

# Annual Governance Statement

## 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 2021 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 Chief Officer (Assets) and is responsible for ensuring proper administration of the Council's financial affairs
- The Monitoring Officer is the Chief Officer (Place and 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, internal control, risk management 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 Person 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 achieve the outcome of the review.
- 4.8 The Council has a 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 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 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.

- 4.10 The Council's complaints system and procedures includes a mobile app to 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 are publicly available to ensure there is a clear channel of confidential reporting for the public.
- 4.11 As the government announced the first lockdown in March 2020 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. Internal meetings were held via Teams throughout 2020-21, with external meetings utilising either Teams or Zoom as appropriate. The shift to almost the entire workforce working from home was successfully achieved in a very short space of time with minimal disruption to services – this success was rooted in the Council's success in previous work that had been undertaken over a number of years to enable digital delivery of services and a mobile workforce.
- 4.12 The Council changed the provision of some services in 2020-21 in line with government guidance on the control of the spread of the coronavirus. Working practices were successfully adapted in most cases to ensure continuation of important local services with as little disruption as possible as in the case of waste collection. For many services working practices changed to entirely online/telephone rather than face to face. Restrictions also meant the cessation of some services for parts of the year such as leisure centres and markets, but these were successfully reinstated as soon as restrictions allowed.
- 4.13 The Council amended the Scheme of Delegation in 2020-21 to ensure effective and efficient decision making could take place during the pandemic through relevant delegations to the appropriate officers.

**PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement**

- 4.14 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.
- 4.15 The Council has been successfully running virtual meetings since June 2020 in line with Covid-19 restrictions. The meetings are broadcast live on the Allerdale Borough Council YouTube channel and the Council has received much larger viewing numbers than when meetings were previously held in Allerdale House (the Council's headquarters). The Council will look to continue the live broadcast of meetings 'in person' in the future and continue to promote its open and transparent agenda.
- 4.16 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. In 2020-21 the Council has made renewed efforts to engage closely with local businesses to ensure they are getting the support they need to operate amid the coronavirus restrictions.

- 4.17 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. In 2020-21 the Council has engaged with the community on a number of issues including, the Climate Change Strategy, Local Government Reorganisation, the Workington Supplementary Planning Document and revised Public Space Protection Orders.
- 4.18 The Council has continued to develop its digital communication tools, particularly important over 2020-21 in light of the Covid-19 restrictions on in person contact. The Council introduced a new series of email newsletters which provide information direct to the inboxes of local residents. These have proved to be extremely popular with over 6,000 subscribers and a high engagement rate which remains above the average rate for the top-20% of local councils. Regular email contact has improved the delivery of information about issues such as the coronavirus outbreak, and business support. The Council has also enjoyed good levels of engagement on its social media channels, has started a new Facebook group for business, has paid-for posts to target key sectors of our communities, and has just started delivering messages via the Nextdoor platform which can be used to target messaging down to a very local level.
- 4.19 During 2020-21 whilst staff have been largely working from home the Council has introduced regular newsletters for staff from the Leader and Chief Executive and produced initially daily then weekly briefings to keep staff informed about Covid-19 related developments including changes to government regulations and restrictions. Teams were encouraged to have more regular team meetings to ensure regular contact was maintained with all staff members. It remains standard practice for teams to have close virtual contact with each other and their managers and evidence from staff surveys shows that this is happening.

- 4.20 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**

- 4.21 The Council Strategy sets out the Council's strategic ambitions for the borough. The 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 sets out priority themes and a clear set of objectives for each theme over 10 years. It describes the outcomes the Council aims to achieve for its communities and gives an overview of the kinds of activity it will undertake to achieve those outcomes.
- 4.22 More specific strategies and plans focus on sustainable economic, social and environmental benefits such as the Local Plan and Housing Strategy. The Council developed a Resilient Communities Strategy and an Economic Growth Strategy in 2020-21 - both taking into account the impacts of the pandemic on Allerdale's communities and economy.
- 4.23 The importance of environmental sustainability is recognised in the Council Strategy and to underpin the Council's commitments in this area the Council adopted a Climate Change Action Plan in March 2020 and set up a cross party working group to take that forward. Work was undertaken by the group to improve this action plan during 2020-21 with a revised Climate Change Action Plan agreed in April 2021.
- 4.24 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. The committee report template was updated during 2020 to improve the way these impacts are presented to members.
- 4.25 Recognising that local government reorganisation (LGR) and devolution in Cumbria offered opportunities to deliver improved services and wider economic, social and environmental benefits to the residents and businesses of Allerdale, the Council (along with Copeland Borough Council and Carlisle City Council) submitted a request to Government in July 2020 to initiate the LGR process in Cumbria. Following a formal invitation from Government to all local authorities in Cumbria to submit proposals the Council submitted proposals for a preferred model of LGR in Cumbria in December 2020. The preferred model as set out by the Council in its submission was a two unitary authority and a Combined Authority with a directly elected Mayor model of local government in the county, the two unitary councils to use the footprint of the existing Allerdale, Copeland and Carlisle Councils to form one authority and the footprint of the existing Eden, South Lakes and Barrow Councils to form another authority.
- 4.26 The Council's submission followed a detailed options analysis on the potential models in Cumbria including an assessment of:

- Opportunities for sustainable growth – this includes criteria such as economic growth potential and inclusive growth
- Impact on service delivery – this includes criteria such as service improvement and service geography
- Democratic representation – this includes criteria such as effective local representation and identity
- Financial benefits and sustainability- this includes criteria such as long term financial sustainability and income potential

4.27 Elected members were engaged in the process through an LGR Cross Party Working Group, full member briefings, discussion and debate at the Overview and Scrutiny Committee and at Full Council. The Council also sought to engage with stakeholders such as local businesses, the community and voluntary sectors and other partner agencies through various routes to gather views on LGR and the proposals.

4.28 On 21 July 2021 the Secretary of State announced his decision, subject to Parliamentary approval, to implement the proposal for two unitary councils on an East-West geography for the whole of the administrative county of Cumbria, and not to implement the proposal for a single unitary council nor the two other proposals for two unitary councils for the area. All seven local authorities in Cumbria have subsequently worked collaboratively to develop the programme for the implementation of LGR in Cumbria. This was mobilised in October 2021.

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

4.29 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 services.

4.30 The Council had intended to set out a 4-year Delivery Plan (2020-24) which would map out in more detail specific activity to deliver against the priorities and objectives in the Council Strategy over the medium term. However, with the advent of the Covid-19 pandemic and the upheaval and uncertainty that brought the Council took the pragmatic approach to develop a one-year Interim Delivery Plan for 2020-21. This 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, making sure that people could get the services and support that they needed from the Council.

4.31 The Interim Delivery Plan followed the six priorities set out in the Council Strategy and set out a combination of key projects, programmes and activities planned prior to the pandemic and those generated as a result of the pandemic. It also set out a series of key performance indicators under each Council Strategy priority theme. It was the vehicle by which the Council reported progress against Council Strategy commitments during 2020-21. Progress against Council Strategy priorities and performance is reported to the Executive and Overview and Scrutiny Committee quarterly for discussion.

4.32 The senior management team routinely monitor key performance indicators on a monthly basis to ensure that the Council's priorities and performance targets

are being met and potential intervention can be identified where expected performance is not being achieved. During 2020-21 weekly performance and service level data was collected and reported to SMT to enable more timely consideration of any impacts on service delivery, levels of service demand and performance brought about by ongoing Covid-19 restrictions in what has been a regularly changing landscape.

- 4.33 Budget proposals are developed by services, challenged and subject to scrutiny through a budget review meetings involving the Chief Executive, Section 151 officer, Chief Officers and portfolio holders. The Overview and Scrutiny Committee also set up a Budget Review Task and Finish Group in 2020-21 to undertake scrutiny of the budget process.
- 4.34 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.
- 4.35 In 2020-21 the Council has continued to build improvements into its planning based on recommendations stemming from a [Corporate Peer Challenge](#) undertaken by the Local Government Association in September 2019 to complement and add value to a council's own performance and improvement.
- 4.36 The Council has continued development of a programme of transformation projects with the Covid-19 pandemic offering opportunities to explore different ways of working to build into this work. A series of service reviews have been undertaken as part of this programme to determine where improvements or efficiencies can be made. During 2020-21 service reviews were focused on high-cost services.
- 4.37 Having been updated in December 2019, the Medium Term Financial Plan was updated again in November 2020 in light of the significant impact the Covid-19 pandemic was having on the Council's finances and plans. A further update of the MTFP was included with the 2021-22 budget proposals to Council in March 2021. The impact of Covid-19 was also incorporated into the revised 2020-21 revenue budget presented to Full Council on 9 December 2020.
- 4.38 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 have recommended to Council a number of ways in which the current model can be reinforced and improved to allow greater and more inclusive member involvement and transparency, which have been approved by Council.
- 4.39 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, live-streaming 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**

- 4.40 A new Chief Executive was appointed in July 2020. The Chief Executive has reviewed how the Council operates and will deliver the objectives within the Council Strategy; a new Target Operating Model (TOM) has also been adopted.
- 4.41 Alongside this, the Covid-19 pandemic forced the Council to focus resources at the response and enabling the delivery of business as usual activity. However, it now also needs to focus resources on recovery e.g. the Workington Town Deal and Maryport High Streets Fund. In order to deliver these ambitious plans and the Council's core functions through a new Target Operating Model, the structure of the Senior Team needed to be reviewed and accountabilities aligned accordingly, this has included:
- a change in responsibilities among members of SMT;
  - identification of dedicated posts focused on the delivery of the two key regeneration programmes in Workington and Maryport and;
  - a salary tier system has been introduced in line with accountabilities for each senior role allowing for the senior team to be paid fairly for the deliverables that are expected from them.
- 4.42 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.
- 4.43 All employees have objectives identified as part of their 'What Great Looks Like' appraisal and complete quarterly reviews with their managers to discuss progress. The organisation's appraisal process has been reviewed during 2020/21 with a new "My Contribution" appraisal process due to be rolled out in 2021. The new process more clearly links employees objectives to the Council Strategy and will involve an in-depth beginning of year review and end of year evaluation, with monthly reviews through the year.
- 4.44 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.

- 4.45 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. Relationships with Copeland Borough Council have been strengthened in 2020-21 through a Memorandum of Understanding.
- 4.46 To ensure that we have a clear focus on the priority programmes and projects a Programme Management Office (PMO) that includes dedicated internal personnel, to co-ordinate resources, internally and externally, for successful delivery of the projects and programme outcomes is established. There is visible sponsorship for Programmes by the Sponsoring Group (SMT (Senior Management Team) 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 by the SMT Sponsoring Group and at monthly meetings of the Transformation and Commercialisation Programme Board and the Regeneration and Investment Programme Board.
- 4.47 During 2020/21 there has been an increase in contract management support delivered through additional resource in the PMO to update the contracts register and in setting up some contract management templates. A number of officers responsible for contracts have also accessed the Foundation Contract Management Training as part of the Government's Commercial College.
- 4.48 To improve the outcomes from procurement and contract management the Procurement team have held a series of training workshops for officers and members. Workshops have included procurement and contract management processes.

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

- 4.49 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.
- 4.50 Risks relating to the Covid-19 pandemic were managed by strategic groups and sub groups throughout 2020-21. High risks are discussed at SMT on a monthly basis, with outcomes from these discussions updated on the Corporate Risk Log.
- 4.51 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.
- 4.52 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.

- 4.53 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.
- 4.54 The Council employs officers with dedicated responsibility for information governance, information security and records management. The Council has continued to undertake organisation-wide work on data protection following the introduction of the General Data Protection Regulation (GDPR) and the Data Protection Act 2018. Work in 2020-21 has included overhauling the procedure for Data Protection Impact Assessments as well as work to continually review policies, procedures and guidance in light of best practice or impending legislative changes. Mandatory data protection awareness training is included in the Council's online training package to ensure staff awareness regarding how data should be securely handled, transmitted, stored and maintained.
- 4.55 The Council consistently meets statutory deadlines for the publication and audit of its annual statement of accounts.
- 4.56 A revised Strategic Commissioning and Procurement Strategy adopted in 2020 reflects changes in best practice and ensures that the Council pursues sustainable outcomes, value for money and continuous improvement in its commissioning and procurement of goods, services and work. Actions in the Strategy action plan for 2020-21 were measured against performance in the year. Progress is reported to the Overview and Scrutiny Committee through twice yearly updates on the strategy and action plan.
- 4.57 Emergency spend during the pandemic was centralised to the procurement team to ensure consistency, best value for goods and services and to avoid fraud, which was an issue in other public bodies at the start of the pandemic with suppliers over committing to deliver PPE, which in turn led to high spend sometimes with goods failing to materialise. Having a centralised team ensured checks were carried out and a clear sourcing strategy was put in place that meant our needs were met in a compliant way and value for money was still achieved even in this emergency situation where goods were needed at short notice. Procurement centralised a risk register for all contracts at the start of the pandemic and liaised with all framework providers to check business continuity plans were in place.

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

- 4.58 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.
- 4.59 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.

- 4.60 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.
- 4.61 All audit recommendations are reported to the Audit Committee, to ensure that officers undertake any follow-up actions as appropriate.
- 4.62 The Council established Allerdale Waste Services Limited (AWSL) in 2019, a wholly owned company limited by shares, to deliver its waste and recycling services. The company has now been operating for a year. The governance arrangements were established with the advice of expert external lawyers. In its capacity as 100% shareholder of AWSL, the Council exercises 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 AWSL Partnering Board including Members and lead officers from AWSL and the Council which monitors performance at a more operational level. Both The Shareholder Committee and Partnering Board have been working effectively through 2020-21.
- 4.63 The Allerdale Investment Partnership has a Management Agreement in place which sets out the governance framework. The Partners undertook 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 also reviewed its internal governance arrangements including the role of the Council, the information rights and the powers and duties of the Council including the role of officers supporting the AIP. This was set out and approved by the Executive.

## **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 2020-21.
- 5.3 The Governance Group, the Assurance, Risk and Audit team and other key officers have reviewed key performance indicators and met with Chief Officers 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 During 2020-21:

- 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 in relation to the Statement of Accounts;
- one Judicial Review claim was brought against the Council in respect of the Local Plan Part 2, however the claim was not given permission to proceed by the Court.

5.5 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**

##### **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 2020-21 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). All audit opinions reported are considered and challenged by Chief Officers and the Audit Committee, none were considered significant and were dealt with promptly in year, via the review process or follow up of agreed actions.

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 Chief Officers, confirm codes of conduct, financial regulations, and other corporate governance processes have been operating.

5.9 Through the evidence gathering process and the Internal Audit Review of Corporate Procurement and Contract Management in 2018-19, risks were categorised as 'High' in relation to the decisions made when making arrangements for major contracts. The organisation responded to this risk during 2018-19 by creating the Programme Office to strengthen the first and second lines of defence here. This service is now embedded and has delivered widespread training and awareness activities to strengthen the controls environment and by exploring the root causes of these risks by post tender/project review processes. This will continue to be monitored by the Council's Assurance Framework.

5.10 During 2020-21 the Overview and Scrutiny Committee carried out work through a Task and Finish Group to consider procurement practices in large procurements. The TFG produced a series of recommendations that were

discussed and agreed with Executive members. A number of recommendations had already been addressed by the time the TFG had concluded and others continue to be taken forward and embedded through ongoing improvement work.

## **6 Conclusion**

- 6.1 Overall we can confirm that the Council has the appropriate systems and processes in place to ensure good governance is maintained.

Cllr Mike Johnson  
Leader of Allerdale Borough Council

Dated:

Andrew Seekings  
Chief Executive

Dated: