

Allerdale Borough Council

Annual Governance Statement 2019/20

1. Introduction - Scope of Responsibility

- 1.1 Allerdale Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and 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.
- 1.2 The Council has approved and adopted a local code of corporate governance, consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government (2016)*. This local code is subject to regular review and updating.
- 1.3 The 2016 CIPFA/SOLACE Framework requires local authorities to be responsible for ensuring that:
 - their business is conducted in accordance with all relevant laws and regulations;
 - public money is safeguarded and properly accounted for;
 - resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.
- 1.4 The 2016 Framework also expects that local authorities will put in place proper arrangements for the governance of their affairs and facilitate the effective exercise of their functions, which includes arrangements for the management of risk.
- 1.5 This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1)(b), which requires all relevant authorities to prepare an annual governance statement.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its priorities and to consider whether those priorities have led to the delivery of appropriate services and value for money.

- 2.2 The 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 and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The following section summarises the key elements of the Council's governance arrangements in place during the year ended 31 March 2020 and up to the date of approval of the financial statements.

3. Key Elements of Allerdale Borough Council's Governance Framework

- 3.1 There are a number of key elements to the systems and processes that comprise the Council's governance arrangements, including:

Council, Leader & Executive Committee

- Provide leadership, develop and set policy
- Develop and set policy to achieve the priorities identified in the Council Plan
- Support Allerdale's towns and communities to thrive and succeed

Senior Management Team & Statutory Officers

- The Head of Paid Service is the Chief Executive and is responsible for all council staff and leading an effective senior management team
- The Council's Section 151 Officer is the Head of Financial Services and is responsible for ensuring proper administration of the Council's financial affairs
- The Monitoring Officer is the Head of Governance and is responsible for ensuring legality and promoting high standards of public conduct

Decision-Making

- Constitution, Scheme of Delegation and decision-making process reviewed regularly
- All meetings held in public
- Decisions are recorded on the Council's website

Risk Management

- Risk registers identify both operational and strategic risk
- Key risks are considered by the senior management team and Audit Committee every quarter

Scrutiny & Audit

- Overview & Scrutiny Committee reviews Council policy and can challenge decisions
- Audit Committee reviews governance and delivery of agreed Internal Audit plans

4. How we comply with the 2016 CIPFA Framework ‘Delivering Good Governance in Local Government’

- 4.1 Allerdale Borough Council has approved and adopted a Local Code of Corporate Governance, the requirements of the 2016 Framework and a number of specific strategies and processes for strengthening corporate governance.
- 4.2 The Council structures its approach to compliance around the seven principles set out in the 2016 Framework.

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

- 4.3 The Monitoring Officer works with the Constitution Review Group to conduct regular reviews of the Council’s Constitution, including the decision-making framework and delegation arrangements, and makes recommendations for changes where appropriate.
- 4.4 The Council has a Code of Conduct for elected and co-opted Members, a Code of Conduct for employees and a Local Code of Corporate Governance that provides guidance for officers and members on expected standards of behaviours to ensure integrity.
- 4.5 Members receive annual training on Standards Arrangements, declarations of interests and the Code of Conduct as part of the Authority’s discharge of its statutory duty to promote and maintain high standards of conduct by its members. The Code of Conduct focuses upon the Nolan principles of conduct in public life of selflessness, integrity, objectivity, accountability, openness, honesty, and leadership. It sets an objective, non-political and high standard whose purpose is to remind members of the behaviour expected of them in public life and to set out clearly the key principles against which their conduct is measured.
- 4.6 The Monitoring Officer works closely with the Standards Committee and Independent Persons on any complaints regarding the potential breach of the Code of Conduct by members. Complaints are handled in accordance with the Authority’s arrangements for dealing with standards allegations under the Localism Act 2011 and the outcome of such investigations are published on the Council’s website.
- 4.7 The Monitoring Officer arranged for independent national experts to review the Council’s procedures for handling complaints that Members may have breached the Code of Conduct to benchmark the Council’s arrangements against best local practice elsewhere to ensure that the Council has the best possible arrangements achievable under the legislation. An action plan was developed and delivered to deliver the recommendations and improvements.
- 4.8 All employees participate in the Council’s framework of behaviours describing “What Great Looks Like”. The framework describes the strengths and behaviours that are important for every role, identifies areas of development for the workforce and defines the expected standards of behaviour for staff.
- 4.9 As part of its 2019-20 Plan, the Assurance Risk and Audit team completed a review of the ethical culture at the Council and identified actions for management to consider.

- 4.10 The Council continues to participate in the National Fraud Initiative data matching exercise, delivering on time against the timetable required. The Corporate Fraud Group comprising the Section 151 Officer, Monitoring Officer, Assurance, Risk and Audit Manager and representatives from other services continue to meet on an ad hoc basis discuss fraud hot topics and monitor the progress of the NFI data matching. Fraud bulletins are published on the Council's intranet monthly. Fraud and Corruption arrangements are developed in accordance with the Code of Practice on Managing Risk of Fraud and Corruption (CIPFA 2014) and all Fraud Policies were reviewed and presented to the Audit Committee during 2019/20. Fraud awareness is now a mandatory E-Learning module for all Allerdale employees.
- 4.11 The Council's updated complaints system and procedures – including the Council's mobile app – make it easier for complainants to submit complaints, track their progress and quickly access the outcome of complaints. The objective of the complaints process is to identify opportunities for improvements and to endeavour to resolve complaints satisfactorily at local level. The Council's whistle blowing arrangements have been reviewed and are publicly available to ensure there is a clear channel of confidential reporting for the public.
- 4.12 The Council changed the provision of some services in line with government guidance on the control of the spread of the coronavirus. As the government announced the lockdown the council's business continuity plan was enacted and all staff began working from home where possible with just a skeleton team remaining in the office for essential jobs which could not be undertaken at home. Regular internal meetings were held via Teams, and impact on services was kept to a minimum. The council also successfully introduced virtual committee meetings via the Zoom system to meet its statutory requirements

PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement

- 4.13 All meetings are open to the public and all agenda papers, reports and decisions made by the Council are published on the Council's website together with details of forthcoming consultation exercises, surveys and public meetings, except those determined as exempt from publication.
- 4.14 The Council has been successfully running virtual meetings since June 2020 due to Covid-19. The meetings are broadcast live on the Allerdale Borough Council YouTube and the Council has received much larger viewing numbers than when meetings are held in Allerdale House. The Council will look to continue the live broadcast of meetings in the future and continue to promote its open and transparent agenda.
- 4.15 The Council engages with stakeholders and partners through a combination of joint working arrangements, partnership boards and representation on the governing bodies of external organisations, neighbourhood forums, businesses and other local authorities. Good governance arrangements in respect of partnerships are agreed on an individual basis as appropriate for the specific partnership or joint working arrangement. Areas of good governance such as declarations of interest and information sharing agreements are adopted for these arrangements in line with the Authority's good governance structures.

- 4.16 The Council regularly consults on issues ranging from service or project based activities/changes to more strategic policy matters including the proposed budget, the Council Strategy, and the Local Plan (Part 2). When a consultation is held, the Council routinely includes all parish and town councils, as well as partner organisations such as Cumbria County Council. For the Local Plan a number of engagement events were held with staff and the public where people were encouraged to ask officers questions about the proposals. The Council also carries out a biannual survey of residents asking their views on things like council services, proposed budget savings, their local area, and their lifestyle. The survey is used to inform policy decisions and provide insight into the satisfaction levels of Council and other service providers. The 2018 Residents Survey was used to inform the development of the Council's new Council Strategy 2020-2030. A range of media is used to inform residents and employees about the progress made in delivering the Council's plans including press releases, Facebook and Twitter.
- 4.17 The Council publishes information relating to all of its expenditure on its website each month and publishes an annual Pay Policy Statement detailing the remuneration of senior officers.

PRINCIPLE C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

- 4.18 The Council Strategy sets out the Council's strategic ambitions for the borough. During 2019-20 a new Council Strategy for 2020-2030 was developed based on discussions with members and officers, an analysis of evidence and intelligence about Allerdale, consideration of residents' views (via the 2018 Residents Survey) and wider external consultation on priorities with stakeholders. The Council Strategy 2020-2030 replaced the previous Council Plan towards the end of 2019-20.
- 4.19 During 2019-20 a Corporate Business Plan was in place to translate the Council's priorities into clear delivery activities and targets. The Business Plan set out specific activity that would be undertaken towards achieving the objectives set out in the Council Plan and is the vehicle by which the Council reported progress against Council Plan commitments during 2019-20. The Business Plan gives a fuller picture of how the whole organisation contributes to the delivery of the priorities in the Council Plan. Along with setting out specific projects and activities, the Business Plan also sets out a series of key performance indicators under each Council Plan priority theme.
- 4.20 More specific strategies and plans focus on sustainable economic, social and environmental benefits such as the Local Plan, Business Growth Strategy, and Housing Strategy.
- 4.21 The Council's decision-making process takes account of the economic, social and environmental impacts of policies and plans. Reports to committees require a consideration of these factors along with risk and financial implications.

PRINCIPLE D: Determining the interventions necessary to optimise the achievement of the intended outcomes

- 4.22 All decisions are subject to scrutiny by members, review of options and risk by officers and members and key performance indicators are in place for all services.
- 4.23 The senior management team monitor key performance indicators on a monthly basis to ensure that the Council's priorities and performance targets are being met and potential intervention where expected performance is not being achieved. Progress against Council Plan priorities and performance more generally is reported to the Executive and Overview and Scrutiny Committee quarterly for discussion.
- 4.24 The Council has a programme of transformation projects. Budget proposals are developed by services, challenged and subject to scrutiny by the Corporate Leadership Team through the Budget Review exercise.
- 4.25 The Council regularly engages with other authorities to learn and understand how best practice has been delivered elsewhere. Together, these practices also provide assurance that Council is achieving best value.
- 4.26 During 2019-20 the Council has made use of external challenge and expertise to inform our thinking and generate ideas for improvement. The Council invited the Local Government Association to undertake a [Corporate Peer Challenge](#) in September 2019, a process designed to complement and add value to a council's own performance and improvement. The Peer Team's key recommendations were: better aligning of resources to key priorities and consideration of sound business cases for projects and services; producing a revised Medium-Term Financial Plan that addresses the council's sustainability; development of an organisation-wide, strategically planned and well-communicated transformation change programme; further development of the Scrutiny function; further training and development for key member roles; deepening relationships with neighbouring councils; improving the effectiveness of communications; and building on good practice from within the council and learning from good practice elsewhere.
- 4.27 The Council had already begun to address a number of these recommendations as the peer challenge was concluding and has built further improvements into its future planning. A new Council Strategy was approved in December 2019 setting out a clear 10 year strategy and priorities for the Council. This is supported by a Delivery Plan setting out key activity to support delivery of the priorities. Alongside this the Medium Term Financial Plan was updated in December 2019 and further work was undertaken on developing the Council's Transformation Programme – the Covid-19 pandemic has since offered opportunities to explore different ways of working to build into this work. The Scrutiny function has been further developed with additional focused training and more briefings for members to inform the Overview role. Individual development plans have been established for all members. Relationships with Copeland Borough Council have been strengthened through a Memorandum of Understanding and a new Communications Strategy has been developed. The advent of the Covid-19 pandemic in March 2020 has significantly affected the council's finances and plans, but the Council developed an Interim Delivery

Plan for 2020/21 that enabled focus on the Council Strategy priorities to be maintained alongside the identification of key activity to respond to and aid recovery from the pandemic.

- 4.28 The Council also initiated a review of its governance arrangements in 2019-20 (undertaken by the Centre for Public Scrutiny in February 2020) in order to give the Council an external perspective on how the current model as well as others could be used for enhancing councillor involvement, openness and transparency, local democracy and community participation. This review built upon the feedback given as part of the Council's Corporate Peer Challenge. The review did not recommend a fundamental change to the governance model but the Council's Constitution Working Group will consider a number of ways in which the current model can be reinforced and improved to allow greater and more inclusive member involvement and transparency.
- 4.29 The Council has already begun to address a number of these recommendations including further investment in member support and guidance to assist them to fulfil their roles, continuing to build and strengthen the communication and collaborative cross-party working through structured meetings and briefings (an example of this is Local Government re-organisation and improvement in relation to Council meetings), building the role of Scrutiny to engage more 'up-stream' in the policy and decision-making process where it is able to provide greater input and value. This will essentially require additional support and a council-wide collective response to allow it to happen. This should bring additional council benefits by introducing greater focus to Executive forward plans through pre-decision scrutiny. It would also enhance the impact and value of scrutiny and give more Members greater access to help shape and influence, Scrutiny and Executive have agreed a procure to enable them to work more collaboratively and more and new options for engagement are being explored, such as holding meetings in public places around the Borough, and running virtual meetings and use of social media channels which is encouraging members of the public to watch and raise issues or questions.

PRINCIPLE E: Developing capacity and capability, including the capability of its leadership and the individuals within it

- 4.30 A key element of the Council's service planning is to maximise the investment in staff through staff training and development including using its relationship with the Centre for Leadership Performance and the Apprenticeship Levy. All third tier managers have now completed leadership and management training. Council officers completed an e-Learning package including key legislation and policies. This was also available to Members.
- 4.31 All employees have development objectives identified as part of their 'What Great Looks Like' appraisal and complete quarterly reviews with their managers to discuss progress. The organisation's values have been refreshed and published as part of an Organisational Development Strategy, which was rolled out across the organisation in 2019-20.
- 4.32 Members are required to complete a comprehensive induction following their election and receive an induction pack including all relevant policies and procedures. All members are given the opportunity and encouraged to develop individual personal development plans to identify development needs.

- 4.33 The Council works across a range of partnerships and collaborative arrangements and uses commissioning and procurement processes to maximise capacity by delivering services in the most effective and efficient way.
- 4.34 To ensure that we have a clear focus on the priority programmes and projects a Programme Management Office (PMO) was set up that includes dedicated internal resource that co-ordinates the resource, internally and externally, that is required for success delivery of the projects and programme outcomes. There is visible sponsorship for Programmes by the Sponsoring Group (SMT) and direction and oversight from elected members through the Executive. The PMO has set up a Programme and Project Framework, which includes a control framework setting out who does what, when and how risks and issues are escalated. A dashboard records progress of all projects which is scrutinised at a monthly SMT Sponsoring Group.

PRINCIPLE F: Managing risks and performance through robust internal control and strong public financial management

- 4.35 The risk management framework confirms the Council's approach to identifying and controlling risk and is reviewed annually. The Council maintains a risks and issues log for corporate risks. Service risks are discussed with teams, reviewed and updated regularly and are escalated when necessary. Through evidence gathering process and the Internal Audit Review of Corporate Procurement and Contract Management risks have been categorised as 'High' in relation to the decisions made when making arrangements for major contracts. The organisation has responded to this risk during 2018-2019 by creating the Programme Office to strengthen the first and second lines of defence here. This service is embedding and has delivered wide spread training and awareness activities to to strengthen the controls environment and by exploring the root causes of these risks.
- 4.36 The Council's Integrated Assurance Strategy brings together risk management, the three lines of defence model and assurance mapping as a means to aid setting and achieving objectives, promoting good governance and providing assurance. The senior management team and third tier managers attend risk facilitation workshops lead by the Assurance Risk and Audit Manager every six months. The Audit Committee also attend risk workshops to support their role in risk management. The Council has a Corporate Governance Group consisting of officers from across the Authority who meet throughout the year to assess the processes in place to produce a governance statement and to review progress on improvements in governance arrangements.
- 4.37 Service performance is monitored and is reported to the Executive committee quarterly. The Council's Financial Regulations provide the governance framework for managing the Council's financial affairs. The Council's financial management arrangements conform to the governance requirements of CIPFA's "Statement on the Role of the Chief Financial Officer in Local Government". The Assurance, Risk and Audit team provide regular reports on the effective operation of processes and associated internal controls together with an annual assessment of the overall control environment.

- 4.38 The Council employs officers with dedicated responsibility for information governance, security and records management. The Council undertook organisation-wide work on data protection leading up to and following the introduction of the new General Data Protection Regulation (GDPR) in 2018. The work has included introducing new policies, procedures and guidance and training all officers within the Council in connection with how information should be securely handled, transmitted, stored and maintained.
- 4.39 The Council consistently meets statutory deadlines for the publication and audit of its annual statement of accounts.

PRINCIPLE G: Implementing good practices in transparency, reporting, and accountability

- 4.40 All reports, minutes and decisions are published on the Council's website. The Council follows best practice on providing clear and accurate information and has developed both its website and the format of Council reports to improve transparency and accessibility. A new website was implemented in 2018/19 to with significantly improved navigation and reporting tools.
- 4.41 The Council's Overview and Scrutiny Committee holds decision-makers accountable and reports regularly to full Council with updates on its work and recommendations from any work completed.
- 4.42 The Council reports regularly to elected members and senior management team on its operational and financial performance. The Council publishes information for all expenditure every month on its website to encourage openness and transparency of public spending.
- 4.43 All audit recommendations are reported to the Audit Committee, to ensure that officers undertake any follow-up actions as appropriate.

5 Review of Effectiveness of the Governance Framework

- 5.1 The Council is responsible 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 managers who have responsibility for the development and maintenance of the governance environment, the Assurance, Risk and Audit Manager's annual report and by comments made by the external auditors and other review agencies.
- 5.2 The Council has used a number of ways to review and assess the effectiveness of its governance arrangements including a detailed review of the qualitative and quantitative evidence about the financial year 2019-20.
- 5.3 The Governance Group, the Assurance, Risk and Audit team and other key Officers have reviewed key performance indicators and met with Heads of Service and third tier managers to discuss their areas. There have been consultations with the Monitoring Officer, the Assurance, Risk and Audit Manager and the s151 Officer. All service areas have completed managers' assurance statements and the feedback has been analysed.
- 5.4 The Allerdale Investment Partnership has a Management Agreement in place which sets out the governance framework. The Partners are undertaking a

review of the Management Agreement to ensure that it continues to deliver the agreed outcomes and safeguards the interests of both partners. The Council is also currently reviewing its internal governance arrangements and will ensure that any improvements are implemented.

- 5.5 The Council has established Allerdale Waste Services Limited (AWSL), a wholly owned company limited by shares, to deliver its waste and recycling services. The company was established in 2019 following a number of Executive reports setting out the governance arrangements. The governance arrangements were established with the advice of expert external lawyers. In its capacity as 100% shareholder of AWSL, the Council will exercise control and oversight of ASWL and has a number of powers reserved to it over key business decisions. The Council established a Shareholder Committee which is a body that represents the Council's interests as the sole shareholder and provides a simple mechanism with which the Council can engage with the board of AWSL. This is in order to maintain an element of control of the business without affecting the operational management. There is also an AWS Project meeting including Members and lead officers from AWSL and the Council.

Assurance from Internal and External Audit

- 5.6 One of the key assurance statements the Council receives is the annual report and opinion of the Assurance, Risk and Audit Manager. The Assurance, Risk and Audit Manager's opinion for 2019-20 concludes that the overall effectiveness of the Council's risk management, control and governance processes are 'substantial'. This has been prepared in accordance with the CIPFA Statement on the Role of the Head of Internal Audit (2010).
- 5.7 The Council's external auditor, Grant Thornton, provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements made by the Council for securing economy, efficiency and effectiveness in its use of resources. The Council provides timely support, information and responses to external auditors and properly considers audit findings and recommendations.

Self-assessment and review of performance

- 5.8 Managers' Assurance Statements, signed by Heads of Service, confirm codes of conduct, financial regulations, and other corporate governance processes have been operating as intended throughout the year.
- 5.9 During 2019-20:
- no formal reports were issued by the s151 Officer or Monitoring Officer;
 - no breaches of member or officer Codes of Conduct occurred;
 - no objections were received from local electors;
 - One Judicial Review claim was brought against the Council in respect of a planning decision, both parties approved a consent order for the decision to be quashed
- 5.10 Overall we can confirm that the Council has the appropriate systems and processes in place to ensure good governance is maintained.

Follow-up issues and areas for improvement and significant governance issues

5.11 As highlighted at 4.35, through the evidence gathering process and the Internal Audit Review of Corporate Procurement and Contract Management risks have been categorised as ‘High’ in relation to the decisions made when making arrangements for major contracts. The organisation has responded to this risk during 2018-2019 by creating the Programme Office to strengthen the first and second lines of defence here. This service is embedding and has delivered wide spread training and awareness activities to strengthen the controls environment and by exploring the root causes of these risks. This will continue to be monitored by the Council’s Assurance Framework.

6 Conclusion

Overall we can confirm that the Council has the appropriate systems and processes in place to ensure good governance is maintained, an action plan has been established to address significant governance issues identified:

Issues Identified	Planned Action
Corporate Procurement and Contract Management risks identified through the Internal Audit Review	Monitor the Audit Actions Monitor through the Council’s Assurance Framework

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Cllr Mike Johnson
Deputy Leader of Allerdale Borough Council

Dated:

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Andrew Seekings
Chief Executive

Dated: