

Annual Governance Statement 2019/20

Executive Summary

Governance is about how local government bodies ensure that they are doing the right things in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems, processes, cultures and values by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

The Annual Governance Statement (AGS) is a public report by the Council on the extent to which it complies with its own local governance code, including how it has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

This document describes our governance arrangements and assesses how closely we align with good practice. In overall terms this is a positive statement for the financial year 2019/20. This document relies on several assurance mechanisms including the internal audit annual review, internal audit reports throughout the year, the work of the Accounts and Governance Committee, the overview and scrutiny process and external audit. In future this will be further strengthened through the introduction of a Budget Planning Committee, which has year round scrutiny responsibilities for managing and monitoring the budget and budget monitoring processes.

External audit is undertaken by Grant Thornton and this provides assurance on the controls the Council has in place. Where the auditor identifies weaknesses in the Council's arrangements, these are highlighted in the Annual Audit and Inspection Letter. The Council received an unqualified audit opinion on its 2018/19 accounts, the latest published.

In common with all local authorities, the Council faced an extremely challenging year in 2019/20 as it sought to understand and manage the implications of austerity, Brexit and latterly the Covid19 pandemic. It is clear already that the latter will have far reaching implications globally, nationally and locally. It will stretch the Councils budgets and ability to maintain service levels to the standards that residents have come to expect and the Council will need to prioritise to ensure that its funding levels remain sufficient.

The economic landscape is the more uncertain than it has ever been and this affects the ability for a Council to plan. Funding streams are under threat and the budget pressures are appearing in year due to the pandemic that are unlikely to be fully covered by the additional Government funding. The Councils response must be to look at new ways of working and ways to deliver significant savings in order to manage through this period in to the medium term.

The Council had already developed the One Eden Transformation Programme, which was designed to create a sustainable medium term financial future. It is clear however that this will need to be reviewed and revised to create additional capacity for delivering savings whilst protecting frontline services.

In addition, the Council currently has vacancies or interims in two of its four Corporate Leadership posts. Undoubtedly the possibility of Devolution and/or Local Government Reorganisation could make filling posts permanently more difficult and this could create problems for the Council in the medium term if the posts are not recruited to on a more permanent basis. The Council is currently seeking to recruit an Acting Chief Executive and

arrangements for the Director of Corporate Services are in place until February 2021, which should at least to ensure a robust budget process is followed. In the longer term this will clearly be influenced by a number of factors but will be kept under review and incorporated as part of the One Eden Transformation Programme

The Council's long term vision for the district is ambitious. Working with our partners in the public, private and voluntary sectors we are aiming to build a District with a diverse economy.

As this statement will show, the Council has a strong system of internal control, performance and risk management and action plans are in place to address issues and progress will continue to be monitored during the course of 2020/21.

Scope of Responsibility

Eden District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It is also responsible for ensuring 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 its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, incorporating the system of internal control. This includes arrangements for the management of risk. The Council has established a Local Code of Governance which details these arrangements and is structured around the 7 Principles of Good Governance, as set out below. The AGS focuses on the effectiveness of these arrangements and so should be considered alongside the Local Code of Governance.

A copy of the [Local Code of Governance](#) is available on the Council's website.

The Accounts and Audit (England) Regulations 2015 require every Council to agree and publish an Annual Governance Statement. CIPFA (Chartered Institute of Public Finance and Accountancy) have produced guidance to Delivering Good Governance in Local Government Framework (2016). In producing this AGS, this guidance has been considered.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It also comprises the activities through which it accounts to, engages with, and leads the community. 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 and cost-effective services. The current Council Plan sets out four priorities which are:

- Sustainable
- Healthy, safe and secure
- Connected
- Creative

These priorities help to shape the policies and allocation of resources towards a strategic vision for the District. The system of internal control is a significant part of the overall

framework to ensure those priorities are delivered and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, priorities, 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 risks to the achievement of the Council's policies, priorities, aims and objectives. It also evaluates 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 at the Council for the year ended 31 March 2020, and up to the date of approval of this Statement.

The Principles of Good Governance

The CIPFA/SOLACE framework Delivering Good Governance in Local Government sets out seven core principles of good governance, these are:

- **Principle 1** – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- **Principle 2** – Ensuring openness and comprehensive stakeholder engagement.
- **Principle 3** – Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- **Principle 4** – Determining the interventions necessary to optimise the achievement of the intended outcomes.
- **Principle 5** – Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- **Principle 6** – Managing risks and performance through robust internal control and strong public financial management.
- **Principle 7** - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The Governance Framework

The following sections align to the 'Delivering Good Governance in Local Government Framework' (CIPFA/SOLACE) and provide evidence against each of sections contained within that document.

Identifying and communicating the Authority's vision of its purpose and intended outcomes for citizens and service users

The Council's long term strategic objectives are set out in the five year Council Plan which is supported by the annually reviewed business plan. Progress is monitored via the Council's Corporate Performance Framework which integrates financial and service planning. Our annual financial planning process is driven by the Council's medium term financial strategy and resources planning process to ensure our future priorities and ambitions are resourced.

The Council Plan identifies and communicates the vision of its purpose and intended outcomes for citizens and service users through a variety of media including its website, the

local media and consultation documents working with the Local Enterprise Partnership (LEP).

The Council's five year strategy sets out the organisation's vision and key strategic priorities. The business plan is refreshed on an annual basis and the updated version published. It sits alongside the budget as a key corporate document and is subject to the same public consultation process.

The Council's service and financial planning process incorporates substantial consultation with all sections of the community. A budget consultation process that is focused on qualitative research with stakeholders. In addition we target harder to reach groups (older people, younger people, people with disabilities and people from minority ethnic communities) to ensure that all sections of the community are able to participate in the budget consultation.

The corporate agenda is communicated to staff through regular briefings from the Chief Executive, a "cascade" system and the staff bulletin board and newsletter as well as through staff engagement in the service planning process. Additional communication activities are also undertaken in relation to key projects.

Reviewing the Authority's vision and its implications for the Authority's governance arrangements

The Council reviews its vision and the implications for its governance arrangements by regularly updating its five year strategy, reviewing the annual business plan and major strategy documents.

The Council has a Medium Term Financial Strategy (MTFS) in place to ensure future ambitions are resourced. The MTFS is the Council's key financial planning document. It is driven by our five year strategy and annual business plan and the four strategic priorities which lie at the heart of it:

- Sustainable
- Healthy, safe and secure
- Connected
- Creative

This strategy sets clear targets to ensure balanced resources are set and focus on front line services in a time when government funding has been reduced.

The Council manages this through a comprehensive and regularly reviewed Constitution setting out how the Council operates. Officers and Members ensure that the protocols in the Constitution and other relevant statutes, regulations and guidance are both followed and lead to transparent, ethical and legal decision making. This ensures effective accountability and strong financial management. The new management structure which came into place from February 2019 is reflected in the Constitution;

Measuring the quality of services for users, ensuring they are delivered in accordance with the Authority's objectives and ensuring that they represent the best use of resources

Mechanisms are in place to measure the quality of services for users, ensuring they are delivered in accordance with Eden District Council's objectives and that they represent the

best use of resources. The Council continues to improve performance management within the organisation. Service quality and best use of resources is ensured via:

- Quarterly Review of Performance - monitoring and recording performance indicator data and business plans) responsibility of managers to report on a monthly and quarterly basis.
- Quarterly Review of Financial Performance Reports
- Quarterly review of the One Eden Transformation Project

The Council recognises that to drive improvement it needs to closely monitor and review its performance. The Council routinely monitors its spend against budgets, and its performance against Performance Indicators and also against service plans and strategies.

Financial reporting is delivered through a financial dashboard which is produced and distributed on a monthly basis. This provides a mechanism for monitoring budgets and effectively challenging or addressing the variances identified with the relevant Assistant Director.

There is no doubt that the current Financial Management System hampers the efficiency and the effectiveness of the budget management process. It is not user friendly and thus not widely used outside of Finance. A new system has therefore been brought forward as a priority to improve and streamline the budget monitoring process.

The external audit Annual Audit Letter gave an unqualified Value for Money conclusion in for 2019/20. This means that the Grant Thornton are satisfied that the Council has adequate arrangements in place for securing economy, efficiency and effectiveness in its use of resources.

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

A clear statement of the respective roles and responsibilities of the executive, the members and the senior officers are held within:

- The Constitution (available on the Council's website)
- Officer job descriptions

The resources planning framework is determined by full Council. The Executive has delegated authority to take most decisions within that framework other than legally specified non-executive decisions such as those relating to regulatory and staffing matters. Executive decisions are subject to scrutiny. All meetings are open to the public unless confidential or exempt items, as defined by the Local Government Act 1972 as amended, are discussed.

The Overview and Scrutiny Committee has overall responsibility for the performance of all overview and scrutiny functions (under the Local Government Act 2000 and Local Government and Public Involvement in Health Act 2007) on behalf of the Council. In particular it is responsible for scrutinising decisions and decision making, developing and reviewing policy, exercising call-in procedures and investigating matters of local concern. The Committee can establish 'Task and Finish' groups to undertake particular reviews in accordance with the annual overview and scrutiny work programme.

The Budget Planning Committee is a newly established Committee, which makes recommendations to the Executive on matters relating to the finances of the authority. Its role is to provide a strategic overview of all matters affecting the current and future finances of the authority and it also plays a key role in supporting the budget setting strategy and process.

The Standards Committee has responsibility for ensuring the highest standards of councillor behaviour. This meets when needed to consider reports on investigations into complaints of breach of the Councillors' code of conduct by councillors of this authority or any Town or Parish Council in the district. The Assistant Director (Governance), in their role as monitoring officer, has extensive delegated authority from the Committee to process and determine complaints.

The Accounts and Governance Committee has responsibility for risk management and financial probity, and signs off the Council's annual Statement of Accounts.

The Section 151 officer and the Monitoring officer meet informally as necessary to review the governance arrangements of the Council and provide input into this Annual Governance Statement. The senior officer management team is the Corporate Leadership which meets formally each week.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

The key documents and techniques used to develop the code of conduct and high standards of behaviour that we achieve within Eden District Council comprise:

- The Constitution
- Codes of conduct and associated protocols
- HR policies and procedures
- Internal / External Communications Policy
- Whistle blowing policy
- Recruitment policy and Appraisal processes
- Registers of member interests
- Complaints policy and procedures
- Internal Audit work
- External Audit Reports
- All Staff briefings
- Staff Induction Programme
- Intranet and Website Messages

The Council has adopted codes of conduct for members and officers. The codes and protocols of the Council are included in the constitution. The code of conduct for councillors is a mandatory requirement and includes provision for the registration and notification of disclosable pecuniary interests backed up by criminal sanction.

Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

Under the Local Government Act 1972, as amended, the Council is able to delegate decisions to committees or officers but is required to have a scheme of delegation setting this out. The scheme of delegation is part of the Council's constitution.

An accurate up to date constitution reduces the risk of challenge to the Council's decisions. One of the key aspects of the internal control environment is the management of risk. The Council has a risk management strategy which is currently in the process of being reviewed.

Assistant Directors are responsible for maintaining the risk management system and ensuring risks are appropriately mitigated and managed. All Assistant Directors review and update their strategic and corporate risks quarterly. Assistant Directors and managers are responsible for managing their operational risk registers and escalating as and when necessary to the corporate register. For each risk noted on the register, responsible officers are required to identify controls that are in place to mitigate the risk.

The risk register is considered by the Corporate Leadership Team, and ensures that identification and consideration of risk corporately and across services is emphasised and highlighted. The Accounts and Governance Committee receive regular risk management updates and review the strategic risk register. This oversight of risk ensures there is senior officer level and political commitment to effective risk management.

The inclusion of risk registers within service plans and risk logs in key programmes and projects seeks to reinforce the importance of assessing and being aware of the risks associated with each service and major projects.

The Council has staff with specific responsibility for health and safety, and operate Integrated Management Standards, ISO 14001:2004 Environmental Standard and OHSAS 18001 covering all aspects of the Councils work. Both these standards are audited twice a year by external auditors.

The Council participates in the National Fraud Initiative, an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. The Council also participates in data matching exercises through the Housing Benefit Matching Service. This matches data held by the Council with that of other agencies such as DWP, to identify cases where fraud may have been committed.

The Authority's financial management arrangements do conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

In June 2009, CIPFA launched its 'Statement on the Role of the Chief Financial Officer (CFO) in Public Service Organisations'. The Statement supports CIPFA's work to strengthen governance and financial management across the public services. CIPFA's Statement sets out five principles that define the core activities and behaviours that belong to the role of the CFO and the governance requirements needed to support them.

The statement advocates that the CFO in a public services organisation:

- Is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives sustainably and in the public interest
- Must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risk are fully considered, and alignment with the organisation's financial strategy
- Must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the CFO:

- Must lead and direct a finance function that is resourced to be fit for purpose
- Must be professionally qualified and suitably experienced.

For each principle, the Statement sets out the governance arrangements required within an organisation to ensure that CFOs are able to operate effectively and perform their core duties. The Statement also sets out the core responsibilities of the CFO role within the organisation. Many day to day responsibilities may in practice be delegated or even outsourced, but the CFO should maintain oversight and control.

CIPFA has issued its 'Statement on the Role of the Chief Financial Officer in Local Government (2010)'. The statement draws heavily on the 'Statement of the Role of the Chief Financial Officer in Public Service Organisations' and applies the principles and roles set out in that document to local government.

The Director of Corporate Services is the Council's nominated Section 151 Officer.

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

The Council's Accounts and Governance Committee undertake the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities. In particular it has an on-going role in ensuring a responsive and effective internal audit function and the effective management of the Council's risks and provides 'robust challenge' to the internal control and other governance arrangements of the Council.

In order for a councillor to sit on the Committee they must first have received training on all aspects of the Committee's responsibilities.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

Chief Officers and Assistant Directors take responsibility for ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

Eden District Council observes all specific legislative requirements and adheres to the general principles of good administrative law – rationality, legality and natural justice. The Assistant Director (Governance) is designated as the Council's Monitoring Officer and it is their responsibility to ensure that the Council's business is conducted in a legal and proper fashion and in accordance with council policies. All reports that go before Council and Cabinet are reviewed by the Monitoring Officer to ensure the legality of the Council's actions. Additional external legal advice is sought where appropriate.

The Chief Finance Officer is responsible for the administration of the Council's finances under section 151 of the Local Government Act 1972 and ensures financial management of the Council is conducted in accordance with the Accounting & Audit Rules (part 4 (g) of the Constitution). Financial management facilitates service delivery through the five-year Medium Term Financial Strategy and the annual budget process, underpinned by the Budget and Policy Framework (part 4 (d) of the constitution) and Treasury Management Strategy.

Eden District Council actively recognises the limits of lawful activity implicit in the ultra vires doctrine, and strives to employ its powers to the full benefit of its communities.

Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan

In accordance with the “Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)”, the Council has an Anti-Fraud, Theft, Bribery and Corruption Strategy and Response Plan to ensure that the Council's approach to any identified fraud, theft, or corruption, is clearly set out so that appropriate action is taken if necessary..

Training on Fraud & Corruption is ordinarily undertaken by staff during the year and the Council are looking to adopt e-learning modules on so that they are available even if face to face training can't be undertaken.

The strategy and response plan are updated on an annual basis and approved by the Accounts and Governance Committee. The Committee also receive an Annual Fraud report, which sets out the measures taken to prevent fraud as well as any frauds that have occurred and the actions taken.

Whistle blowing and receiving and investigating complaints from the Public

The Council has well-developed processes for whistle blowing and for receiving and investigating complaints both internally and from the public. The Confidential Reporting Code is available on the internet and intranet and the corporate complaints procedure is available on the internet. All new Councillors and members of staff receive a copy of the Confidential Reporting Code and it is reviewed and re-published to all Councillors and staff on an annual basis.

There were no incidents of whistleblowing reported in 2019/20. Complaints can be made by telephone, in writing or by visiting the Council. The Council aims to resolve all complaints at the point of contact wherever possible. Where this is not achievable, the Council's corporate complaints procedure (available on the website) outlines a formal two stage process for rectifying issues. The definition of a complaint is:

- a service being delivered at a lower standard than is set out in council policy or SLAs
- the attitude of staff
- neglect or delay in responding to customers
- failure to follow agreed procedures/policies
- evidence of bias or unfair discrimination.

The council reports its performance on a quarterly basis and complaints including Ombudsman investigations are included within this report. An annual summary is provided to the Accounts and Governance Committee.

Managing Data and Control over Data

Data is managed in accordance with the law. The key information management and security policies in place are: The Data Protection Policy, Data Quality Statement, Access to Information Policy, Information Security Policy and Personal Data Breach Policy.

Information Sharing protocols are in place when sharing data with third parties. Strategy ownership rests with Executive Committee who are responsible for agreeing, monitoring, promoting and reviewing its implementation.

Monitoring also includes reports to Executive, internal / external audits and Information Commissioner reviews, as appropriate.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The Council is committed to both officer and member development and support. A member training programme is developed annually to provide the appropriate training and support for members to effectively carry out their roles.

Members and officers are invited to suggest topics for development sessions at any point during the year. The development programme for elected members offers a range of formal and informal learning events including conferences, briefings, seminars, workshops and forums.

The training sessions are categorised to help members choose the appropriate training to suit their individual requirements. There are six training categories:

- essential, which cover the broad skills for being a councillor, providing information on some of the basic principles of local government such as finance, and statutory issues around planning and licensing;
- internal knowledge, which provides information specific to Eden District Council;
- Committee skills, which are targeted at specific committees and roles;
- Portfolio Holder, which focus on the knowledge and skills required in these roles;
- engagement, which relate to members' responsibilities as community leaders;
- information, which refer to briefings on specific subjects as required.

In 2019/20 all of the categories were included in the Member Development programme. Sessions included planning training, licensing training, finance training, presentations and briefings by external partners on major issues affecting the district and projects underway in the district.

Training needs for all staff are discussed as part of the annual appraisal process, and all requests for training go through the Council's human resources team to monitor both cost and link to the Council's strategic priorities.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

There is a Consultation Policy and Programme with guidance for staff on how to undertake effective consultations. The Council undertook four public consultations in 2019/20:

- Polling Districts and Places Review
- Council Plan 2019/23
- Housing Supplementary Planning Document
- Budget Consultation 2020/21

In addition to these public consultations the Council also holds a number of consultative forums including and in partnership with other local public sector agencies, forums including the Faith and Disability Forums.

We also hold formal annual parish liaison events which provide clear channels of communication and engagement with the parish councils.

In the main accountability and consultation is achieved using the following methods:

- Website
- Committee Management Information System (Modern Gov) (where the public reports are available for inspection).
- Corporate Improvement Programmes
- Medium Term Financial Strategy
- Statement of Accounts
- Budget Book
- Customer Satisfaction Surveys
- Press releases
- Intranet
- All Staff Briefings
- Corporate Communications Strategy
- Performance Management Reports

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in the Authority's overall governance arrangements

The Council's aim is to fully exploit the opportunities for partnership working and strengthen the governance and performance management arrangements. The Council's key strategic partnerships are included as part of the performance management framework and performance is reported quarterly.

The LEP is a key partnership for the Council, and there are clear terms of reference in place to cover membership, roles and responsibilities and the objectives of the partnership. The LEP Board provides the leadership and decision making body for the partnership that plans the work programme of the board and coordinates performance management and action planning. The Management Group is chaired by the LEP Board member with the role of performance champion.

To ensure the partnership listens to the wider views of the local community, it holds an annual conference which is open to all stakeholders and provides an annual report of its activity. Where appropriate the LEP sets up sub-committees to co-ordinate work programmes, examples include the Business and Economic Response and Recovery Group established to establish a strategic response to the impact of the Covid19 pandemic. Sub-partnerships have their own terms of reference, agreed by the LSP Board, and report back to the Board with performance and progress updates on a regular basis.

There are clear arrangements for Member roles on partnerships and outside bodies and this has been supported by relevant training and a process of annual review.

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the Chief Officers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, the work of the Scrutiny and Accounts and Governance Committees and also by comments made by the external auditors and other review agencies and inspectorates.

Key roles in maintaining and reviewing the effectiveness is performed via the Constitutional Framework and key statutory roles and responsibilities:

The Council

The Council has responsibility for the Budgetary and Policy Framework. A balanced budget was set for 2019/20, consistent with the prevailing Council Plan. Council also reviews and approves amendments to the Constitution.

The Executive

The Local Government Act 2000 and regulations made thereunder set out the functions which the Executive may perform. The Executive is not permitted to carry out any regulatory or staffing function. The Leader of the Council selects the Executive giving 'Portfolios' to the individual Members of the Executive.

Accounts and Governance Committee

The Committee acts as an audit committee, in line with Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2013). The Committee approved the Internal Audit Plan for 2019/20, considered all audit reports and receives the annual report assessing the effectiveness of the system of internal audit. The Committee has monitored implementation of the recommendations of internal and external audit. During the year, the Committee also underwent an external review of effectiveness; this supported the function of the Committee and has raised some opportunities for future improvements.

The AGS has been reviewed by the Accounts and Governance Committee alongside the supporting evidence which is set out in a public report. The Committee has also considered all Standards and constitutional review matters.

Overview and Scrutiny

The Overview and Scrutiny Committee has overall responsibility for the performance of all overview and scrutiny functions (under the Local Government Act 2000 and Local Government and Public Involvement in Health Act 2007) on behalf of the Council. In particular it is responsible for scrutinising decisions and decision making, developing and reviewing policy, exercising call-in procedures and investigating matters of local concern. This work is delivered by the Overview and Scrutiny Committee which can establish 'Task and Finish' groups to undertake particular reviews in accordance with the annual overview and scrutiny work programme.

The role of scrutiny in following up recommendations: At every meeting of each scrutiny committee, there is a standard agenda item: 'Overview and Scrutiny Annual Work Programme'. This includes a follow up schedule for all previous scrutiny reviews. The committees normally review progress on the implementation of their recommendations at six month intervals, unless the nature of the review suggests a shorter or longer timescale is appropriate. The Lead Member and relevant Director and/or Service Head are asked to provide a written progress report and to attend the meeting to brief the committee.

Standards Committee

The Localism Act 2011 required the Council to adopt new arrangements for ensuring the maintenance of high standards of councillor conduct, including a code of conduct which is consistent with the Nolan principles of good conduct in public life with effect from 1 July 2012. A new code was duly adopted and the Standards Committee was re-constituted so that its membership met the requirements of the 2011 Act.

Statutory Roles - Chief Financial Officer and Monitoring Officer

The Council complies with the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2015). The CFO reviews the AGS and the Local Code as part of Corporate Leadership Team. In the 2019/20 financial year, the Interim Director of Corporate Services was designated as the person responsible for the administration of the Council's finances under section 151 of the Local Government Act 1972 and ensured the financial management of the Council was conducted in accordance with the Financial Regulations and Corporate Financial Procedures.

The Council also has a Monitoring Officer to ensure the Council acts within its legal powers and statutory framework.

Internal Audit

An effective Internal Audit Service (IAS) is a fundamental element of the overall system of internal control. During the year, CIPFA performed an external review of the in-house element of the IAS and judged that it was generally compliant with Public Sector Internal Audit Standards. This was reported in detail to the Accounts and Governance Committee in February 2019.

The work of internal audit is set out in an annual plan. The 2018/19 plan was agreed by the Accounts and Governance Committee in February 2018. The IAS submits an opinion statement to the Accounts and Governance Committee on the overall adequacy and effectiveness of the Council's internal control environment.

The Council's internal audit arrangements comply with the CIPFA Statement on 'The Role of the Head of Internal Audit (2010)'. In February 2020 new arrangements were put in place following the departure of the Council's Senior Auditor. TIAA who were already providing internal audit services to the Council have now been contracted to supply the whole of the IAS. This was reported to Accounts and Governance in July 2020.

External Audit

The external audit of the Council is provided by Grant Thornton LLP for the main accounts (including group accounts) and value for money opinions. Assurance over the Housing Benefit Subsidy claim is provided by Mazars LLP. Whilst external auditors are not required to form an opinion on the effectiveness of the Council's risk and control procedures, their work does give a degree of assurance.

Regular meetings take place with Officers to cover progress on the external audit plan and other key audit related issues. The external auditor also regularly attends Accounts and Governance Committee to update them on progress and to provide topical sector updates. The Council ensures it provides timely support, information and responses to External Auditors and fully considers their findings and recommendations.

Governance Actions: Review of 19/20 and Future Priorities

The Action Plan set out at Appendix 2 contained a number of recommendations most related to a review undertaken by CIPFA on the Effectiveness of the Accounts and Governance Committee. Since the commission of this work the Council has had a complete change of its Corporate Leadership Team and a restructure of its Assistant Directors.

Through the One Eden Programme the Council was in the process of updating its Constitution to help simplify and improve the Governance arrangements set out in the Action Plan and also more generally.

Whilst, starting the process it was further identified that a Governance Peer Review would significantly supplement this process and has been scheduled for July 2021. This is a completely voluntary process that will, with the help of Member and Officer Peers from other local authorities, assist us in understanding what we do well and where improvements can be made.

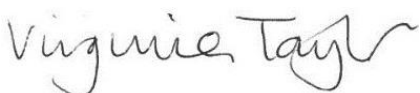
It is anticipated that the review will result in a set of comprehensive recommendations in their own right, but will also clearly feed directly into the Annual Governance Statement and be a key part of the ongoing Action Plan.

Conclusion

This document has described our governance arrangements and assessed how closely we align with good practice. In overall terms this is a positive statement for the financial year 2019/20. The Council has a good system of internal control and plans in place to address the issues highlighted in the internal audit report and seek to ensure continuous improvement of the systems is in place.

There are though significant challenges ahead, which could impact upon the Councils ability to maintain its levels of governance. The covid-19 pandemic is affecting the Council across all services and will undoubtedly have an impact on financial sustainability. The plans in place through the One Eden Transformation Programme will have to be flexible and adaptable to ensure both a balanced budget for 2021/22 and sustainable medium term projections.

The Council is though committed to achieving this and do so by delivering the One Eden Transformation programme, Corporate Priorities and Medium Term Financial Planning through a simultaneous process.



Councillor Virginia Taylor - **Leader of the Council**



Jason Gooding - **Interim Chief Executive**