cabinet decisions in 2018/19. During 2019/2020 there was a Scrutiny Committee call in on the cross-party strategic review of community involvement including My Neighbourhoods</li> <li>• The Scrutiny Committee supports citizens in highlighting community matters by holding public inquiries into matters of local concern.</li> <li>• Regular meetings of the cross-party improvement reference group took place in 2018/19, to consider the actions set out in the Peer review</li> <li>• Minutes of Council and Committee minutes are published and available on the Council's website wherever possible the Monitoring Officer discourages exempt committee reports</li> <li>• Reports set out alternative courses of action (to what is proposed) in all appropriate circumstances</li> <li>• We have Neighbourhood Area meetings</li> </ul>	<p><b>Scrutiny Committee Terms of Reference</b>  <b>IRG-</b>  <b>Record of decisions, supporting materials, minutes of meetings are all published on website.</b>  <b>Performance Management Framework</b>  <b>Corporate Plan</b>  <b>MTFS</b></p>	<p>As above – ensure sufficient detail is included in discussions, including options to consider in order that Members can make robust decisions.</p> <p>Ensure risks are outlined and sufficient information is available to demonstrate that best value has been achieved in service delivery.</p> <p>Failings in the operation of the improvement reference group addressed in this document</p>
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<p><b>Planning interventions</b></p>	<ul style="list-style-type: none"> <li>We had a Corporate Plan 2019-2024 which had been agreed by Council and reflected the council's priorities. The Plan is aimed at maintaining high resident satisfaction with the council and with the services we provide. It was also aimed at ensuring that the council remained financially self-sufficient with a focus on income generation through integration with the council's Medium -Term Financial Strategy.</li> <li>In the year 2019/2020 (following a change of political administration after the local elections in May) a new Corporate Plan was introduced in September 2019.</li> <li>The council had in place a suite of Key Performance Indicators (KPIs) to monitor service delivery and progress against Corporate Plan activities. Reports are compiled quarterly and are submitted to the Leadership Team, Scrutiny Committee and Cabinet.</li> <li>The South Ribble Partnership is made up of a number of organisations which represent each sector from South Ribble – they lead and influence the strategic vision of the Partnership.</li> <li>Codes of Conduct and protocols help to ensure effective communication between members and Officers</li> <li>We had a Communications Strategy 2017-19 in place - this enabled the establishment of communication task and finish groups on an ad-hoc basis when</li> </ul>	<p><b>Corporate Plan 2019-2024 (September 2019) Corporate Plan 2019 - 2023</b>  <b>Quarterly Performance Report</b>  <b>Code of Conduct for elected members</b>  <b>Code of Conduct for Officers</b>  <b>Member / Officer protocol –</b>  <b>Community Strategy</b>  <b>Communication Strategy</b>  <b>2017-18</b>  <b>Council Calendar of meetings</b>  <b>Local Plan</b>  <b>Use of InPhase for Project Management</b>  <b>Project Management Toolkit</b></p>	<p>As part of a review of Project Management of a significant Council project it was identified by Internal Audit that, governance arrangements were ineffective in that agreed governance arrangements put in place had not been complied with and processes in regard to milestone decisions had not been complied with, demonstrating that project management was ineffective.</p> <p>Internal Audit identified a number of issues relating to Performance Management and reporting, in that data was inaccurately calculated, recorded and reported and there was a lack of compliance with the Council's Data Quality Policy. In 2019/20 significant work was undertaken to address this, Internal Audit will undertake a further review of Performance Management as part of the 2020/21 Audit Plan to ensure revised systems and controls are effective.</p> <p>It was identified from the Service Assurance Statements that improvements are required in regard to follow up processes where corrective action is identified, e.g. outputs of Residents Surveys and complaints etc. as there is currently no formal process for ensuing that feedback is taken account in service delivery improvements.</p>
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	required It is now acknowledged that this needs to be updated.		
<b>Optimising achievement of intended outcomes</b>	<ul style="list-style-type: none"> <li>We had a Financial Strategy in place backed up with robust budget monitoring and the MTFS Delivery Plan was monitored by both the Council's programme Board and Scrutiny committee</li> <li>Contract Procedure Rules and the guidance accompanying them contains advice on the social value dimension of procurement – this is backed up by advice from the council's legal and procurement officers</li> <li>Budget alignment with key priority areas provides capacity and investment</li> <li>A new Capital programme and MTFS for 2019-23 is closely aligned to the Corporate Plan for 2019-24.</li> </ul>	<b>Medium-term Financial Strategy</b> <b>Contract Procedure Rules and Financial Procedures (Constitution) – See Appendix C Actions 1 &amp; 5</b> <b>Budgeting guidance and protocols</b> <b>Resident Consultation</b> <b>Capital Programme</b> <b>Project Management Toolkit</b> <b>Use of InPhase for project management</b> <b>Budget setting process links to Corporate Plan, Service Plans; engages with officers and members (administration and opposition) MTFS</b> <b>Draft Budget</b> <b>Quarterly budget monitoring reports</b> <b>Review of corporate outcomes and associated capital and revenue projects</b>	
<b>Good governance means developing the council's capacity, including the capability of its leadership and the individuals within it</b>			
<b>The Council's Commitment to Good Governance</b>	<b>How the Council meets these principles</b>	<b>Where you can see Governance in action</b>	<b>Comments</b>
<b>Developing the organisation's capacity</b>	<ul style="list-style-type: none"> <li>The Council's Transformation Strategy focused on building and maintaining leadership and organisational capacity and articulated how we will support staff and members helping them to develop the skills they need for the future. The transformation aims were;</li> </ul>	<b>Transformation Strategy</b> <b>Strong and effective leadership</b> <b>Shared Services – See Appendix C Action 3</b> <b>Investors in People</b> <b>Medium-Term Financial Strategy</b> <b>Community Strategy</b>	<p>The principles behind the Transformation Strategy were sound but no actions were taken to implement them. Also there was a failure to comply with the governance arrangements that were adopted in this regard.</p> <p>No workforce plan has been in place during these years nor was any Organisation Development undertaken during this period.</p> <p>During 2018/2019 the HR service was not helped by a lack of consistent HR management and use of temporary HR resources</p>

	<ul style="list-style-type: none"> <li>• To develop and embed an organisational culture that encourages, empowers and recognises ambition and innovation</li> <li>• A highly motivated and flexible workforce</li> <li>• Developing a performance culture</li> <li>• Encouraging and nurturing talent</li> <li>• To reduce the cost of service delivery</li> </ul> <ul style="list-style-type: none"> <li>• The council has a strong record of investing in its workforce to develop the culture of the organisation and ensure that current and future strategic priorities are met</li> <li>• In 2018/2019 in collaboration with North West Employers, we carried out a review of our organisational culture, as part of this we have developed a staff engagement measurement tool.</li> <li>• Members and officers work in partnership to deliver the priorities, promote our values and work collaboratively across Lancashire</li> <li>• Budget alignment with key priority areas provides capacity and investment ensuring the correct reserve allocation to deliver outcomes.</li> <li>• The Council is committed to increasing its capacity by working in partnership with a wide range of organisations including public, private, voluntary and community groups to build and share resources and deliver locally joined up services</li> <li>• Private sector partnerships provide investment and enhanced customer service for Leisure and Waste services</li> <li>• A long term partnership with Chorley BC to deliver Financial and Assurance services both increases capacity and</li> </ul>		<p>It was identified by Internal Audit as part of discussions in relation to the Service Assurance Statements that whilst some work is undertaken in regard to the review of activities, outputs and planned outcomes, in respect of benchmarking, measuring performance etc., the Service Assurance Statements identified that it is not consistent / formalised across the Council.</p> <p>The Council must develop an agreed approach in respect of clear expected outcomes in order that services can demonstrate the achievement of their service delivery objectives.</p> <p>The development of an agreed approach to benchmarking and assessing services against comparative data should also be undertaken assessing and acting on the outcomes / feedback from surveys and complaints and a reporting mechanism established.</p> <p>Further there is very little work undertaken in regard to the reviewing of partnerships / contract management and the review of expected outcomes / deliveries of these key partnerships / contracts to demonstrate that the partnerships / contracts demonstrate best value in delivery of those services / service areas and that service objectives are being achieved.</p> <p>The Council must develop and agree an approach to reviewing key partnerships / contracts in order to demonstrate / evidence that key partnerships / contracts are delivering effective, efficient and economic services / service areas and demonstrating that these partnerships / contracts evidence best value for the Council.</p> <p>The identification of financial discrepancies within a key partnership / contract arrangement has demonstrated that contract management in that area is ineffective and controls have failed. Appropriate contract management / partnership management processes require development and implementation for each contract / partnership / framework in order to ensure that efficient and effective delivery of services can be demonstrated and failure of delivery can be addressed.</p> <p>Review and update of Organisational Development Plan / Planning</p> <p>Review and update workforce plan / planning</p>
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	<p>skills whilst delivering efficiency savings through the use of appropriate technologies In 2019 – 2020 the council also agreed and implemented an expansion of shared services, including a number of senior posts that will provide resilience, development opportunities and increased capacity.</p> <ul style="list-style-type: none"> <li>• Our values and integrated approach to financial and risk management are key to sustained progress against priorities</li> <li>• The Corporate Plan is supported by financial, risk and other cross cutting strategies and further deployed through service and individual performance plans to ensure that resources are focused on agreed priorities</li> <li>• Success in leadership and workforce related governance has been recognised in the achievement of Investors in People</li> </ul>		
<p><b>Developing the capability of the organisation's leadership and other individuals</b></p>	<ul style="list-style-type: none"> <li>• The Council Leader and Chief Executive have clearly defined roles and maintain a shared understanding of roles and objectives.</li> <li>• The constitution clearly explains how decisions are made; the extent of delegated powers and includes standing orders, contract procedure rules and financial regulations.</li> <li>• The Council maintains a Scheme of Delegation setting out which decisions and powers have been delegated to various Committees and Officers.</li> <li>• Protocols ensure that communication between elected members and officers is both effective and appropriate</li> </ul>	<p><b>Constitution</b> <b>Scheme of delegation, Financial regulations and CPRs – See Appendix C Actions 1 &amp; 5</b> <b>Codes of Conduct; Member / Officer protocols – See Appendix C Action 2.2</b> <b>Shared Services – See Appendix C Action 3</b> <b>Role of Monitoring Officer as detailed in the constitution</b> <b>Committee membership</b> <b>Leadership Team – Compliance with CIPFA statement on the roles of CFO</b> <b>Public Sector Internal Audit Standards</b></p>	<p>During 2018 -2019 there was no organisation structure chart. The blended approach to working (see further on for more information) failed to identify accountability and responsibility. A review of whole organisational structure will be undertaken as part of the Shared Service review.</p> <p>During 2018/2019 no performance and development reviews were carried out. During 2019/2020 a new procedure was introduced, PDR's in general have been undertaken for all staff, the process requires embedding during 2020/21, Internal Audit will undertake some testing of this area as part of the 2020/21 Service Assurance Statement testing.</p> <p>The Council scheme of delegation is out of date and requires reviewing and updating particularly following the further development of Shared Services.</p> <p>Scheme of delegation has not been reviewed for some time, requires review and updating particularly to include the Shared Service changes.</p>

	<ul style="list-style-type: none"> <li>• The role of the section 151 officer is supported by the shared financial and assurance services team – this is a service that we share with Chorley Borough Council</li> <li>• The Monitoring Officer is supported by the council’s legal services team</li> <li>• The Chief Executive is the Head of Paid Service – the role is supported by the Leadership Team</li> <li>• Each Cabinet Member has portfolio responsibilities for leading strategic matters and for championing specific services and initiatives</li> <li>• Council business is conducted in accordance with the Constitution which governs and controls its business responsibilities and activities.</li> <li>• Good practice standards are annually assessed against the CIPFA statements for the roles of the Chief Finance Officer and the Public Sector Internal Audit Standards</li> <li>• The Transformation Strategy incorporated Member Development &amp; identified the priority areas for officer development. Monitoring is undertaken by the Leadership Team and the Scrutiny Committee.</li> <li>• Staff are consulted on matters through a South Ribble Action Group, CONNECT (Intranet), the Leadership Team. In addition there has been extensive consultation with staff as part of the cultural mapping review and review of organisational culture.</li> </ul>	<p><b>Transformation Strategy 2017-18 – See Appendix C Actions 1 &amp; 3</b></p> <p><b>Performance and Development Reviews – See Appendix C Action 7</b></p> <p><b>Cultural Mapping Review – Access to update courses and information briefings for Members</b></p> <p><b>Training &amp; Development Plan for Members 2019/20</b></p> <p><b>Residents Panel</b></p> <p><b>Stakeholder Forums</b></p> <p><b>Cabinet in the Community</b></p> <p><b>Youth Council</b></p> <p><b>Neighbourhood Area meetings</b></p> <p><b>Public Consultation</b></p> <p><b>Review Individual Member performance regularly</b></p> <p><b>Peer reviews</b></p> <p><b>Training and PDR’s for Staff</b></p> <p><b>HR Policies</b></p>	<p>Breaches of Financial Regulations have been identified in Audit reviews, this is sometimes due to ambiguity of the Financial Procedures Rules, these require review and updating to ensure in accordance with CIPFA / Best Practice and align to Chorley Council as Finance is a Shared Service.</p> <p>In 2019/20, the Administration have developed a number of initiatives in order to ensure public participation during the year including holding Cabinet in the Community, however, due to COVID-19, this implementation has been delayed.</p> <p>A number of HR Policies are out of date and require review and updating, to be undertaken as part of the Shared Services agenda.</p>
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<b>Good governance means managing risks and performance through robust internal control and strong financial management</b>			
<b>The Council's Commitment to Good Governance</b>	<b>How the Council meets these principles</b>	<b>Where you can see Governance in action</b>	<b>Comments</b>
<b>Managing Risk</b>	<ul style="list-style-type: none"> <li>The Council has a Risk Management Framework that outlines the responsibilities for risk</li> <li>The Chief Executive has overall responsibility for risk management; a cabinet member has portfolio responsibility; operationally a Head of Service leads the risk management function and is recognised as the officer champion. Governance, Risk Assessment &amp; Control Evaluation software (GRACE) has been procured which enables continuous risk and control self-assessment by services. In addition Corporate Plan projects and project risks are monitored via InPhase.</li> <li>The Programme Board functions as the corporate risk management group and annually agrees and prioritises the corporate risk register which is aligned with the corporate plan</li> <li>Legal and Finance review all Committee reports and delegated decisions</li> <li>A quarterly review of the Corporate Risk Register is reported to both Scrutiny Committee and Cabinet alongside the quarterly performance reports</li> <li>The council takes a proactive approach to both prevent and detect fraud and this is supported by the Council's Anti-Fraud &amp; Corruption Strategy, Internal Audit programmes, fraud investigations,</li> </ul>	<p><b>Risk Management Framework</b> <b>Constitution</b> <b>GRACE</b> <b>InPhase</b> <b>Corporate Risk Register</b> <b>Corporate Plan Risk Register</b> <b>Fighting Fraud and Corruption Locally – The Local Government Counter Fraud and Corruption Strategy 2016-2019</b> <b>Customer Feedback Policy</b> <b>Whistle-Blowing Policy</b> <b>Suite of Anti-fraud policies –</b> <b>See Appendix C Action 6</b></p>	<p>The use of Inphase needs to be reviewed.</p> <p>A review of the risk management framework is required. There is no risk strategy or policy. Use of Grace / risk system (approach to risk management) needs to be developed further.</p> <p>There is an identified need to review risk management within projects – evidence of inadequate or poor risk registers</p> <p>Business Continuity Plans were identified as being out of date and not in place in some areas; Plans require further review and update following on from the current national crisis and to ensure they reflect the priorities of the Council BCP plans require continuous maintenance, review and testing to ensure they are fit for purpose and up to date.</p> <p>There are a number of significant Emergency Plans in place, these require, review, update and testing to ensure they are fit for purpose; regular exercise should be planned to stress test plans.</p> <p>Risk management is not fully embedded, this is reflected in the lack of up to date risk registers, the framework and management of risk requires review and update to ensure risks are being managed effectively and to ensure risk management is embedded.</p>



	<p>participation in National Fraud Initiative exercises, and publication of proven cases.</p> <ul style="list-style-type: none"> <li>• A Complaints Procedure and a Whistle-Blowing Policy are kept under review, providing the opportunity for the public and employees to raise issues for investigation</li> </ul>		
<p><b>Managing Performance</b></p>	<ul style="list-style-type: none"> <li>• The council has in place a suite of Key Performance Indicators (KPIs) to monitor service delivery and progress against Corporate Plan activities. Reports are compiled quarterly and are submitted to the Leadership Team (Programme Board), Scrutiny Committee and Cabinet</li> <li>• We have introduced a Corporate Planning and Delivery Framework which will be used to monitor and manage the delivery of service plans and all corporate plan projects and for reporting progress to members</li> <li>• The council has a variety of control mechanisms to ensure compliance with legal requirements, public law and Council policy. These include the roles of the Monitoring Officer; the Chief Financial Officer (Section 151); the assurance work undertaken by both External and Internal Audit; and the Council's committee reporting system</li> <li>• The Monitoring Officer is responsible for keeping abreast of all legal requirements and informing relevant officers</li> <li>• The Governance Committee is responsible for reviewing and challenging the adequacy of the council's governance</li> </ul>	<p><b>Quarterly Performance Report</b>  <b>Role of Monitoring Officer as detailed in Constitution.</b>  <b>Role of S.151 Officer as detailed in Constitution</b>  <b>Internal Audit Plan</b>  <b>Governance Committee</b>  <b>Terms of Reference -</b>  <b>Monthly Programme Board meetings</b>  <b>Financial Standards and Guidance</b>  <b>Financial Regulations and CPR's</b></p>	<p>Service Assurance Statements identified that Benchmarking and cost performance is not undertaken in all service areas, independent post implementation reviews of service delivery is not undertaken in areas where new processes / systems are developed to determine if project / system objectives are met. A number of audit reports have been classified as providing limited assurance in respect of controls, indicating that there are risks to the effective, efficient and economic delivery of services and their performance.</p> <p>Management actions arising from individual audit reviews must be implemented in a timely manner, managed by the Directors and the implementation reported to Governance the Committee.</p>

	arrangements. It closely monitors progress on control matters including improvement plans, external and internal audit programmes and reports, and risk management.,		
<b>Effective overview and scrutiny</b>	<ul style="list-style-type: none"> <li>Cabinet is supported and challenged by the Scrutiny Committee which plays an active role in scrutinising decisions, monitoring performance, shaping policies and strategies and reviewing the effectiveness of partnerships and external organisations. The agenda, reports and minutes are publicly available on the Council's website</li> </ul>	<p><b>Scrutiny Terms of Reference and workplan</b>  <b>The Role and responsibility for Scrutiny has been established and is clear</b>  <b>Training for Members</b>  <b>Evidence of improvements as a result of scrutiny</b></p>	
<b>Robust Internal Control</b>	<ul style="list-style-type: none"> <li>The council maintains a robust Internal Audit service, which annually provides an independent and objective opinion on the internal control environment, verifies compliance with policies, laws and regulations, evaluates and makes recommendations to improve the effectiveness of risk management, value for money and governance processes</li> <li>The Audit Plan is compiled following consultation with Directors and Heads of Service</li> <li>We have a suite of relevant policies in place – i.e. Whistleblowing policy, Anti-fraud and Corruption Strategy, Fraud Response Plan, Anti Bribery Policy, Anti Money Laundering Policy and Guidance</li> <li>The Head of Shared Assurance Services is a member of the Leadership Team and reports directly to Governance Committee and provides an assessment of the overall</li> </ul>	<p><b>Internal Audit Annual Plan, Internal Audit Strategic Plan Internal Audit Charter Internal Audit Reports</b></p> <p><b>Constitution</b>  <b>Anti-fraud and corruption strategy - See Appendix C</b>  <b>Action 6</b>  <b>AGS process</b>  <b>Risk Management Framework</b>  <b>Compliance with Code of Practice on Managing the risk of fraud and corruption</b>  <b>Compliance with Fighting Fraud locally</b>  <b>Effective Internal Audit Service</b>  <b>Effective Governance Committee</b></p>	<p>Last year's AGS process was not completed – significant failings emerged after the preparation of the draft AGS – procedures for the production of an AGS have been toughened and rendered more robust</p> <p>Develop Risk Management Strategy and review and update Risk Management Framework</p> <p>Whilst anti-fraud and corruption policies etc., are in place they require review and update. Further a review of the Council's measures to prevent and detect Fraud and Corruption is required and appropriate training is required.</p> <p>A Strategic Audit Plan is being developed to determine the resource requirements of the Internal Audit Service as part of the review of Shared Services.</p> <p>The Council's Governance Committee membership changed following the Elections in May 2019, CIPFA guidance recommends a review of the effectiveness of the Audit Committee in line with best practice, this independent review will be undertaken by Internal Audit as part of the Audit Plan for 2020/21.</p>



	adequacy and effectiveness of the framework of governance, risk management and control within the Annual Governance Statement (AGS)		
<b>Managing Data</b>	<ul style="list-style-type: none"> <li>The council has a suite of policies, protocols and/or strategies in place dealing with the issue of data management – safe collection, storage, use and sharing of data, They are designed to deal with the requirements of the following: <ul style="list-style-type: none"> <li>The Data Protection Act 2018</li> <li>The Freedom of Information Act 2000</li> <li>The Transparency Code 2015</li> <li>GDPR</li> <li>We launched a dedicated GDPR section on Connect (Intranet) providing regular blogs, information and tips, update of procedures</li> <li>The GDPR officer group met on a fortnightly basis to monitor and review progress of the action plan</li> </ul> </li> </ul>	<b>IT Strategy Information Security Policy Records Management Guidance Compliance with DPA and FOI Acceptable Use Policy –</b>	<p>It has become apparent (through the work of the Internal Audit team) that there have been instances of failing to comply with the Transparency Code and with the implementation of GDPR – please see Section 5 infra.</p> <p>Internal Audit identified a number of control issues and non-compliance in regard to Data protection as part of the GDPR review, these have issues have been identified to Governance Committee and a follow up review will be undertaken as part of the 2020/21 Audit Plan.</p> <p>A number of arrangements were still required at the time of the review to ensure the implementation of GDPR was complete, this will be reviewed as part of the follow up.</p>
<b>Strong Public Financial Management</b>	<ul style="list-style-type: none"> <li>A medium-term financial strategy was in place which set out the financial assumptions and provided a set of goals for financial decision making for the planning period ahead, this is backed up with robust budget monitoring</li> <li>Financial regulations and CPRs are detailed within the constitution</li> <li>Legal and Finance review all Committee reports and delegated decisions</li> </ul>	<b>Medium-Term Financial Strategy Financial Regs. And CPRs – See Appendix C Actions 1 &amp; 5 Budget Monitoring Reports CPR's</b>	<p>A complete service review of Shared Financial Services including shared Management Accounts is in progress and will help align the work of the management account service to better support organisational development.</p> <p>As part of an audit review of Creditors a number of issues were identified in respect of payments processed for significantly more than order value and in excess of available budget, this identified a lack of significant controls within the Creditors system and the potential that management controls in regard to the ordering, receipting and payment of goods and services are not applied in accordance with the Council's Financial Procedure Rules. In order to determine the extent of the issue, further work will be</p>

	<ul style="list-style-type: none"> <li>The Section 151 Officer is an experienced Local Government Finance Practitioner at a senior level</li> </ul>		undertaken in respect of the creditors review and a review of budget monitoring / management will be undertaken to determine if any compensatory controls are in place thus mitigating risk..
<b>Good governance means implementing good practices in transparency, reporting and audit to deliver effective accountability</b>			
<b>The Council's Commitment to Good Governance</b>	<b>How the Council meets these principles</b>	<b>Where you can see Governance in action</b>	<b>Comments</b>
<b>Implementing good practice in transparency</b>	<ul style="list-style-type: none"> <li>The Transparency Code has generally speaking been complied with (but there have been some instances of failure in this regard – please see Section 5 of this AGS)</li> <li>The council maintains a user friendly and up to date Website. Information on expenditure, performance and decision making is published and can be accessed quickly and easily.</li> <li>The Corporate Plan is approved by full Council and communicated via our Website</li> <li>The Corporate Plan is communicated to employees via Connect and Team Brief</li> <li>The South Ribble Partnership is made up of a number of organisations which represent each sector from South Ribble</li> <li>My Neighbourhood forums are a key opportunity to communicate directly with the local community</li> </ul>	<b>Local Government Transparency Code 2014</b> <b>Southribble.gov.uk website</b> <b>Southribblepartnership.org.uk website</b> <b>Schedule of Neighbourhood forum meetings (3 per annum)</b>	There have been some instances of failure to comply with the Code – please see Section 5 of this AGS)
<b>Implementing good practices in reporting</b>	<ul style="list-style-type: none"> <li>The Corporate Plan and Annual Report are published on the Council's website and show detailed progress towards its vision and priorities</li> <li>Annual financial statements are reported and published on the Council's website</li> </ul>	<b>Corporate Plan and Annual report</b> <b>Annual Financial Statement</b> <b>Annual Governance Statement</b> <b>Contracts Transparency Register</b>	<b>Comments elsewhere in this table expose the weaknesses of this element</b>



	<ul style="list-style-type: none"> <li>• Assessment of the Council's governance arrangements and the production and publication of An Annual Governance Statement including an action plan identifying the governance challenges it needs to address in the next financial year.</li> <li>• Role of Governance Committee and specified in their Terms of Reference within the Constitution.</li> </ul>		
<p><b>Assurance and effective accountability</b></p>	<ul style="list-style-type: none"> <li>• The Council were subject to a Corporate Peer challenge in March 2017, the findings from which were used in 2017 to inform further improvement work. A re-visit took place in late January and early February 2018. Overall the Peer Review Team found that the Council had made some progress in taking forward a number of the recommendations that the peer review team made in 2017, including the establishment of an Improvement Reference Group, the recruitment of a new Chief Executive and a new organisational structure, albeit that implementation of this was still in the early stages at that point. There was considerable member engagement in 2018/19 in developing a Corporate Plan for the borough. The work of the Improvement Reference Group was brought to an end. The Council though remains fully committed to improving further our governance arrangements wherever possible.</li> <li>• There was considerable consultation and member engagement in developing the</li> </ul>	<p><b>Peer review findings and improvement plan and Report from 2018 re-visit.</b>  <b>AGS</b>  <b>All recommendations are tracked through Internal Audit follow up processes and progress reported to Governance Committee –An External Peer review of compliance with PSIAS standards was undertaken in 2018 and reported to Governance Committee.</b></p>	<p>Comments have already been made – and will be made further on – about the issues centred on the work of the Improvement Reference Group</p> <p>2018/19 – Internal Audit reviews identified issues in regard to the apparent circumvention of the Council's Financial Procedure Rules</p> <p>2019/20 Robust financial management procedures have been implemented and whilst there have been 3 different S151 Officers there has been a consistent approach by those officers which has improved controls and management in that area.</p> <p>A number of services are delivered by third party providers, there have been issues identified in a specific contract that could have resulted in significant financial loss to the Council. These issues highlighted a number of concerns in relation to contract management, effective delivery of the service and what assurance the Council has that the services delivered are still being delivered effectively, efficiently and economically. Third parties must provide assurance statements where appropriate.</p>

	<p>new Corporate Plan for the borough following the change of administration after the elections in May 2019</p> <ul style="list-style-type: none"> <li>• All recommended corrective action by either External or Internal Audit is implemented. Assurance reports are presented to Governance Committee summarising the Council's performance in implementing recommendations.</li> <li>• Assessment of the Council's governance arrangements as part of the AGS process</li> <li>• Public Sector Internal Audit Standards (PSIS) set out the standards for internal audit and have been adopted by the Council.</li> </ul>		
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## 4. How we review effectiveness

This section would usually identify the structures, committees and officer roles which serve to review the appropriateness of the governance arrangements and their application. Those identified are correct. However, it has to be acknowledged that there has been a significant breakdown in governance arrangements at this council. That is not to say that all the individual processes failed, but in order to have a robust system of corporate governance they must all operate complementary. This has not happened. This will be addressed in section 5.

The Council has a responsibility to keep the effectiveness of its governance arrangements under review to ensure continuous improvement. This review is informed by the work of the Governance Committee supported by management, internal and external auditors and other review agencies.

For the sake of clarity the commentary below relates to both the year 2018 – 2019 and 2019 – 2020.

### Council committees

A number of committees of the council have responsibilities that relate to the implementation and oversight of the council's governance framework:

**Governance Committee** - The Governance Committee provides member oversight and scrutiny of the Council's business controls. The Governance committee undertakes all of the core functions of an audit committee as identified in the relevant CIPFA guidance. During the course of the year 2018 - 2019 the committee agreed recommendations arising from a report on its Terms of Reference and Development Plan. The committee is supported by Leadership Team and both contribute to the continuous improvement and strengthening of the governance environment. In 2018/19 and 2019/20 the committee received regular reports on governance, finance and risk. It continues to carry out a major review of the Constitution. In addition Governance Committee has, amongst other things, considered reports on:

- Internal Audit Plan 2018/2019 and Internal Audit Charter
- Risk Management Framework
- Closure of accounts
- Statement of Accounts for the 2017/2018 Financial Year
- Budget Out Turn 2017/2018
- Internal Audit Annual Report
- Treasury Management Annual Report 2017/2018
- Audited Statement of Accounts 2017/2018 and Letter of Representation
- The work of Internal Audit
- The work of External Audit
- Amended Investment Strategy Options 2018-2019



- Treasury Management Activity Mod Year Review 2018/2019
- GDPR Update

During the year 2019/2020 Governance Committee considered reports on:

- Internal Audit Plan 2019/2020
- Internal Audit Annual Report 2018/2019 – summary of the work carried out during that period
- A number of reports from External Audit
- A number of Internal Audit progress reports
- Treasury Management Annual Report 2018/2019
- Treasury Management Activity Mid Year Review 2019/2020
- Review of Contract Procedure Rules
- Consideration of two Internal Audit reports with assurance opinions of limited assurance – namely Performance Management and GDPR
- Further reports that are due to be presented where the assurance opinions are limited include Environmental Health – Food safety, Car Park Management/Enforcement, Tree Inspection and Maintenance, Commercial Properties Follow Up and Creditors

For reasons explained elsewhere in this report it was not possible to sign off the AGS and accounts for 2019.

**Shared Services Joint Committee** - The Joint Committee monitors service performance of the Shared Assurance and Finance Partnership between South Ribble Borough and Chorley Borough Councils, and is a good example of our effective governance of partnerships.

**Standards Committee** - the committee's is to promote high ethical standards. Standards Committee reports to full Council on an annual basis on the work that it carried out. During the course of 2018/19, there were three meetings of the Standards Committee Initial Assessment Hearing Panel.

- In 2019/2020 (following on from the elections in May 2019) we had a number of new members – training on Code of Conduct and Standards issues was provided to new members. Bespoke training was also provided to new members on Standards Committee. Far fewer complaints were received about members during this period. For the year 1<sup>st</sup> of November 2018 to 31<sup>st</sup> of December 2019 7 formal complaints were made. By way of comparison for the year 1<sup>st</sup> of November 2017 to 31<sup>st</sup> of October 2018 23 such complaints were received. The previous 12 month period to that 23 complaints had also been received.

**Scrutiny Committee**



## 2018/2019

- The Scrutiny Committee continued to successfully hold the Cabinet to account and proactively work to improve the quality of life of local people.
- The Committee played an active role in the development of the Corporate Plan and in scrutinising the medium-term financial strategy.
- In addition to holding individual Cabinet Members to account the Committee received quarterly performance and budget monitoring reports.
- The Chair of the Scrutiny Committee is the Council's representative on the County Council's Health Scrutiny Committee and the Committee looked at preventative health models and the Our Health, Our care review of services in central Lancashire.
- The committee considered three call-ins during the year:
  - Communicating with residents and businesses
  - Council tax support scheme
  - Campus programme
- Bringing the Worden Hall buildings back into use was a particular focus for the Committee.
- The Committee again undertook a skills audit, undertook training, held a workshop and was an active member of the North West Strategic Scrutiny Network.

## 2019/2020

- The new Scrutiny Committee following the all-out Council elections received an extensive induction programme including training from the LGA, North West Employers' and Dr Stephanie Snape.
- The Committee took an active part in the development a new re-freshed corporate plan following the elections.
- A new budget and performance scrutiny panel was created by the Scrutiny Committee to look in detail at the quarterly performance and budget monitoring information prior to it being considered by Cabinet, which has significantly strengthened our performance management framework.



- Scrutinising partners continues to be a strength with South Ribble Partnership, Leisure Partnership and Community Safety Partnership being scrutinised during the year.
- We retain close links with Lancashire County Council’s Health Scrutiny Committee with South Ribble’s Chair being the Council’s representative.
- The committee has had a focus on bringing Worden Hall back into use, commercialisation and property investment and Our Health, Our Care review of healthcare in central Lancashire.
- There has been one call-in during the year on the cross-party strategic review of community involvement, including My Neighbourhoods.

## **IMPROVEMENT REFERENCE GROUP/PEER REVIEW**

On the 31<sup>st</sup> of January and 1<sup>st</sup> of February 2018 an LGA Corporate Peer Challenge follow up visit took place – the original Peer Review challenge had taken place in March 2017.

Overall the Peer Team found that the Council had made progress in taking forward a number of the recommendations that the peer review team made in 2017, including the establishment of an Improvement Reference Group, the recruitment of a new Chief Executive and a new organisational structure, albeit that implementation of this was still in the early stages at that point.

On the 31<sup>st</sup> of July 2018 External Audit issued a qualified value for money conclusion. Further External Audit considered it appropriate to use their statutory powers to make a recommendation under Section 24 of the Local Audit and Accountability Act 2014. External audit considered that slow progress had been made by the Council in respect of responding to the recommendations made by the Local Government Association (LGA) in their Corporate Peer Review 2017. It was considered that there were two recommendations in particular that needed to be implemented as a matter of urgency namely:

- Implementing the new senior management structure
- Developing the leadership potential of the new senior team.





On the 6<sup>th</sup> of February 2019 a report was taken to Council providing an update on the Corporate Peer Challenge Action Plan and the Response to the External Auditors' Statutory Recommendation. At that time, Council noted the significant improvement work that had been carried out. However – as a consequence of subsequent work carried out by the Internal Audit team – it has become apparent that the report that was considered by Council was inaccurate and some of the actions that had been reported as having been completed had not actually been finished. This is being addressed by Internal Audit who are reviewing the reporting undertaken.

## **Officer arrangements**

In developing this Annual Governance Statement, the council's senior officers have worked collectively to understand and assess the effectiveness of the implementation of the council's governance framework. This work has been overseen by a Corporate Governance Group comprising:

- Interim Chief Executive
- Deputy Chief Executive
- Director of Governance (Monitoring Officer)
- Shared Service Lead (Legal)
- S151 Officer
- Shared Service Lead (Transformation and Partnerships)
- Interim Head of Shared Assurance Services

The Corporate Governance Group have worked with the council's Leadership Team who have individually produced and collectively reviewed service assurance statements which assess compliance with and understanding of the council's governance framework. This assessment has supported the production of this document.

It is also important to note the ongoing role that a council's senior officers have in ensuring that good governance is enacted in the working of the organisation. There have been a number of significant changes over 2018/19 and 2019/20 which are summarise below to provide context to the AGS

## **Internal Audit**

Internal Audit is responsible for monitoring the quality and effectiveness of the system of governance and internal control. A risk based Internal Audit Plan is produced. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant service. This report includes recommendations for improvements that are included within a Management Action Plan and require agreement or rejection by service managers.



The Internal Audit Annual Report contains a statement/ judgement on overall levels of internal control ( a view based on the relative significance of the systems reviewed during the year, in the context of the totality of the control environment). The Report identified the following areas as having Limited Control.

- 1. To be completed following receipt of IAAR*

## **External Audit**

The Council receive regular reports on elements of its internal control environment, including performance management, risk management, financial management and governance.

We have been advised of the results of the reviews of the effectiveness of the governance framework and statement of internal control by these bodies and plan to address the weaknesses identified and will ensure continuous improvement of the system is in place through the proposed action plan in section 5.



## 5. Significant Governance Failings

This section will be completed as follows

- Narrative outlining reasons for governance failings
- Actions completed in relation to the 2018 AGS
- Failings identified in May 2019
- Failings identified post May 2019
- Action plan

In order for the council to properly consider these failings it is important to address how they arose. External Audit have given a qualified value for money conclusion on the Statement of accounts since the year 2015/16. The basis for this conclusion initially related to findings connected to the operation of the Licensing Service. But in subsequent years this has qualification has been due to failures to implement an improvement plan agreed by the Council with the Local Government Association.

On 26 July 2018 external audit published their Audit Findings Report for the period ending 31 March 2018. This report made a statutory recommendation under section 24 of the Local Audit and Accountability Act 2014. This is effectively a form of sanction imposed upon Councils by external audit where they find that there has been a significant and unacceptable failure by the authority in the discharge of their statutory functions. In this instance the recommendation required the council to make demonstrable progress in the implementation of the 8 recommendations in the LGA peer review report, in particular the implementation of the senior leadership structure and the development of the leadership potential of those staff to ensure that the Council agendas relating to Place, Strategic Finance and Transformation were progressed. This step was not taken lightly by external audit but it was felt by them that as this was the third year of qualification of the accounts action was necessary and appropriate. To be clear, continued failing to implement such a recommendation can lead to the issuing of a public interest report as serious action against the council which could lead to intervention by the Secretary of State.

For the year end 2019 (last year) representations were made to external audit by the council as regards progression of the implementation of the section 24 report recommendation. Upon testing this information, external audit were unable to accept the representations and given these and other governance failings which are identified in this document declined to sign off the statement of accounts. As a result of this history this significant governance failings section of the report seeks to identify the governance failings over a number of years, recognise the improvements that have been undertaken but also provide an action plan to address those that remain outstanding.

When the history to this matter and the rest of this section is considered, it is apparent that the failings can be attributed to the following:-



## Leadership

South Ribble Council has, for a number of reasons had a period of instability at Leadership level. In the last 5 years there have been 2 Chief Executives and 2 Interim Chief Executives. There were at the start of this period existing governance issues which had led to LGA intervention.

In the more recent history this level of change at senior management level has been more acute.

In July 2017 a new Chief Executive commenced work in the council. The appointment had a remit to address identified governance and performance failings. On commencement in the role the CE undertook work to develop a management structure that would support a strong growth agenda and improve efficiency and performance. A new management structure was approved by Full Council in March 2018. Recruitment to the roles created was undertaken with appointments being made up to February 2019. This was a prolonged period although given the significant nature of the changes is not unexpected.

It must be recognised however, that the prolonged nature of the appointments will have contributed to uncertainty within the organisation, unclear decision-making lines due to the vacant posts and increased pressure placed on those in post. These must be recognised as factors that contribute to failings in governance arrangements. This is seen in relation to the statutory posts of Section 151 Officer and Monitoring Officer. These posts too have been recently occupied on an interim and temporary basis. These are key governance posts providing both advice and challenge on financial and decision-making issues.

This may have been resolved or the risks mitigated if clear and robust leadership structures had been put into place to manage the making of decisions. A new management structure was implemented which fed into a new “blended working” approach. The new management structure took a dispersed approach to decision making and responsibility. However, the absence of clear accountability, delegations or strong culture meant confusion arose over who was responsible or accountable for decisions and implementing the governance framework, as evidenced later in this section. This will be considered further in culture below.

## Culture

There have been longstanding governance issues at this authority which date back a number of years. This is demonstrated through the findings of Internal Audit, most seriously in relation to the taxi licensing issues that were identified and investigated in 2015/16. While this is an isolated example it is illustrative of a cultural approach to governance.



The Council recognised these failings in culture and sought to address them through changes to senior management and to approach. In accordance with the objectives set by the Council the organisation took actions to address the cultural ethos of the Council. A new way of “blended working” was developed and principles established within the organisation. The purpose of blended working was to empower staff, providing them with the opportunity to take responsibility and ownership of the issues before them.

It should be noted that this principle is sound. Staff work more effectively when they feel empowered and the quality of work improves. There are greater opportunities for individual development and team working.

However, if culture change is not implemented correctly then it can severely damage an organisation. In this instance this may have been exacerbated by the lack of clarity in relation to the leadership structures and ownership of decision making.

The culture changes were not embedded, as a result there was confusion over who “owned” issues with there being the opportunity to rely on a conflict between the old and new processes as a reason for no-one taking ownership. The changes to the statutory officer posts both in terms of holder and position within the leadership structure undermined their ability to challenge governance failings effectively or put them in a position where challenges raised were dismissed or not taken seriously. The impact of the absence of challenge was to reinforce the behaviours that contributed to governance failings. This was demonstrated by the completion of the service assurance statements last year. The service assurance statements are part of the Council’s process to assess compliance with the Governance Framework. The service assurance statements suggested a strong and robust approach to governance which was not supported by evidence. The culture of the organisation was unchanged.

## **Process**

These tensions between new and old ways of working and cultures could have been resolved by ensuring there were clear processes and policies established to support the new environment.

Evidence suggests that this did not happen. Reviews of policies have found that whilst some are maintained properly, others are not updated or reviewed and some were absent altogether. This is reflected in the findings of section 3 above. The 2019 AGS could not be approved at least in part because this framework of documents was not adequate.

## **Monitoring and Review**

The testing of a governance framework is the only way to ensure it is appropriate and being used. While there are processes in place for the testing of systems and the challenging of failings, this will only have value if the testing and challenge is considered appropriately.



Failings in relation to monitoring and review have also been identified.

## **Narrative - Conclusion**

The themes identified above when they work complimentary to each other are the foundations of a strong governance framework. However, when any of them falters, then this impacts on all of them and the framework will fail.

It is against this context that the significant governance issues identified should be considered. The AGS is a corporate level document and should be used to consider not individual failings but themes and trends.



## 5a. Action Completed in respect of the 2018 Annual Governance Statement

A number of actions arising from the 2018 Annual Governance Statement (see Appendix B) were fully implemented by 31 March 2019. These include:

- Member & Officer Development – appropriate financial training was identified and delivered
- Contract Procedure Rules – an electronic waiver system was introduced;
- The terms of reference for Governance committee were reviewed, revised and agreed;
- Improved communication effected;
- Member/Officer protocol has been signed up to by all members;
- Cabinet’s training needs were identified and delivered on
- There were regular briefings of Shadow Cabinet

## 5b. Issues identified in May 2019 at the time that the initial draft Annual Governance Statement was presented to Governance Committee

The following are matters that were identified as governance failings that prevented the 2019 AGS being approved.

Theme	Governance Failing	Actions undertaken	Actions Outstanding
Leadership /Culture	Updating Constitution	A great deal of work has been devoted to updating the Constitution in recent years. That was true of 2018/2019.	The principal areas that need to be updated are the Scheme of Delegation and Financial regulations.
	Ethical Governance	Internal audit undertaken	The principal outstanding action here is that a number of Governance policies need to be updated.  Training for officers is also required.
	Shared Services	During the year 2018/2019 very little progress was made on implementing the new Shared Services proposals.	During 2019/2020 great progress was made. Individuals were appointed to 6 of



			the 7 agreed senior posts. Shared services has now been greatly expanded.
	Increased Awareness	Fraud A limited amount of progress has been made in this regard	Policies need to be updated in this area and alongside that training provided.
	Value for Money	Very little progress has been made here.	This is an issue that needs to be addressed. In the Action Plan that we propose there is reference to developing a corporate approach to benchmarking and use of comparative data.
Policies / Procedures	HR Policies	Some updating of policies has taken place but this process has not been completed.	A number of policies still need to be updated. This also needs to be seen in the context of shared services for Human Resources.

	Contract Procedure Rules	An electronic waiver system was introduced in 2018/2019	A review of CPRS took place in 2019/2020. The rules were brought up to date.
	Development Review Process	During 2018/2019 no staff PDRs were carried out.	During 2019/2020 a new PDR process has been introduced and implemented. This needs to be embedded now.
	Business Continuity Plans	Have been reviewed due to Covid-19 lockdown. Testing by the LRF has shown them to be adequate.	
Review / Monitoring	Asset Register	Some progress has been made here. New staff have been appointed to the Estates team within the last 12 months. Revised asset valuations have been carried out.	However, there are outstanding actions. There is no evidence that all assets have been recorded.

Actions identified as outstanding will be carried forward into the action plan to address all remaining governance failings.



## 5c. Issues which have subsequently come to light since May 2019

At the meeting of Governance Committee on 30 May 2019 queries were raised about whether all of the actions reported in Appendix B (Action Plan 2018 -2019) to that report had been carried out. This led to the Interim Chief Executive commissioning Internal Audit to carry out further work in this regard. At the same time other issues of concern emerged. This was the correct approach to respond to these concerns.

These investigations focused on failings to adhere to HR policies, failing to comply with procurement policies and procedures and specific outcomes relating to improvements recommended within the LGA Corporate Peer Challenge.

Further a number of other Internal Audit reports have been carried out in the last 12 months which are of particular significance and must be referred. A number of these reports were only given limited assurance. Some of these reports reveal long standing problems.

These audit reports relate to:

- GDPR Compliance – GDPR not fully implemented, required policies and procedures not in place, weaknesses in control and non-compliance in areas where policies had been implemented. Failure of management controls as LT / Information Asset owners had failed to take responsibility and own requirements of GDPR and ensure implementation of requirements within their service areas.
- Environmental Health – Food Safety – Adequate framework governance to manage inspections and interventions, however, timescales not complied with, continual backlog from the FSA inspection and further weaknesses in control in respect of management controls with little / no performance management undertaken / evidenced.
- Car Park Management/Enforcement – Effective governance in respect of off-street parking, however, in regard to car parks, lack of planned inspection and maintenance policy, despite previous agreed management actions, no evidence of a signed framework agreement to demonstrate contract / agreement is properly managed, car part fees not reviewed since 2017, in contravention of Financial Procedure Rules.
- Tree Inspection and Maintenance – no tree inspection and maintenance policy, therefore no effective governance framework is in place which the service is required to operate to, shortcomings identified in regard to systems utilised, backlog of outstanding work orders, budget pressures



are an issue due to the lack of correlation between the delivery of the service and cost of delivery, this risk will increase in line with the increase in tree planting.

- Performance Management – significant issues in regard to the collections, calculation, definition and reporting of performance management information in respect of 2018/19 and the first quarter of 2019/20. Data collections procedures were ineffective and there was no evidence to demonstrate senior officer sign off, further lack of compliance with principles of the policy including the lack of review of the policy since April 2014.
- Commercial Properties – Follow Up – Previous opinion was Limited, follow up identified a number of management actions not fully implemented relating to the asset register, revised asset valuations have been undertaken however, no single record is in place and no evidence to demonstrate all SRBC assets are recorded, inconsistent filing and retention of property management records, rent reviews and lease renewals have not been undertaken.
- Creditors – Review focuses on controls with the Creditors system itself and identified significant failure or lack of controls within the system, which constitute significant breaches in the governance framework that is the Council's Financial Procedure Rules. The weaknesses in control leave the council open to the risk of fraud, error, potential for officers to act beyond their delegated authority and could result in material misstatement.
- Procurement – Utilities Contract – Fundamental failure of Contract Procedure Rules and elements of the Council's Constitution, further issues identified in this report also constitute a failure of European Procurement Rules, in that, the contract was no contracted in accordance with any rules / regulations, there is no evidence of value for money and the contracts have not been agreed or signed off by Members in accordance with the appropriate rules

## 5d. Remedial action has been taken since May 2019

Since the challenges raised by Governance Committee in late May 2019 a great deal of work has been done to remedy the situation.

The approach to improvement has been risk based with areas of greatest risk being attended to first. The first priority was to move forward with Shared Services which would enable the organisation to establish a stable senior management environment and appoint to the statutory officer roles of section 151 officer and monitoring officer who are key to good governance. Shared Services also establishes shared Policy and Performance, HR and Communications teams. These are all areas identified as having governance failings and will play key roles in addressing cultural change in the organisation in addition to leading on reviews of policies and procedures as well as re-establishing systems for monitoring.

South Ribble and Chorley progressed the establishment of 7 new Senior Management posts in Shared Services. Those posts are:

- Deputy Chief Executive
- Director of Finance/Section 151 Officer
- Deputy Director of Finance (Deputy Section 151 Officer)
- Director of Governance/Monitoring Officer
- Shared Services Lead – Legal (Deputy Monitoring Officer)
- Shared Services Lead – Communication and Visitor Economy
- Shared Services Lead – Transformation and Partnerships

In November 2019 officers were appointed to 6 of the 7 roles. We were in the process of going through a recruitment process for the Director of Finance post when the Coronavirus crisis intervened. That recruitment process will be renewed in due course. In the meantime the Deputy Director of Finance has been appointed to fulfil the Section 151 officer role in both councils.

In this context Actions 4 (Review of Services) and 16 (Management Structure) which are shown in the Action Plan (Appendix B) as not being completed by the 31<sup>st</sup> of March 2019 were thus completed in the year 2019/2020 – hence there is no need to carry them over. They can come off the Action Plan moving forward.

One of the key aims of Shared Services is to introduce greater resilience by combining relatively small teams. There is also a conscious attempt to strengthen the corporate centre in South Ribble. The Monitoring Officer and Section 151 officer posts are both now Director roles. There was a recognition that the Corporate centre needed to be enhanced. A council needs to have robust checks and balances in place. Also bringing in a policy and performance team which will have oversight of the policy, transformation and strategy development should have a very beneficial impact in terms of introducing the further improvements that are required in this area.



One issue of real concern that had been highlighted was a failure on a number of occasions to follow the council's Contract Procedure Rules. In March 2020 extensive training was provided for approximately 50 senior managers and team leaders in this regard. Further during 2019/2020 the council's Contract Procedure Rules were reviewed and updated.

Another area of concern which had emerged related to recruitment processes. During the year 2018/2019 changes had been made to our recruitment processes. The HR team had not been fully involved in this and the new procedures were not properly documented. Since late May 2019 these processes were discontinued. The HR team is again fully involved in our recruitment processes. A new recruitment process was established and agreed – we are confident that these new procedures have been followed nevertheless Internal audit will be asked to test whether this is indeed the case. The processes that were adopted for the recruitment of the senior Shared Services posts were particularly robust involving senior members from both authorities.

During 2019/2020 standard updated Job Description and Personal Specifications were developed and provided to Directors for use.

A wide range of HR policies have been reviewed and updated.

Also in the area of HR a new Performance Development Review process was reviewed, agreed and implemented during the year 2019/2020. It is still early days and this needs to be embedded thoroughly but good progress is being made. Induction processes have also been developed during this period but more work is required.

Performance Management has been further developed as part of the Revised Corporate Plan (2019 – 2023) During the year 2018/2019 in a number of instances Performance Management information provided to members was found to be incorrect and inaccurate. During the year 2019/2020 a revised robust performance framework was developed and agreed including management options from audit reports. Further a revised Data Quality policy is now in place with processes developed to ensure the quality and accuracy of data.

Clearly for members to fulfil their roles properly they need to have access to accurate and reliable data. Further they need access to good quality training. During 2019/2020 a Training and Development plan was implemented ensuring all members can receive appropriate training for their respective roles and overall training in respect of issues relevant to all members such as GDPR.

During the year 2018/2019 there were some instances of external legal advice being acquired without involving the internal Legal Services team in the process. This is poor practice and can lead to difficulties and complications. All legal advice must be sought through the Monitoring Officer or the Shared Services Lead for Legal. Throughout 2019/2020 these issues have not recurred. More generally throughout 2019/2020 there has been an improvement in how the Monitoring Officer and the Section 151 officer have been involved in the decision making process. Advice has been readily sought and followed.



During the 2018/2019 there had been some instances of proper procedures not being followed for the making and publication of key decisions. During 2019/2020 all such issues have been eradicated.

It must be stated that the year 2019/2020 was a very challenging year for the council as a whole and the Internal Audit Team. Many issues of concern had to be addressed. Additional resources were identified for the Internal Audit team to enable them to carry out all the work they required.



### 5e. What remaining actions are required?

Having completed actions identified as high risk, the organisation are now in a position to move on to other identified actions and the following action plan has been prepared.

Action	By when	Lead
Undertake a review of the council's corporate governance policies: and Strategies <ul style="list-style-type: none"> <li>• Anti-Fraud and Corruption Policy</li> <li>• Anti-Bribery Policy</li> <li>• Whistleblowing Policy</li> <li>• Complaints Policy</li> <li>• Risk Management Policy / Strategy &amp; Framework</li> </ul>	August 2020	Chris Moister / Dave Whelan
Deliver governance and ethical awareness training to relevant staff and all members	August 2020	Chris Moister / Dave Whelan
Review the council's constitution, including financial regulations and scheme of delegation	July 2020	Chris Moister / Dave Whelan / James Thomson
Review the structures and processes of the new shared services to ensure they work efficiently, effectively and economically for the council		Chris Sinnott
Review and identify any necessary improvements in the council's compliances with the Transparency Code	August 2020	Chris Moister / Dave Whelan / James Thomson
Develop and agree a business planning process for services	Initial works – September 2020	Vicky Willett



Develop a new performance management framework and data quality policy	September 2020	Vicky Willett
Develop an Organisational Development Strategy	December 2020	Vicky Willett
Develop a Communications Strategy	tbc	Andrew Daniels
Develop a consultation framework and community engagement strategy	tbc	tbc
Agree an approach to monitoring and managing the implementation of management actions agreed in internal audit reports	tbc	Chris Moister/Dave Whelan
Review and update the council's HR policy framework	September 2020	Vicky Willett
Develop a partnerships framework	tbc	Vicky Willet



**6. Conclusion**

The council is fully committed to ensuring that its governance arrangements are and continue to be as robust as possible. As part of that process the council will monitor implementation of all actions set out in our Action Plan.

.....

Leader of the Council

.....

Chief Executive

Date: .....

On behalf of the Members and Senior Officers of South Ribble Borough Council.

### GLOSSARY

Annual Audit Letter	An External Audit report presented to Council and containing the findings of the Audit Commission's work. It is a requirement of the Code of Practice for Auditors.
Assurance	An evaluated opinion based on evidence and gained from review.
CIPFA	Chartered Institute of Public Finance and Accountancy
Control Environment System of Internal Control	Comprises the organisation's policies, procedures and operations in place to : Establish and monitor the achievement of the organisation's priorities; Identify, assess and manage the risks to achieving the organisation's objectives; Facilitate policy and decision making; Ensure the economical, effective and efficient use of resources; Ensure compliance with policies, legislation and regulations; Safeguard the organisation's assets; Ensure the integrity and reliability of information, accounts and data.
Corporate Governance	Corporate governance is the system by which local authorities direct and control their functions and relate to their communities.
Corporate Governance Group	In 2017 this involved the following officers: Chief Executive; Section 151 Officer; Monitoring Officer; Head of Shared Assurance; Corporate Governance Manager; Corporate Improvement Manager.
LT	Leadership Team
SOLACE	Society of Local Authority Chief Executives

## APPENDIX B

## ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2018

Themes	Recommended Improvements	Actions Taken & In Progress As At March 2019	Status
1. Member & Officer Development	To develop the current level / programme of financial training packages for Budget Holders (& Members) to include use of systems, process improvement and financial management techniques.	A review of core finance activities are in place and an approach will be developed in the first quarter of the year. From this, training will be designed and developed and specifically tailored to meet specific needs, i.e. general budget and finance overview, budget monitoring etc. A programme of work will be communicated to staff and members. Member learning hours will also be used to provide training on specific issues as they arise during the year.	Complete
2. Constitution	To ensure that the Constitution is as clear as possible, completely up to date and fit for purpose	The review of the constitution will be finalised and will incorporate new financial regulations that support the new organisation structure. Review and updates to the Constitution have been undertaken during 2018/19, FPRs and Scheme of Delegation have been reviewed and the re-drafted documents are to be finalised to take into account the new management structure then formally agreed and implemented.	C/FWD to 2019
3. Ethical Governance	Greater priority, liaison and support be provided to the Scrutiny, Governance and Standards Committees in promoting high ethical, performance and governance standards.	Further training for members and officers is to be identified and undertaken.	C/FWD to 2019
4. Review of Services	The role, capability and capacity of the in-house legal and democratic services team and that of Shared Financial Services be reviewed to ensure they provide proactive advice to Members and Officers to ensure compliance with the constitution and governance frameworks.	A review of the shared service arrangement will be conducted during the 2018/19 financial year. Council approved the revised shared services structure in March 2018. Draft job descriptions have been co-created with existing staff. An action plan is being developed to test future shared services opportunities. External capacity is being sourced to strengthen the existing shared services legal agreement. Transformation of services is progressing, statutory S.151 and monitoring officer positions in place.	C/FWD to 2019

Themes	Recommended Improvements	Actions Taken & In Progress As At March 2019	Status
		Shared Services deferred until June 2019.	
5. Review of HR Policies	Undertake a review of the HR policies.	HR policies were to be reviewed as a key action in the new Transformation Strategy approved by the Cabinet on 27 <sup>th</sup> July 2017. A number of these policies have indeed been reviewed but more work is required. There are questions about how robust the reviews were.	<b>C/FWD to 2019</b>
6. Strong and effective political leadership	Review alternative models for Governance Committee.	Discuss outcome of the desktop review at the meeting of the Improvement Reference Group in May 2017 and develop an action plan to complete the review and to implement the recommendations. Governance Committee Terms of Reference have been reviewed, updated and approved.	<b>Complete</b>
7. Compliance with Contract Procedure Rules (CPRs)	To further embed procurement policies and procedures, and to strengthen the current CPRs.	Introduce an electronic CPR waiver process including authorisation by S151 Officer and Principal Procurement Officer Communicate agreed changes to CPRs to relevant officers and members	<b>Complete</b>
		Implement a simple central corporate contract management system to help prevent and mitigate the risk of lost contract documents, missed review and notice deadlines, loss of knowledge and information due to staff changes etc.	<b>C/FWD to 2019</b>
		ELT include provision on their agenda plan for a quarterly review of (1) the Procurement Plan referencing a forward look of not less than 12 months (2) the Contracts Transparency register.	<b>C/FWD to 2019</b>
		ELT review / implement a list of Authorised Officers including the extent of their delegated authority and applicable financial thresholds and ensure that this is appropriately communicated to the officers concerned as required by CPR 5.1	<b>C/FWD to 2019</b>
8. Fraud	Increased fraud awareness.	Fraud awareness training to be delivered to all relevant officers using MILO e-learning modules.	<b>C/FWD to 2019</b>

9. Data Management	Compliance with General Data Protection Regulations (GDPR)	Compliance delivery action plan in place, to be overseen by programme board and report into inphase.	<b>C/FWD to 2019</b>
10. Communication	To improve internal communication and clarity with staff about the vision and next steps for transformation	This will be addressed as part of our new Transformation and Organisational Strategy	<b>Complete</b>
<b>Themes</b>	<b>Recommended Improvements</b>	<b>Actions Taken &amp; In Progress As At March 2019</b>	<b>Status</b>
11. Strong and effective political leadership	To renew the focus of and commitment to the Improvement Reference Group (IRG)	The Group was stood down early in 2019. However, issues have subsequently emerged about the accuracy of reporting of actions taken.	<b>Not Completed satisfactorily</b>
12. Strong and effective political leadership	To resolve the ongoing political tensions. For example through robust implementation of the new officer/member protocol.	Protocol to be signed by all members and relevant officers.	<b>Complete</b>
		Impact of the protocol to be monitored by ELT through the quarterly performance report	<b>Complete</b>
		Joint Cabinet / Shadow Cabinet meetings to be held quarterly to review impact of the Protocol	<b>C/FWD to 2019</b>
		Member development programme to be developed and implemented.	<b>C/FWD to 2019</b>
13. Strong and effective leadership	Align political and officer processes to ensure decisions are implemented with no last minute changes	IRG to jointly develop an agreed approach to how much and when information is shared between political groups to ensure that all members have the information they need to make decisions in a timely way. Developed approach includes; Senior officer meetings programmed to clear all council reports. Portfolio holder discussions take place to confirm reports. Pre-cabinet briefings take place. Shadow cabinet briefings introduced on all cleared cabinet reports.	<b>C/FWD to 2019</b>

14. Strong and effective leadership	Support and develop the new Cabinet to be appointed in May 2018	The development and training needs of the new Cabinet to be identified and delivered	<b>Complete</b>
15. Strong and effective leadership	Greater support to the shadow Cabinet	Shadow Cabinet to be provided with briefings on all Cabinet reports (once published)	<b>Complete</b>
16. Management Structure	Implement the new senior management structure	New management structure approved by Council is largely in place with the exception of the shared services posts.	<b>C/FWD to 2019</b>
17. Leadership development	Develop the leadership potential of the new senior team to take forward the place, strategic finance and transformation agendas	To develop a leadership development programme for the senior management team to ensure that senior managers have the necessary skills to take forward the transformation agendas.	<b>C/FWD to 2019</b>



## APPENDIX C

## ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2019

For the sake of clarity the recommended improvements within this action plan will be incorporated into the Corporate Improvement Plan. This plan will detail the key milestones with target completion dates and allocate responsibility for each action to Key Officers or groups of Officers. Progress of the Corporate Improvement Plan will be monitored by the Leadership Team and regularly reported to Governance Committee.

Themes	Recommended Improvements	Proposed Actions	Source
1. Constitution	To ensure that the Constitution is as clear as possible, completely up to date and fit for purpose	The review of the constitution will be finalised and will incorporate new financial regulations that support the new organisation structure.	<b>B/FWD from 2018</b>
2. Ethical Governance	Greater priority, liaison and support be provided to the Scrutiny, Governance and Standards Committees in promoting high ethical, performance and governance standards.	Further training for members and officers is to be identified and undertaken.	<b>B/FWD from 2018</b>
		The development (with Chorley Borough Council) of a new Code of Conduct for members	<b>Corporate Assessment</b>
3. Ethical Governance	Updating of Policies	A review of the full suite of our Corporate Governance policies - this includes Anti-Fraud and Corruption Policy, Anti-Bribery policy, Whistleblowing policy and Complaints policy	<b>Corporate Assessment</b>

4. Review of HR Policies	Undertake a review of the HR policies.	A number of HR policies have been reviewed during the last 12 months, the remainder will be reviewed this year. There is now a commitment to review all our HR policies on an annual basis. Also the policy framework needs to be reviewed in the context of Shared Services.	<b>B/FWD from 2018</b>
5. Compliance with Contract Procedure Rules (CPRs)	To further embed procurement policies and procedures, and to strengthen the current CPRs.	<ul style="list-style-type: none"> <li>Implement a simple central corporate contract management system to help prevent and mitigate the risk of lost contract documents, missed review and notice deadlines, loss of knowledge and information due to staff changes etc.</li> <li>Leadership Team include provision on their agenda plan for a quarterly review of  the Procurement Plan referencing a forward look of not less than 12 months and the Contracts Transparency register.</li> <li>Leadership Team review / implement a list of Authorised Officers including the extent of their delegated authority and applicable financial thresholds and ensure that this is appropriately communicated to the officers concerned as required by CPR 5.1</li> </ul>	<b>B/FWD from 2018 / Spend Analysis</b>
6. Fraud	Increased Fraud awareness.	Fraud awareness training is to be delivered to all relevant officers	<b>B/FWD from 2018</b>
7. Strong and effective political leadership	To resolve the ongoing political tensions. For example through robust implementation of the new officer/member protocol.	Joint Cabinet /Shadow Cabinet meetings to be held quarterly to review impact of the protocol.	<b>B/FWD from 2018</b>
		Member development programme to be developed and implemented.	
8. Strong and effective leadership	Align political and officer processes to ensure decisions are implemented with no last minute changes	The developed approach on how much and when information is shared between political groups to ensure that all members have the information they need to make decisions in a timely way is to be formally agreed and implemented.	<b>B/FWD from 2018</b>

9. Strong and effective leadership	Develop the leadership potential of the new senior team to take forward the place, strategic finance and transformation agendas	To develop a leadership development programme for the senior management team to ensure that senior managers have the necessary skills to take forward the transformation agendas.	<b>B/FWD from 2018</b>
10. Strong and effective leadership	Support and develop the new Cabinet appointed in May 2019	The development and training needs of the new Cabinet to be identified and delivered on	<b>Chief Executive</b>
11. Business Continuity Plans	To review and update the business continuity arrangements	To review and update the business continuity arrangements	<b>Service Assurance Statement</b>
		BCP testing to be undertaken	
12. VFM	To develop a corporate approach to benchmarking and the use of comparative data	To develop a corporate approach to benchmarking and the use of comparative data	<b>Service Assurance Statement</b>
	To maximise VFM and social value from procurement	To continue to monitor the Council's supply chain with the desire to maximise VFM and social value from its procurement.	<b>External Audit challenge questions</b>
		To develop and implement a Social Value Policy	
13. Asset Register	To review and update the Council's Asset Register	To undertake a strategic review of all assets.	<b>Internal Audit Review</b>
14. Communications	Communications Strategy	The development and approval of up to date communications strategy	<b>Corporate Assessment</b>
15. Risk Management	Strategy and Framework	The development and approval of a Risk Management Strategy and Framework	<b>Corporate Assessment</b>
16. Partnership Working	Framework and Protocols	The development and approval of up to date Partnership framework together protocols for partnership working	<b>Corporate Assessment</b>
17. Transparency	Transparency	A review of how we are complying with the Transparency Code needs to be carried out – in particular we must ensure that our Transparency Register is	<b>Corporate Assessment</b>

		fully populated with all relevant contract details and updated on a regular basis	
18. Shared Services		<ul style="list-style-type: none"> <li>• New Job descriptions and personal specifications will need to be drawn up for all posts within the expanded Shared Services team</li> <li>• Review the services in question and then restructure accordingly</li> </ul>	<b>Corporate Assessment</b>
19. Organisational Development		<ul style="list-style-type: none"> <li>• A formal process for the development of Service Delivery Plans needs to be introduced</li> <li>• A business planning process for services to be introduced</li> <li>• Further work is required to improve our Performance Management arrangements – this is to include a review of what benchmarking activities take place</li> <li>• The introduction of an up to date Organisational Development Plan</li> </ul>	<b>Corporate Assessment</b>
20. Ethical Governance	Complaints	<ul style="list-style-type: none"> <li>• Review and update Complaints Framework and Policy</li> </ul>	<b>Corporate Assessment</b>
21. Consultation	Consultation Strategy	<ul style="list-style-type: none"> <li>• Development and approval of a Consultation Framework and Strategy</li> </ul>	<b>Corporate Assessment</b>
22. Ethical Governance	Internal Audit reports	<ul style="list-style-type: none"> <li>• A review of how recommendations from Internal Audit reports are managed and monitored</li> </ul>	<b>Corporate Assessment</b>