



Annual Governance Statement

2020/2021

FORWARD

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

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

In discharging the overall responsibility, the Council is responsible for putting into place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions which includes arrangements for the management of risk. The Accounts and Audit Regulations (2015) require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/ SOLACE Framework 'Delivering Good Governance in Local Government' 2016. A copy of the Code is available on our website at www.melton.gov.uk or can be obtained from the Council Offices in Melton Mowbray upon request. This Statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the preparation and approval of an Annual Governance Statement.

The CIPFA/SOLACE delivering Good Governance publication (2016) defines various principles of good governance in the public sector and this document sets out seven core principles that underpin the good governance framework. The Council's arrangements comply with each of the principles in the CIPFA/SOLACE Framework.

The Annual Governance Statement assesses governance in place during 2020/21 so the majority of the year has been affected by coronavirus and therefore the conclusion on whether or not governance is fit for purpose has been included in the Statement to reflect the impact of the COVID-19 pandemic on governance.

Due to the delays in the audit of the final statement of accounts the Council has also published its draft 2021/22, 2022/23 and 2023/24 AGS. The 2023/24 copy being the latest version is available at the following link [Annual Governance Statement 2023/24](#)

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THE GOVERNANCE FRAMEWORK

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the Council is controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. The Council’s system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council’s policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The governance framework has been in place for the year ended 31 March 2021, and up to the date of the approval of the Statement of Accounts.

The process of review and monitoring of governance arrangements across the Council is an ongoing process with updates provided throughout the year to stakeholders. The outputs from this process have also been a primary source of information for the preparation of the Annual Governance Statement (AGS).

This Statement explains how the Council has complied with The Code and meets the requirements of Accounts and Audit (England) Regulations 2015 regulation 6, in relation to conducting a review of the effectiveness of the system of internal control and the publication of an annual governance statement.

The Governance Framework - Our Vision, Priorities and Values

The Council's vision, priorities and values are set out in the Corporate Strategy which was adopted by Council in September 2020.

The new Strategy details the Council's vision as:

“We want to be a first-class council: on the side of our communities and providing great services, where the customer comes first. We want to help people reach their potential, support the most vulnerable, and protect our rural environment. We want to provide more and better homes, create better jobs and regenerate the town. We want to ensure Melton prospers, benefitting those who live here and attracting others to visit and invest”

The Strategy also identifies the Council's 6 priorities which fit into three themes: Helping People, Shaping Places and Great Council:



The identified priorities support this Annual Governance Statement with a specific priority concerning the right conditions being in place to support delivery which includes good governance. A series of activities and projects sit beneath each priority which are managed by the relevant Directors from the Senior Leadership Team

1. THE KEY ELEMENTS OF THE GOVERNANCE FRAMEWORK

Council

- Comprises 28 elected Members (Councillors)
- Approves the Council's Corporate Strategy, Policy and Budgetary Framework
- Approves the Constitution
- Appoints to Committees, Sub-Committees and Outside Bodies

Mayor

- Is the ceremonial figurehead of the Council
- Is the person in charge of managing debate when all 28 Councillors meet at Council meetings
- Is a non-political role
- Is voted for every year at the Council meeting

Cabinet

- Comprises the Leader and 5 Cabinet members appointed by the Leader; one of which is appointed as Deputy Leader. All cabinet members are responsible for a portfolio (Portfolio Holders)
- Provide strategic leadership to the Council and discharge executive functions which are any decisions that are not reserved to Council or another Committee
- Decisions can be made by Cabinet as a whole or by the relevant Cabinet Portfolio Holder

Scrutiny

- Not a decision-making body but seek to influence policies and decisions prior to them being made
- Have the ability to challenge/review decisions by calling them in
- Can investigate issues of public importance

Regulatory Committees

Comprising:

- **Audit & Standards** – The audit function of this Committee provides independent assurance to the Council on the adequacy and effectiveness of the governance arrangements risk management framework and internal control environment. This Committee also approves the Local Code of Governance, Annual Governance Statement and the Statement of Accounts
- **Audit & Standards** – The standards function of this Committee promotes high standards of member conduct
- **Planning Committee** – makes decisions on certain planning applications
- **Licensing Committee** – makes decisions on all aspects of local licensing for which the Council is responsible

Head of Paid Service

- Overall Corporate management and operational responsibility for the Council (including overall management responsibility for all employees)
- The Head of Paid Service will determine how the Council's functions are discharged, the number and grade of officers required to discharge those functions and how officers are organised into an overall officer structure
- The provision of professional advice to all parties in the decision-making process and responsibility for a system of record keeping for all the council's decisions.
- Proper Officer for Access to Information

Chief Finance Officer (s.151)

- Accountable for developing and maintaining the Council's governance, risks and control framework
- Ensuring lawfulness and financial prudence of decision making and the administration of financial affairs
- Providing advice to all Councillors on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget & policy framework issues
- Support and advise Councillors in their respective roles
- Contributes to the effective corporate management and governance of the Council

Monitoring Officer

- Monitoring, reviewing and maintaining the Constitution
- Ensuring lawfulness and fairness of decision making
- Supporting the Audit and Standards Committee by conducting investigations and/or undertaking other action in respect of matters referred by the Committee
- Advising whether decisions are in accordance with the Constitution
- Providing advice to all Councillors on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget & policy framework issues
- Support and advise Councillors in their respective roles
- Contributes to the effective corporate management and governance of the Council

**Head of
Internal
Audit**

- Provides independent assurance and opinion on the adequacy and effectiveness of the Council's risk management and control framework
- Through the internal audit service delivers an annual programme of risk-based audit activity, including counter fraud and investigation activity and makes recommendations for the improvement in the management of risk and control

**Senior
Leadership
Team (SLT)**

- Implements policy and budgetary framework set by Council and provides advice to Committees of the Council on the development of future policy, procedure and budgetary issues
- Oversees the delivery of the Councils Corporate Strategy and implementation of Council Policy
- Oversees the implementation of audit recommendations to improve weaknesses in controls in a timely manner

**Operational
Leadership
Team (OLT)**

- Responsible for developing, maintaining and implementing the Council's governance risk and control framework
- Contribute to the effective corporate management and governance of the Council
- Responsible for ensuring audit recommendations to improve weaknesses in controls are actioned in a timely manner

Role of External Audit

The current external auditors are Ernst and Young LLP. External Auditors audit the financial statements and provide an audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2021 and of the income and expenditure for the year then ended. External Auditors also consider whether the Council has put in place proper arrangements to secure economy, efficiency, effectiveness on its use of resources. No significant issues have been raised relating to issues arising from audit work undertaken to date.

Role of Risk Management

A robust risk management framework is an integral part of operational service delivery and the decision making process. An up to date and regularly reviewed Risk Management Policy and Strategy is maintained. This requires that both Directorate and Strategic Risk Registers are maintained with appropriate action plans to mitigate and manage identified risks. The strategic risk registers are reviewed and updated at the Senior Leadership Team as appropriate. Directorate risk registers are reviewed within team meetings.

To ensure that risk is considered when decisions are made, all reports presented to Members must include a risk assessment of the actions or implications within the report. This assessment also covers legal and financial and value for money considerations. Decisions that are due to be made by elected members identify risks and categorise them as high and low probability and high and low impact on the Authority and plans are put in place in order to reduce the probability of those risks occurring and to reduce the service impact if they do occur. Risk assessments are also put in place as part of the Council's Project Management process.

Risk management is part of the regular training delivered to officers and members. Risk Management responsibility falls within the remit of the Council's Audit and Standards Committee indicating its importance within the context of good governance. The Strategic Risk Register will also be reported to Cabinet to ensure those agreeing and implementing policy decisions, do so in the context of the risks being faced by the Council.

2. HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

The following sections list the key elements of the systems and processes that comprise the Council's governance framework with a commentary setting out how the arrangements comply with each of the principles that are laid out in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government.

Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Arrangements have been put in place to ensure probity when dealing with different stakeholders and these are frequently updated. The Council has a Members' Code of Conduct, Planning Code of Conduct and Citizens' Rights which are all set out in the Constitution. These are regularly reviewed to take account of the latest legislation and guidance.

The Constitution contains a section on the "Principles of Decision Making", and all decisions should be made in accordance with these principles.

During 2020/21 the Audit and Standards Committee had a pro-active work programme and where relevant the Committee received updates from the Monitoring Officer on current issues.

The Council has arrangements for monitoring compliance with the Member Code of Conduct (including gifts and hospitality). Bi-annual reminders are sent to members in respect of declarations of interests and gifts and hospitality.

The Officer Register of Gifts and Hospitality receives regular checks by the Monitoring Officer. Bi-annual updates are sent to officers reminding them of the requirements to register gifts and hospitality and annual reminders are sent in respect of registering other interests for transparency

The Statutory Officers bring governance issues to SLT as part of an approved work plan and also if there are any other issues as appropriate. The Council's Whistle Blowing Policy includes members, contractors, suppliers and service providers and people working in partnership with the council (e.g. volunteers). All reports received under the policy are investigated thoroughly and no reports were received citing the Policy this year.

Training is provided to ensure compliance with legislation.

Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function

The “Monitoring Officer” function was carried out by the Director for Governance and Regulatory Services who reports to the Chief Executive. From 25 November 2020 the Assistant Director for Governance and Democracy was designated as Monitoring Officer and reports to the Director for Corporate Services with unfettered access to the Chief Executive. The Monitoring Officer sits on the Strategic Leadership Team.

The Legal and Governance Manager who had responsibility for legal matters and was also the “Deputy Monitoring Officer”, reported to the Director for Governance and Regulatory Services until the appointment as Assistant Director for Governance and Democracy. From 25 November 2020, the Democratic Services Manager was appointed as “Deputy Monitoring Officer” and reports to the Assistant Director for Governance and Democracy.

Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function

The “Head of Paid Service” role is undertaken by the Council’s Chief Executive.

Undertaking the core functions of an Audit Committee, as identified in CIPFA’s Audit Committees – Practical Guidance for Local Authorities

The Council has an established Audit and Standards Committee whose remit and functions are based on the guidance set out in a CIPFA publication which identifies best practice in relation to roles and responsibilities. The Committee meets quarterly and receives regular reports from both the Section 151 Officer and the Head of Internal Audit. Arrangements are in place for the Head of Internal Audit to report independently to the Audit and Standards Committee should she feel it appropriate to do so.

The Council ensures compliance with established policies, procedures, laws and regulations through various channels.

Two of the Council’s statutory officers, the Section 151 Officer and the Monitoring Officer, have responsibility for ensuring that the Council does not act in an ultra vires manner, supported by the Head of Internal Audit who provides assurance on matters of internal control.

There is an in-house legal team. The Legal team work closely with all teams across the Council providing risk-based advice.

Directors have accountability within their Directorates to ensure that policies are adhered to and understand that they must notify the statutory officers if they are concerned about compliance within their areas.

The Council has ongoing GDPR considerations and a programme of works to ensure compliance is continuous.

Whistle-blowing and for receiving and investigating complaints from the public

The Council has appropriate whistle blowing policies and procedures in place which are reviewed annually and updated where required. Staff are aware of the Whistleblowing policy through the Council's intranet.

The Council refreshed and updated its complaints policy and procedure in 2018 and has decentralised day-to-day responsibility to Service Managers for responding to stage 1 complaints and Directors for stage 2 complaints. Oversight of Corporate complaints sits with the Senior Leadership team supported by the Business Support Officer in each directorate.

Principle B. Ensuring openness and comprehensive stakeholder engagement

The Council values openness and comprehensive stakeholder engagement. The Authority has a Consultation Toolkit which is used to guide effective and appropriate consultation.

The Authority has established partnership working and consultation with a number of different partners and organisations including TFEC (tenants forum) and BID (Business Improvement District).

There are excellent relations with recognised trade unions on staffing matters.

The Council shares its accommodation with other partner organisations, including for example, Job Centre Plus, Leicestershire Police, Leicestershire County Council and Citizens Advice Bureau. This encourages closer working and a more joined up service for customers. The Council engages with a wide set of private sector, business and community stakeholders through an established Melton Place Board; focussing on encouraging growth and prosperity in Melton.

Our range of communications policies sets out who we communicate with, and why and how we do it. The Council uses various means to communicate key messages to members of the public, including press releases, website content, social media and where relevant direct communication.

Internally, we communicate with staff via team meetings, the intranet, email and Chief Executive's Briefings for staff. The Council has "Service Champion" meetings which involves frontline staff representatives from all services in the Council meeting on a bi-

monthly basis with the Chief Executive. It also has a formal, regular mechanism of meetings with representatives and officials from the recognised Trade Unions. Members are communicated to through briefings, development days and a bi-monthly Members Bulletin.

The Council's scrutiny arrangements ensure that key elements are externally scrutinised and involve all sections of the community and stakeholders as necessary.

Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the authority's overall governance arrangements

The Council participates in a range of joint working arrangements with other bodies. For those that deliver services to our customers there are service level agreements or contractual arrangements in place to ensure delivery and to protect reputational risk, but the Council also works with partners on a range of issues without formal arrangements, aiming to influence their activity to maximise the benefits to our area. Should there be corporate risks based on partnership arrangements these will be detailed within the strategic and directorate risk registers.

The Council is particularly mindful of the financial and reputational risks that can arise through entering into joint working and collaborative arrangements, including the potential for a detrimental reputation impact on the Council should the partnership fail.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome

The Corporate Strategy and our Medium Term Financial Strategy detail how we have planned all our resources, both financial and staffing to deliver against our priorities. Our corporate management and performance framework has been developed to strengthen the performance of the Authority and the achievement of key objectives and outcomes. Performance is regularly and publicly reported through Cabinet.

Principle E – Developing the entity's capacity including the capability of its leadership and the individuals within it

The Council has a Workforce Strategy, adopted in 2018 that assists in ensuring that the Council maximises the potential of available staffing resources, seeking to recruit, develop and retain the best possible staff in order to drive the Authority forward. The Council has managed to maintain a healthy training budget to assist with staff and member development.

The Council fully supports the requirements to ensure that both members and senior officers have the necessary skill sets to fulfil their strategic role in the organisation; using the aforementioned Melton Leadership Team forum to support this as well as more specific and dedicated training sessions and coaching.

A comprehensive induction programme exists for both members and officers which was developed to deal with all relevant core issues. The Council is committed to creating an environment where elected members' skills can develop and thrive with regular courses being delivered and bespoke training needs are identified. An annual appraisal is undertaken for all officers, which includes the identification of training and development needs, which are then considered and built into a corporate training programme where appropriate.

During the year, the senior management structure of the Council was reviewed and a revised structure was approved by Council. This came into fruition at the start of the year and has continued to embed with a new Director for Housing and Communities having been recruited to which will assist with capacity to effectively managed the Councils housing stock. A further restructure was implemented in November 2020 which took account of the departure of the existing Director for Governance and Regulatory Service (Monitoring Officer) and provided additional support for the Directors by creating two additional Assistant Director posts (Assistance Director for Governance and Democracy and Assistant Director for Housing Management).

The corporate priorities, the streamlining of governance arrangements, a continuing focus on digital and demand reduction are all helping to ensure that capacity is maintained and enhanced. A cultural shift to greater use of influential power should also help to lever in partner resources when looking at how to achieve required outcomes.

Enhancing the accountability for service delivery and effectiveness of other public service providers

The Council is a partner in the Leicestershire, Leicester and Rutland Resilience Partnership (LRP). All Councils at Unitary, District and Borough levels are members of the Partnership to bring together emergency management resources to prepare for and respond to civil emergencies within the Leicester, Leicestershire and Rutland area. The Assistant Director for Strategic Planning and Delivery is the Council's representative on the LRP Management Board.

The move to a Cabinet model and the incorporation of a formal scrutiny function and committee has further increased the ability of the Council to undertake broader policy development and hold partner organisations to account.

Principle F – Managing risks and performance through robust internal control and strong public management

The writing of formal reports follows a prescribed procedure which requires the completion of a number of procedural requirements for content including Statutory

Officer checks for legality, budgetary compliance, rationale and risk. Reasons for all decisions must be given and these are recorded in the minutes. The Member and Officer Codes of Conduct and associated procedures act as a safeguard against conflicts of interest or bias. The Council maintains a Forward Plan of Key decisions to maximise transparency and consultation.

The Audit and Standards Committee have undertaken the functions of an audit committee as identified by CIPFA guidance. It receives regular reports and presentations from the External Auditor and is independent of cabinet.

The Authority has a customer feedback complaints system and this information is sent to the relevant Director and is used to improve service delivery and customer satisfaction. It is also considered by the Senior Leadership Team quarterly.

The strategic risk register is reviewed by Cabinet bi-annually and more frequently by management. The risks identified have been allocated lead officers that manage each risk. Risk Management also forms a key element of the Directorate Actions Plans and risk management is an integral part of the Authority's performance management arrangements.

The Council is committed to the effective use of IT and has a digital strategy and IT acceptable usage and Security Policy which are kept under regular review.

The Council's 2020/21 Treasury Management Strategy was approved by Council in February 2020, and risks are fully evaluated as part of this strategy.

Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability

Ensuring the Authority's Financial Management Arrangements conform with the Governance Requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016)

The Director for Corporate Services undertakes the role of Chief Finance Officer and the Council's financial management arrangements continued to conform with good governance. An assessment was undertaken in the year against compliance with the CIPFA financial Management Code. The council is complying with all of the requirements however an action plan has been developed to improve the level of assurance with each standard contained within the code.

Ensuring the authority's assurance arrangements addresses the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)

The Council's internal reporting arrangements are designed to ensure the independence of the internal audit function. Appropriate resources are made available to provide an independent, objective assurance and consulting activity designed to

add value and improve the Authority's operations. It brings a systemic disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The Head of Internal Audit reports directly to the Audit and Standards Committee on all matters appertaining to audit outcomes. The Head of Internal Audit and the Section 151 Officer meet on a bi monthly basis to discuss and review governance and risk matters.

3. IMPACT OF CORONAVIRUS ON GOVERNANCE

- 3.1 The Covid-19 pandemic has significantly impacted the Council and our residents, requiring us to change the way we deliver services, and driving the creation of new services to meet the needs of the Borough's residents. During 2020 the Council has had a significant role in responding to the Covid-19 outbreak, as a Category One responder under the Civil Contingencies Act. This has resulted in some temporary changes to governance arrangements including procurement, as well as postponement of some Committee meetings, and prioritisation of service delivery to cope with changing demand. The Council continues to work with its partners in particular the Director for Public Health to take all the necessary steps to contain and reduce transmission of the virus to ensure we are well prepared for any potential spread.
- 3.2 The Council shared messages with the workforce and residents as to how they can help minimise the spread of germs and the Coronavirus in the Borough. The Council put in place a set of emergency governance measures to monitor and respond to the Covid-19 pandemic, which has very quickly had an extraordinary impact across the Council, our services, residents and communities, these measures are outlined below:
- 3.2.1 In line with national Emergency Management protocol, Melton Borough Council declared a Major Incident and implemented the corresponding plan to facilitate clarity on roles and responsibilities and the quick implementation of activities in response to the emergency. This has also given clarity to local, regional, and national stakeholders and counterparts to ensure a joined-up response with others.
- 3.2.2 The Council enacted its business continuity processes, identified its essential services, and prioritised the minimum level of resources required to provide them. During 2020-21 the Council participated in a range of exercises to demonstrate how it continues to respond to Covid-19 and the delivery of core Council services.
- 3.2.3 Within days of lockdown arrangements, the Council was able to ensure that the majority of the workforce were able to work from home, utilising digital tools such as Zoom and Microsoft Teams, which has been an

essential element in our ability to continue to respond quickly, stay in touch with the workforce, and ensure essential meetings could continue with relatively few issues. During this period, all employees who needed to and elected members have been able to work from home safely and securely.

- 3.2.4 In addition, in line with the business continuity planning arrangements, the Council implemented measures whereby only key or essential workers would need to work from an office or building location. The Council also implemented shielding arrangements for those employees at high risk.
 - 3.2.5 The Communications service has been fully mobilised to ensure communications through all channels to support public health advice / information and council service and support information to reach audiences externally and internally. The approach helped to quickly identify and understand our resident's needs, tailoring services to meet these changing needs, whilst ensuring that key issues and challenges are identified and managed.
 - 3.2.6 The Council is part of the Local Resilience Forum and the Chief Executive sat as a member of the Strategic Co-ordinating Group with a range of officers linked into tactical and thematic cell groups. The Chief Executive also sits on the Recovery Co-ordinating Group.
- 3.3 In-line with the Council's approach to the management and preparation for the UK's exit from the EU, the Council undertook a pro-active approach to ensuring that it continued to manage, coordinate and communicate activity as effectively as possible – working around the specific challenges that Covid-19 presented. The Council recognises that the Covid-19 crisis has had a significant financial impact and will have a long-term effect on the level of resources available to the Council.
- 3.4 In response to the Covid-19 emergency, the Government announced financial support packages for small businesses, and those in the retail, hospitality, and leisure sectors. The support took the form of a variety of funding support schemes: The Small Business Grant Fund (SBGF) and the Retail, Hospitality and Leisure Grant Fund (RHLG). Local authorities were responsible for administering these schemes, and the Government have committed to providing the funding for these payments. As we move forward we will continue to analyse the impact of Covid-19 and understand how the pandemic has impacted our strategic priorities as highlighted within the Council's Strategy, we will need to understand and manage a variety of impacts, including financial, service delivery, and health and wellbeing. Internal audit have supported with the assurance process including fraud detection and prevention.

- 3.5 Workforce arrangements continue to be reviewed on a constant basis, and as guidance is updated, frequent communications are issued. Updates for members and staff continue to be produced via the Corporate Messenger and Members' Bulletin. Information and support are provided explaining health messages and activity being carried out to tackle the pandemic and including contact information. A staff survey has been undertaken to assess impacts and respond accordingly and regular contact is maintained through the Service Champions meetings with the Chief Executive.
- 3.6 Melton Borough Council have been able to identify and seize the opportunities that arose by embracing new ways of working and delivering services to ensure good governance, decision making and transparency whilst maintaining critical services and supporting our partners across the whole of the public sector community. Notably however, is the impact Covid 19 has had on our local communities including our business and economic community and this forms part of the ongoing works of the Local Resilience Forums. Work continues to mitigate the impact in these areas. The Council remains committed to ensuring adequate resources are provided to address the opportunities, challenges, and issues Covid 19 presents. A Scrutiny task and finish group have recently launched a survey for residents and members to seek feedback on how the Council responded to COVID to ensure resources continue to be allocated appropriately. The findings and recommendations of the task and finish group will be report to Cabinet in due course.

Impact on business as usual in the delivery of services

In March 2020, the Council declared a Major Incident and a governance structure consisting of strategic meetings and operational meetings were held regularly in March and at periods, on a daily basis. All meetings were chaired by the Chief Executive and were supported by senior and service managers. All statutory officers were in attendance.

In addition, the Council attended meetings facilitated by the Leicester, Leicestershire and Rutland Resilience Forum (LRF) which brought together Local Authorities and other Agencies in the response effort.

As is highlighted below, the pandemic has not impacted upon the Head of Internal Audit's ability to provide an assurance opinion.

The incident was ongoing through 2020/21 and the Council has continued to prioritise its emergency response whilst it works on recovery and plans for service continuity. This disruption to normal corporate business and the service, resource, staffing and financial consequences will be assessed as part of the corporate planning and will influence the commitments made in this Statement which will be kept under review.

Guidance and training has been provided on working with remote teams so that regular communication between managers and team is in place. The Employee Support Programme has been advertised regularly to staff, via a variety of channels to help to promote good staff welfare during this period of remote working.

With restrictions easing the Council is working on staffing arrangement to ensure service delivery is not impacted by new ways of working.

New areas of activity as part of the national response to coronavirus and any governance issues arising

The Council created a Community Hub which provided essential support to vulnerable persons within the community. It also introduced processes to pay grants to eligible businesses in accordance with Government Guidance. With regard to both new initiatives, the Council sought advice from Internal Audit to ensure that it was able to make payments in a timely manner and with a high level of internal control and ensuring governance considerations were met. The Senior Leadership Team including the Statutory Officers were appraised of the processes put in place and advised as appropriate. Processes were created using a risk based approach. In addition the Council identified critical service and took steps to manage resources to continue with “business as usual” as much as possible.

The Council approves a Calendar of Meetings at the beginning of each municipal year. Meetings for this financial year were undertaken remotely in accordance with the Coronavirus Act 2020 and the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

The Head of Paid Service used emergency delegated powers on three occasions and Cabinet Members delegated powers were used more frequently. A decision log was created to ensure that all decisions specifically related to Covid-19 have been captured during the pandemic. Internal Audit checked the register on a monthly basis.

Elected members were regularly briefed on the Council’s response to the pandemic to ensure transparency and Cabinet provided leadership with the Senior Leadership Team.

The funding and logistical consequences of delivering the local government response

The Council was already well prepared for staff to be able to work remotely. The governance structure enabled available staffing resources to be assessed and directed to areas of need in order to respond to the crisis and provide the necessary support to the community. With regard to financial resources the council established

a specific cost centre to enable the direct financial costs to be captured and assessed on a regular basis. Alongside this the effect on other areas of the approved budget were also assessed covering both income streams and savings plans. This enabled a clear assessment to be made of the potential financial impact on the Council with regular monitoring put in place. Whilst the council was assured by the Government that all costs would be covered an assessment process was put in place to monitor the financial impact against the available reserves to ensure the Council could cover the financial implications from its own resources should government funding not be provided or was found to be insufficient. There has been regular reporting to members on the financial implications of the pandemic as part of the routine financial reports. Internal audit resources have also been redirected to provide additional assurance over expenditure and decision making during the response phase. There remains a backlog of work in some service areas primarily revenues, finance and the growth and regeneration teams. There is funding set aside to cover some of these areas from the financial support provided by the Government with £167k of funding carried forward for this purpose into 2021/22.

Assessment of the longer term disruption and consequences arising from the coronavirus pandemic.

As the Council responded to the crisis it assessed the impact on its newly approved Corporate Strategy. An assessment was required to be made on any new priorities arising from the crisis alongside any priorities that could no longer be delivered within the resources available. Timescales for delivery were also reviewed accordingly. The Strategy was reviewed and approved in September 2020. The Council will need to keep under regular review financial impact of the crisis on its financial position and future financial sustainability. This will be undertaken through its budget monitoring procedures with regular reporting to the Senior Leadership Team and Members.

Alongside this assessment the Authority was looking at how best to deliver its services in the future but recovery has been delayed due to the pandemic. A review of a variety of cultural and service delivery options will be examined. This will cover a range of opportunities from how best to use its buildings to reviewing its workforce strategy, digital opportunities as well as building on the improved business and community links that have been established. The aim being to learn from any positive changes that have occurred in the Councils response and adapt accordingly.

EU Exit (“Brexit”)

Following the exit of the United Kingdom (UK) from the European Union (EU) 31 January 2020, the UK and the EU entered a transition period for the negotiation of the future relationship. This transition period ended on 31 December 2020 and a trade deal was reached. The UK left the EU on 31 January 2020 but has benefited from continued membership of the single market and customs union over the last year. The end of the transition period has brought about widespread changes for British businesses and citizens, as a new chapter in the country’s relationship with its neighbours begins. The Council participated in the Leicestershire wide EU Exit transition working group.

Whilst there was no legal cliff edge in January as most EU rules and laws have or will be converted into UK law, there are other changes for councils including new responsibilities for regulatory services, possible changes in data governance and proposals for new UK migration rules which have a bearing on staff recruitment processes. The Cabinet Office has also taken the opportunity of EU Exit to review EU procurement law and is seeking greater local flexibilities in these processes. In line with Government guidance the Council has provided information about the EU Settlement Scheme for EU citizens living in the area. It has sought to ensure awareness of the Scheme and to signpost EU citizens requiring further information or advice to Citizens Advice who are provide a EUSS support service.

Regular communications about the EU Settlement Scheme were shared internally for the Council’s employees, encouraging them to register and use the services of Citizens Advice if necessary.

A huge amount of work has been done at national level to ensure a usable legal framework is in place to regulate businesses in respect of the supply of food and consumer goods. The Council’s Regulatory team including its Environmental Health Officers remain conversant with legal changes to support local business and ensure compliance.

Public Procurement Rules Reforms are being undertaken by the Government Cabinet Office with the aim to establish a new, more simplistic, UK procurement law based on Government Procurement Agreement (GPA) as set by the World Trade Organisation (WTO). It is currently anticipated that any new UK procurement law will not be in place until 2024. The UK public sector remains and will continue to remain under any new UK procurement law, bound by the GPA which opens £1.3 trillion in public procurement opportunities in more than 48 countries to British businesses. It is the intention that the Council will explore any opportunities that arise because of any change to public sector procurement.

4. REVIEW OF EFFECTIVENESS DURING 2020/21

Internal Audit Conclusion

Based upon the work undertaken by Internal Audit an opinion of **Satisfactory Assurance** can be given over the adequacy and effectiveness of the Council's control environment for 2020/21. This control environment comprises of the system of internal control, governance arrangements and risk management. This remains consistent with the opinions given in recent years.

Governance

During 2020/21, the Covid-19 pandemic resulted in a number of restrictions and a range of additional responsibilities placed upon the Council to drive the national response and support to local communities. During this period, controls were implemented to support transparent decision making and alignment with the Council's Constitution. This included records of delegated decision. This record was shared with Internal Audit on a regular basis and informed an ongoing review of governance throughout the year.

Financial control

Controls relating to the key financial systems which were reviewed during the year were concluded to be generally operating effectively. Recommendations have been made regarding strengthening of debt recovery processes and these will be subject to follow up review.

A review of the Council's assessment against the CIPFA Financial Management Code was also included in the 2020/21 audit plan and provides a source of assurance over the level of compliance with the relevant principles, which came into force in April 2020.

Risk management

Established structures and processes for identifying, assessing and managing risk remained consistent during 2020/21. An audit of Risk Management was completed in 2019 and concluded an opinion of Substantial Assurance over the framework in place. The risk management strategy has been reviewed by the Audit and Standards Committee. An annual report on risk management activity and the strategic risk register was reviewed by the Audit and Standards Committee in September 2020. Service level risk registers are maintained, complying with the same methodology.

Internal Audit work is targeted upon the Council's key areas of risk and work completed in 2020/21 has assessed assurances in relation to controls in these areas.

Internal control

For the audits completed in 2020/21, 95% of the opinions given in relation to the control environment and compliance have been of at least Satisfactory Assurance. The proportion of audits resulting in opinions of Limited Assurance has been lower than in previous years.

Of these audits, none have resulted in an organisational risk score of 'Major' which impacts upon the annual opinion on internal control.

It is noted that action plans have been agreed to address all areas of weakness. Of the recommended actions agreed, and due for implementation, 80% had been completed during the year.

Internal Audit has not been made aware of any further governance, risk or internal control issues which would reduce the above opinion. No systems of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

Senior Leadership Team - Annual Assurance Statements

At the end of the year annual assurance statements are issued to each member of the Senior Leadership Team to provide assurances on the identification and assessment of risks and that sound operational arrangements exist within their service. Following their return these are considered by the Senior Leadership Team to identify which areas of improvement are appropriate to be included within the Annual Governance Statement.

The conclusion from the review is that the Council has continued to demonstrate that the governance arrangements and framework within which it operates are sound and effective and are consistent with the Local Code of Corporate Governance which is consistent with the principles set out in the CIPFA/SOLACE Framework.

The areas of improvement identified in the last Annual Governance Statement have been addressed in the Table below. Following on, a further table shows the improvement areas identified for 2021/22 which will be administered by Senior Leadership Team on a quarterly basis.

UPDATE ON AREAS FOR IMPROVEMENT HIGHLIGHTED FOR 2020/21			
CIPFA/SOLACE Principle	Improvement	Owner	Comments
Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Review and strengthen compliance with policies and procedures and legislative requirements for goods, works and services procured by the Council.	Senior Leadership Team	This is still an area for improvement and will therefore continue to be included in internal audit's annual plan for review. Procurement have revised the contract procedure rules. The procurement toolkit has also been updated to provide greater assistance. This action is no longer considered to be significant enough to be recognised as an action for 2021/22 although improvement work will continue to be progressed.
	Continue to improve the links between procurement and legal regarding the instigation of appropriate contracts following procurement	Director for Corporate Services Director for Governance & Regulatory Services	Procurement and Legal Services will continue to work together to develop guidance for those officers wanting to award contracts which includes both the governance and procurement requirements that must be complied with. This action is no longer considered to be significant enough to be recognised as an action for 2021/22 although improvement work will continue to be progressed.
	Review the process for maintaining the Contracts Register	Director for Governance & Regulatory Services Director for Corporate Services	The Contracts register is reviewed by service managers at their 8 weekly meetings. An electronic register has been implemented and is being updated within service areas in conjunction with procurement. Although the Register is the most complete it has been for some years, there is still some work to do to correct legacy issues which have resulted in some contract details not being accessible to those completing the Register. This action is no longer considered to be significant enough to be

UPDATE ON AREAS FOR IMPROVEMENT HIGHLIGHTED FOR 2020/21			
CIPFA/SOLACE Principle	Improvement	Owner	Comments
			recognised as an action for 2021/22 although improvement work will continue to be progressed.
Principle D : Determining the interventions necessary to optimise the achievement of the intended outcomes	Review Project Management board structure and Framework	Director for Corporate Services	The board structure has been reviewed and a new project management framework adopted and rolled out. Further refinements are in progress following the experience following the first few months of use. This action is no longer considered to be significant enough to be recognised as an action for 2021/22 although improvement work will continue to be progressed.
	Complete a Stock Condition Survey and Asset Management Plan which will include the introduction of a Compliance Framework for all assets which will inform the Capital Strategy and HRA business plan.	Director for Growth and Regeneration and Director for Housing and communities	Progress has been made in relation to asset improvement but long standing issues remain to be addressed across both the General Fund (GF) and HRA stock. Stock condition surveys are underway with regard to the GF and procurement of HRA stock condition surveys are underway. The programme of undertaking the surveys will run for more than one year. Due to the amount of work still required in this area this will remain an action in the AGS for 2021/22.

UPDATE ON AREAS FOR IMPROVEMENT HIGHLIGHTED FOR 2020/21			
CIPFA/SOLACE Principle	Improvement	Owner	Comments
	A compliance framework to be prepared for all Council properties to ensure compliance with health and safety standards and delivery of decent homes standard	Director for Growth and Regeneration	<p>Significant progress has been made in relation to compliance across the landlord function. All outstanding Fire Orders have now been satisfied and we have sustained our 100% gas safety compliance.</p> <p>The recent internal audit has reinforced this progress with good and satisfactory assurance achieved, all actions are being progressed.</p> <p>We have a number of policies in compilation to support our approach.</p> <p>The soon to commence stock condition surveys shall further enhance our data and provide the foundations of future planning to achieve decent homes standards.</p>
	Ongoing consideration of how the Council will balance its budget from 2020/21 onwards taking into account, the impact of the spending review and subsequent funding decisions by central Government and the impact this will have on the Council's finances into the future	Director for Corporate Services	<p>Finances continue to be challenging. The Council set a balanced budget for 2021/22 which was positive.</p> <p>However, the financial implications of Covid-19 have affected the Council's future financial resilience. Until the full impact and final level of government funding is known it is difficult to assess the impact on the Council's Medium Term Financial Strategy. The deferral of the fair funding review again with unknown proposals relating to a business rates baseline review is also creating uncertainty.</p> <p>This will remain an action for 2021/22</p>

UPDATE ON AREAS FOR IMPROVEMENT HIGHLIGHTED FOR 2020/21			
CIPFA/SOLACE Principle	Improvement	Owner	Comments
Core Principle F : Managing risks and performance through robust internal control and strong public financial management	Complete outstanding actions identified as part of the Internal Audit Annual Report 2018/19.	Senior Leadership Team	All internal audit recommendations have been tracked regularly to ensure they have been implemented. Any remaining issues have been covered by specific actions in 2021/22
Core Principle G : Implementing good practices in transparency, reporting, and audit to deliver effective accountability	Review and strengthen financial awareness to further enable budget holders to effectively manage budgets.	Director for Corporate Services	<p>Financial awareness in service areas needs to be higher to ensure budget spend can be more consistently and accurately reported and commercial aspirations can be progressed</p> <p>Outcome of an audit in 2020/21 of budgetary control undertaken highlights importance of service involvement and independent review of the CIPFA financial management code highlights proposals for improving this. The action plan for the code and progress on the implementation of phase 2 of the new finance system should assist with improving engagement and support provided to services</p> <p>This will remain an action for 2021/22.</p>

UPDATE ON AREAS FOR IMPROVEMENT HIGHLIGHTED FOR 2020/21			
CIPFA/SOLACE Principle	Improvement	Owner	Comments
	Review and strengthen decision making awareness throughout the Council including reporting and recording of decisions in line with executive arrangements requirements	Director for Governance & Regulatory Services	<p>Restructure created Democratic Services Team who provide advice on decision making to officers and are proactive in making services aware of legislative requirements. They undertake governance training as part of the induction training for managers when they start new roles with the Council. Training on decision making rolled out to senior and service managers. New templates rolled out with practical training which has assisted with understanding on Key Decisions and considerations in making decisions. SLT consider Forward Plan fortnightly and disseminate key messages to services to ensure compliance with executive arrangements. Members received training on executive arrangements and are regularly reminded of how they can access information and requirements to publish decisions.</p> <p>This action is no longer considered to be significant enough to be recognised as an action for 2021/22 although improvement work will continue to be progressed.</p>

AREAS FOR IMPROVEMENT 2021/22		
DIRECTORATE	IMPROVEMENT	OWNER
Corporate Services	<p>Ongoing consideration of the council's future financial sustainability including how the Council will balance its budget from 2022/23. The council is vulnerable due to its low reserves and vulnerability highlighted in the CIPFA financial resilience indicator set. There is uncertainty regarding future funding due to the deferred spending review, ending of New homes bonus, review of the business rates baseline and uncertainty regarding any replacement and further subsequent funding decisions by central Government and the impact this will have on the Council's finances into the future.</p> <p>The council may wish to borrow to fund property investments and regen schemes also there could be a need to fund any one off costs of any service reductions. There also remain uncertainty regarding the impact of COVID on income recovery and lost business rates.</p> <p>Improve proactive checking of compliance with data protection including regular checks on cleansing of data particularly electronic data in line with retention schedule and updating of Record of Processing Activity</p>	Director of Corporate Services
	<p><u>Updated Position for 2023/24</u> This remains an action for 2023/24</p>	
	<p>Review and strengthen financial awareness to further enable budget holders to effectively manage budgets.</p> <p><u>Updated Position for 2023/24</u></p>	

	<p>The implementation of a new finance system 2021/22 has strengthened this area. ongoing training continues and therefore this issue is no longer considered a risk for the AGS going forward</p>	
<p>Senior Leadership Team</p>	<p>Complete a lessons learnt review in relation to the Council's response to Covid-19</p> <p><u>Updated Position for 2023/24</u> This was undertaken by Internal audit in 2021/22 and the outcome reported to the Audit and Standards Committee. This was awarded a substantial assurance rating. Completed</p>	<p>Chief Executive</p>

<p>Housing & Communities</p>	<p>Health and Safety- Following recruitment to the Health and Safety post improve corporate oversight across the organisation through a review of the policy and ensure the refreshed health and safety group which includes member representative is working effectively.</p> <p><u>Updated Position for 2023/24</u> This was completed in 2021/22</p> <p>Complete Stock Condition Survey and use to inform a fully revised HRA business plan. This to be then used to inform revenue and capital budgets.</p> <p><u>Updated Position for 2023/24</u> This was completed in 2022/23</p>	<p>Director for Housing & Communities</p>
<p>Growth & Regeneration</p>	<p>Complete the programme of General fund stock condition surveys. As these surveys are completed they will be used to inform the Council’s capital strategy, Asset Management Plans, Capital Programme and Revenue budgets. The Asset Register and Land Registry will need to be updated accordingly. Timescales for the completion of this work will need to be developed and communicated</p> <p><u>Updated Position for 2023/24</u> <u>A General fund Asset management Plan is being considered by the council on 8.2.23 based on updated stock condition surveys. Land Registry work is work in progress.</u></p>	<p>Director for Growth & Regeneration</p>

5. OVERALL OPINION AND CONCLUSION

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements, in particular by addressing the issues identified in undertaking the annual review. The Council will continue to seek to enhance and strengthen governance arrangements within these areas for improvement and monitor progress made as part of our next annual review.

In terms of the pandemic, the Council is satisfied that appropriate governance arrangements are in place. The Council continues to use a risk based approach to decision making and monitors progress to ensure good governance. Additional governance measures were created as detailed within the statement during the pandemic. A lessons learnt review will be undertaken in the next financial year and has been included as an action throughout the 2021/22. Progress on improvements, addressing and mitigating risks will be monitored throughout the year by the Senior Leadership team and elected Members.

Supporting Documentation:

This statement is supported by Appendix A – the Local Code or Corporate Governance

Statement of Leader and Chief Executive

We have been advised on the implications of the result of the review of the effectiveness of the governance framework carried out by members of the Senior Leadership Team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Signed:

Chief Executive

Leader