Annual Governance Statement 2021/22

1. INTRODUCTION

The Annual Governance Statement is a point in time assessment of the council's governance framework. It considers information assembled over the course of the previous 12 months to make an evidence-based assessment of the systems, processes, culture and values that feed into our internal control environment and our compliance with them. This document draws the evidence together and provides a valued judgement of our governance environment.

The AGS provides an overview of the council's key governance systems and explains how they are tested and the assurance that can be relied upon to show that these systems and processes operating effectively. The Statement comprises an overview of the key elements of its governance framework and what evidence has been received in order to determine the effectiveness of the arrangements. In addition, the Statement contains an update on the areas for improvement identified last year, together with proposed areas for improvement for the coming year.

2. What is Corporate Governance

South Ribble Borough Council is responsible for ensuring that its business is conducted in accordance with the law, to the highest 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 have put in place 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.

Our Governance Framework is based on the CIPFA/SOLACE Framework[1]. It 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.

The adopted Local Code of Corporate Governance incorporates and demonstrates how the 7 principles detailed by the CIPFA/SOLACE Framework, and set out below, are complied with.

Good governance means:-
- behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- ensuring openness and comprehensive stakeholder engagement
- defining outcomes in terms of sustainable economic, social and environmental benefits
- determining the interventions necessary to optimise the achievement of the intended outcomes
- developing the council's capacity, including the capability of its leadership and the individuals within it
- managing risks and performance through robust internal control and strong public financial management
- implementing good practices in transparency, reporting, and audit to deliver effective accountability

Our Local Code was reviewed and updated this year and approved by Governance Committee on 29 March 2022 and can be accessed through this hyperlink here.

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[1] 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".

3. The Council's 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.

The local code should enable members to satisfy themselves that council objectives are being met lawfully, in accordance with the corporate strategy, medium term financial strategy and in a way that demonstrates value for money. The framework is the basis for the decision making structures and compliance with it enables members to have sufficient information to test any proposals and / or delivery and to make a reasonable, evidence based decision.

There has been evidence of improvement in the governance environment with external audit recognising that significant works have been undertaken to develop and implement robust policies and processes to support it. This has led to a noticeable improvement in the outcomes of internal audit reviews and external audit removing the statutory recommendation from the statement of accounts for the year 2020/21 (recently completed) and identifying only areas for improvement which is a huge step forward for the Council. It is important that the Council acknowledge that the work completed is only the beginning and we must continue to commit to improvement. We must demonstrate this commitment through honest self-assessment and regularly reviewing how we can be better, using the governance framework to self-identify issues and improvements and take steps to implement them quickly.

Values of good governance

The Council also promotes and demonstrates the values of good governance by upholding high standards of conduct and behaviour. The following strong arrangements are in place to ensure that appropriate standards of behaviour are maintained:

Codes of Conduct (Members and Officers)
Member Officer Protocol
Suite of HR policies
Suite of Counter Fraud Policies

It is appropriate to spend a little time on the roll out of the new HR Policies and the HR hub. The extension of shared services was an opportune time to review HR policies with a view to bringing consistency across staff within shared services and the 2 employing councils. This review has led to the development not only of the new suite of policies but an online HR Hub where they can be accessed and also an organisational development area to act as a training hub for online training and personal development area where 121's, and personal development can be recorded and managed centrally. This is an important development for the council as it will provide evidence of training completed, development of staff and the passing of information, which are all elements of a strong governance environment.

In addition, the council have made the following improvements and implemented the following actions:

- strengthening the business planning process,
- approval of the Contract and Partnership Framework and monitoring arrangements,
- the introduction of the Project Management Framework
- the new performance management system,
- the introduction of the performance and project network
- risk management training
- report writing training.

demonstrating a continuing commitment to improvement and a recognition of the need to embed the works undertaken.

Impact of Covid on the Council's governance arrangements

The impact of the pandemic had a lingering effect on the business of the Council. No new controls were introduced in the last 12 months but the existing ones had become embedded ways of working.

4. How we review the effectiveness of the Governance Framework

This section identifies the structures, committees and officer roles which serve to review the appropriateness of the governance arrangements and their application.

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.

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. An assessment has been undertaken during 2020/21 and this confirmed that the Committee are operating in line with CIPFA's Audit Committees – Practical Guidance for Local Authorities and Police 2018. In addition, the Committee's skills and knowledge have been assessed and training will be arranged to meet any training needs identified.

Shared Services Joint Committee - The Joint Committee monitors service performance of the shared services 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 role is to promote high ethical standards. Standards Committee reports to full Council on an annual basis on the work that it carried out. There have been no hearings this year.

Scrutiny Committee

The Scrutiny Committee have continued to play an active role in the business of the Council, holding the Executive to account and assisting in the development of Policy and feeding into the budget cycle. It was Chaired by a councillor who is not part of the administration.

The Scrutiny Budget and Performance Panel meets to challenge and comment on the quarterly performance and budget monitoring reports prior to consideration by Cabinet as part of our new rigorous Performance Management Framework.

The Scrutiny Chair attends the Lancashire County Council Health Scrutiny Committee and reports back to each meeting. The Council plays a leading role in the North West Strategic Scrutiny Network which shares learning and best practice amongst Members.

Member Training

The Council holds the North West Employers Member Development Charter and has a cross-party Member Development Steering Group that takes an overview of Member training and development. A Member Personal Development Planning is now embedded with member PDP's being completed.

During the year all Member training was provided a number of different topics and Member briefings held to support member understanding of council business.

Members have also attended a number of external training courses and conferences via the LGA and other providers.

Management Team / Leadership Team

Further steps have been taken in the last 12 months to strengthen the leadership team. All director posts are now shared and a new Director of Change and Delivery role has been appointed to. This post is to support the continued transformation of the council and will play a key role in ensuring the embedding of new policies, ways of working and a culture of continuous improvement.

Section 151 Officer / Director of Finance

The Director of Finance/ Section 151 Officer post was recruited to on a permanent basis twelve months ago and is a member of the Senior Management Team.

Statutory Regulation / Monitoring Officer

This role is fulfilled by the Director of Governance who is also a member of the Senior Management Team.

Corporate Governance Group / 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:
- Chief Executive
- Deputy Chief Executive
- Director of Governance (Monitoring Officer)
- Director of Finance S151 Officer
- Director Change and Delivery
- Shared Service Lead Audit and Risk

The Corporate Governance Group (CGG) have worked with the council's Senior Management 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.

A terms of reference for the CGG have been developed which will further enhance the governance monitoring and reporting arrangements.

Programme Board

A corporate programme board has been established and meets quarterly to review and monitor the performance of the Corporate Strategy projects and performance measures ahead of reporting to Cabinet. The board is made up of the Senior Management Team as those accountable for overall programme delivery and ensuring compliance with the Performance Management Framework. The board receive an update report highlighting issues, concerns and risks by exception. The board will discuss issues and identify solutions before cascading directions back to project managers and teams.

Internal Audit and the Head of Audit Opinion

Internal Audit is responsible for providing assurance on 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 Annual Internal Audit report contains the following opinion from the Head of Internal Audit:

Based on the work undertaken and evidence available to Internal Audit including other sources of assurance, it is considered that the overall adequacy and effectiveness of the Council's governance, risk management and control processes are **adequate.**

The Council has made significant progress to improve the overall governance and risk management arrangements. The past 12-18 months have seen the introduction of a range of corporate processes to provide a robust governance framework.   The challenge now for the Council is to ensure that the momentum of continuous improvement does not wane and that the governance framework in place becomes fully embedded in all Council activities.

GDPR Leadership Group / Information Governance

The Leadership GDPR Group has overseen the implementation and full GDPR compliance. Various initiatives have been initiated via the GDPR Officers Group to assess ongoing compliance. This work indicates good staff awareness and secure methods of working whilst working from home. The former Data Protection Officer has obtained employment with another council and this role is now fulfilled by the Director of Governance. The Senior Information Risk Owner is the Director (Customer and Digital).

Organisational Development

An Organisational Development Strategy has been adopted with key objectives to: support the needs of the workforce; to facilitate staff engagement through a variety of mechanisms; to demonstrate investment in staff and their personal development; to underpin consistent management and to develop the leadership team. The Interventions identified are starting to embed with the first cohort having completed the Flair programme and providing positive feedback. The Passport to People Management programme has commenced and mentoring opportunities are provided to junior managers in the organisation to aid their development.

The HR Hub has brought together in one place both the OD strategy and wider eLearning opportunities making it easier to manage and identify gaps in staff's knowledge and / or experience but also a framework to address them.

Corporate Complaints / Local Ombudsman

The number of customer complaints processed as stage one complaints have again increased year on year, 169 in 2020/21 to 199. This is perhaps not unexpected as the expectations of residents following covid returned to normality. The percentage of complaints upheld increased from 15% to 25% but this remained below pre-pandemic levels.

The Council are aware of 5 complaints which were made to the Local Government Ombudsman in the year 2021/22. None of the complaints were upheld. There was one LGO investigation from a previous year received in this period which required an apology from the Council.

This is suggestive of an improvement of levels of service and compliance with council processes and the Council can take some assurance from the independent testing of the Council by the Local Government Ombudsman.

External Audit

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

The most recent review undertaken (which is for the period 2020/21) has acknowledged significant improvement in the Councils governance environment and has removed the statutory recommendation, identifying only improvements that should be made. This is an endorsement of the work the council have done in the last 2 years to address the issues identified in previous years.

Peer Challenge

Recognising the importance of a strong governance environment and the benefit of an external review, the Council invited the Local Government Association to undertake a peer review with one of the focus areas specifically relating to organisational leadership and governance.

The report, which was published on the Councils website, recognised the significant improvements at the Council and made the following recommendations relevant to the governance focus:-

Recommendation One: Embed a culture of good governance: SRBC need to build on their momentum and progress regarding governance. This includes ensuring that their existing reforms have embedded within the organisation's processes, practice, and culture, as well as considering further areas that may not currently be within the scope of the Council's existing action plan.

Recommendation Eight: Political engagement in a balanced authority: The finely balanced politics of SRBC places further emphasis on the need for effective cross-party working relations. Given the challenges ahead it is important to ensure, where possible, a strong cross-party consensus on many of the priority and long-term issues that are facing the borough. This should include consideration of the contribution that Scrutiny can make to provide constructive challenge on issues and building on the sharing of information across political groups that has been developed during the COVID pandemic.

During the follow up visit by the Peer Group they expressed further satisfaction with the progress of the Council on these issues.

5.   Governance Environment: Areas to Strengthen

The following table relates to the action plan from the 2020/21 Annual Governance Statement. The improvements are specific and the table indicates whether the action is completed or outstanding. It will be noted that only one action is being carried forward to next year with all other actions being complete or partially complete.

Themes	Improvement Required	Complete/ Outstanding
Recruitment/Induction	To ensure all new employees receive a comprehensive induction covering all core areas, the corporate induction will be updated to include welcome videos from the senior management, introduction to the borough and mandatory training covering core policies and health and safety. Continued focus on HR System transformation is required to ensure a robust administrative process is operational and suitable controls are in place for all aspects of Human Resources and Organisational Development	Complete

Themes	Improvement Required	Complete/ Outstanding
Governance & Management	Management Development Programme has been designed to establish a baseline level of management competency as well as providing ongoing support to maintain performance. The aim is to commence delivery with cohorts of managers from September 2021 through a range of methods including e-learning, which will also form part of the induction process for future managers.	Complete
	Introduce a standardised DMT agenda with agreed standing items to ensure a consistent approach is adopted across the Council. This will incorporate items of Corporate significance identified by the Communications team within their forward plan.	Complete
Fraud and Corruption	Fraud awareness training to be delivered to all relevant officers using e-learning modules	Complete
	Fraud reports to be presented to Governance Committee	Outstanding
	Fraud risk register to be compiled and monitored on a regular basis	Complete
Corporate Information Source for Officers (Connect)	To improve the user experience for employees and ensure essential information is easy to access. The following improvements to Connect should be considered:	
	• Defined area on Connect for all core policies.	Partially complete
	• Service areas to review information they have published on Connect and to remove outdated material.	Complete
	• Create a manager zone within Connect to ensure all essential guidance and resources for managerial responsibilities are easily sourced.	Complete
Risk Management	Ensure risk management is embedded throughout the organisation and within all Council activities.	Ongoing

Themes	Improvement Required	Complete/ Outstanding
Budget Monitoring	To re-establish budget monitoring reports to aid budget holders after a further analysis of the report content is undertaken. Reports will be tailored to ensure that they meet the needs of the service area.	Complete
GDPR	The GDPR Leadership Group should undertake a full review to ensure that the register is up to date with data responsibilities correctly defined and continue to monitor and expedite the outstanding data disposal actions to ensure they are implemented imminently.	Complete
Equality	The equality scheme should be revised and refreshed including revised equality objectives to ensure that it is up to date and fit for purpose.	Substantially Complete
Key Corporate Policies	Devise and implement a corporate process to ensure all staff revisit key policies so a good level of awareness is maintained across the organisation.	Carried forward
Value for Money	Adopt an organisation wide Transformation Strategy & Programme incorporating a value for money elements to deliver efficient services through service reviews and shared services.	Complete
Inventories	Directors to ensure that inventories are compiled and maintained in accordance with the Councils guidance notes for service unit fixed assets registers.	Substantially Complete
Transparency Act	Publish up to date information and include all mandatory criteria.	Complete

Following the assessment of our governance environment, no significant failings were identified by the Corporate Governance Group, although as the council have committed to continuous improvement the group have identified areas where it could be enhanced. Although, as stated, last years actions are not being rolled forward into this years' plan, some are being adapted into new actions to reflect in year changes. The table will form the basis for a more detailed action plan for delivery of the improvements. It is intended to report progress against the plan to Governance Committee mid year and year end.

Theme	Areas for improvement	Suggested improvement
Process/ System	Failure to identify, monitor and report of fraud risks facing the Authority	To develop the Council's approach to fraud following the assessment of the Council's arrangements against Fighting Fraud and Corruption Locally 2020-2025
	Failure to have a system in place to ensure key corporate policies are regularly reviewed, version controlled and remain up to date and accurate.	Devise and implement a corporate process to ensure all staff revisit key policies so a good level of awareness is maintained across the organisation
	Contract Management System	Directors to ensure all contracts are entered onto the corporate CMS in a timely fashion including current "live" contracts.
	Risk Management	A range of reports to be developed to allow Directors to challenge data held with GRACE including partnership, project and operational risks.
	Cyber Security, use of ICT equipment and system access	Once approved, awareness of the contents of the Shared Information Security Framework should be raised using all communication methods.

A programme of Cyber security training sessions should be developed and delivered to highlight to all officers and members the risks faced by the council.

Align where appropriate all IT forms and processes across the shared council environment. |

Staff development	Equality	Once approved, the refreshed equality framework should be rolled out including training and updating of EIAs on website
	Organisational Development	OD to ensure monitoring reports are issued to Directors on a regular basis. This is to include monitoring of compliance with new HR policies and processes.
	OD Strategy to be developed (May 22) Mandatory training modules to be completed in full	All Directors to ensure all mandatory training is completed within the agreed timescales.
Corporate	Constitution	Constitution to be reviewed and updated where applicable.
	Business continuity	To put forward a business case for the future management of business continuity to standardize and align process across the two authorities. To establish a forward plan of testing to ensure plans are robust, encompass all council activity and are fit for purpose.

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.
SOLACE	Society of Local Authority Chief Executives