

# 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 2023 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 responsible for ensuring proper administration of the Council's financial affairs (this role was fulfilled by the Chief Officer Assets 1 Apr-31 Dec, and the Chief Officer Finance 1 Jan-31 Mar)
- 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 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 has previously 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.
- 4.8 The Council has a framework of values and behaviours. 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. 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. Internal Audit continue to provide assurances to fraud risk management within the Council, including internal controls in place for Main Financial Systems and also undertook a specific review of management of fraud risk in relation to Procurement. 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 The shift to almost the entire workforce working from home at the start of the pandemic 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. The Council has continued to operate throughout 2022-23 with the majority of staff working primarily from home. The Council's main building has now been adapted to provide agile work spaces and hybrid meeting rooms to enable staff to continue to work effectively through a blend of at home and in office working.
- 4.12 Some changes to working practices brought about by the pandemic have been retained by the Council throughout 2022-23 where these were more effective. For example, an appointments system was introduced where face to face meetings were required which was popular with customers and remains in place today. Vulnerable customers seeking support from our Housing Options team are still able to use a walk-in service at Allerdale House.

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

- 4.13 All committee 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 successfully ran virtual meetings during 2020-21 in line with Covid-19 restrictions. During 2021-22, legislation required the Council to return to in person committee meetings. However, the Council has continued to make recordings of full council meetings available on YouTube 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. In 2022-23, as in the previous year, the Council has made efforts to engage closely with local businesses to ensure they are getting the support they need to recover following the impacts of the Covid-19 pandemic.
- 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. 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 and other social media platforms as well as the local press and email newsletters. In 2022-23, the Council has engaged with partners and the community on a number of issues including Workington Town Deal proposals. Consultation and engagement has also taken place in 2022-23 on activity related to creating the new unitary Cumberland Council including on the Council Plan and 2023-24 budget proposals.

- 4.17 The Council has continued to develop its digital communication tools to complement our relations with more traditional media. 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 almost 12,000 subscribers and a high engagement rate. We reached the millionth email to be opened in 2022. Regular email contact has improved the delivery of information about issues that are important to people and targeted to different audiences, such as our business newsletter. 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 been delivering messages via the Nextdoor platform which can be used to target messaging down to a very local level.
- 4.18 During 2022-23 staff have continued to work largely from home. To ensure good communication and engagement, the Council has continued regular newsletters for staff from the Leader and Chief Executive. Teams have been 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. Teams are now encouraged to meet in person where appropriate and spend a day a week in the office together to ensure effective collaborative time.
- 4.19 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**

- 4.20 Since 2021 the Council has been preparing for local government reorganisation (LGR) in Cumbria. 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.
- 4.21 Under the Cumbria (Structural Changes) Order 2022, Allerdale Borough Council will be abolished on 1 April 2023 (along with all other existing local authorities in Cumbria). Responsibility for all local government functions will transfer to two new unitary councils, Cumberland Council and Westmorland and Furness Council. The area of Allerdale will form part of Cumberland Council.
- 4.22 The creation of two unitary authorities from 1 April 2023 presents opportunities to rethink and reshape services and deliver wider economic, social and

environmental benefits to the residents and businesses of Allerdale and Cumbria.

- 4.23 Work to develop the vision and priorities for Cumberland Council has taken place during 2022-23 with the adoption of a new Council Plan for Cumberland Council in October 2022.
- 4.24 For Allerdale Borough Council 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 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.
- 4.25 More specific strategies and plans focus on sustainable economic, social and environmental benefits such as the Local Plan and Climate Change Action Plan. 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. Specific target actions were agreed by the Executive for 2022-23 to give focus and reflect the capacity available for delivery whilst also preparing for Local Government Reorganisation.
- 4.26 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.

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

- 4.27 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.
- 4.28 The Council Strategy 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. The Council Strategy Delivery Plan sets out in more detail specific activity to deliver against the priorities and objectives in the Council Strategy through a combination of key projects, programmes and activities and a series of key performance indicators under each Council Strategy priority theme.
- 4.29 In developing the Delivery Plan for 2022-23 consideration was given to key projects and programmes to support communities and businesses, the capacity requirements of the local government reorganisation programme, and ongoing budget pressures. Business planning for 2022-23 included making an assessment of what could realistically be achieved by April 2023, as well as what projects were likely to be taken forward into the new Cumberland Council. A set of business planning principles were adopted to provide guidance to

managers as they considered activity for 2022-23 to ensure that any projects and activities have been prioritised to confirm available capacity to deliver, clarity of purpose, strategic alignment, and delivery of value for money.

- 4.30 The Council Strategy Delivery Plan was the vehicle by which the Council reported progress against Council Strategy commitments during 2022-23. Progress against Council Strategy priorities and performance is reported to the Executive and Overview and Scrutiny Committee quarterly for discussion.
- 4.31 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.
- 4.32 Budget proposals are developed by services, challenged and subject to scrutiny through a budget review process involving representatives from the Finance and Policy teams, the Chief Executive, Section 151 Officer, Chief Officers and portfolio holders. For the business planning and budget setting process in 2021-22 (for the 2022-23 budget) a set of business planning principles and refreshed guidance were adopted to ensure that managers carefully considered the capacity requirements of the local government reorganisation programme, and ongoing budget pressures in their service planning.
- 4.33 All seven local authorities in Cumbria have worked collaboratively to develop the programme for the implementation of LGR in Cumbria. This was mobilised in October 2021. The LGR Programme operates as a single programme to create two new unitary authorities and is organised into a series of themes supported by work packages looking at more detailed functional areas. The Theme Boards are: People, Place, Corporate/Enabling, Customer & Digital, ICT, and Finance. Detailed work has taken place throughout 2022-23 to prepare for the new councils ensuring that the new councils will operate in a safe and legal way at Vesting Day.
- 4.34 Elected members have been engaged in the LGR process through an LGR Cross Party Working Group, full member briefings, discussion and debate at the Overview and Scrutiny Committee and at Full Council. Interim Joint Committees of members were set up in March 2022 and elections to the Shadow Authorities took place in May 2022.
- 4.35 Stakeholder engagement forms part of the LGR programme to ensure that stakeholders such as local businesses, the community and voluntary sectors and other partner agencies are engaged and involved appropriately during the process.
- 4.36 The LGR Programme is a vast and complex programme and to optimise the Council's input into that, it has been important to ensure robust internal communications and information flows. To assist with this the Council set up a series of internal meetings to mirror the LGR Programme structure. SMT dedicates a fortnightly meeting to be an internal LGR Programme Board and a series of theme meetings have been created to aid information flows.
- 4.37 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.

- 4.38 The Council invited the LGA to undertake a Homelessness Peer Review in 2021. This work helped the Council to identify areas for improvement, a number of which were built into the development of the Council's new Homelessness Prevention and Rough Sleeping Strategy (approved in April 2022).
- 4.39 The Medium Term Financial Plan was updated in November 2021 to accommodate the ongoing impacts of the Covid-19 pandemic on the Council's finances and plans. A further update of the MTFP was included with the 2022-23 budget proposals to Council in February 2022.

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

- 4.40 The capacity requirements of the LGR Programme have been kept under constant review throughout 2022-23. The new Cumberland Council has been operating as a Shadow Authority over this period developing its financial strategy, Council Plan and key policy positions. It has made senior officer appointments as the legislation allows, initially as interim appointments and then formal appointments to the roles of Chief Executive, Section 151 Officer and Monitoring Officer from 1 January 2023. Allerdale Borough Council's Chief Executive and other members of the senior management team secured roles in the new council during 2022-23. This resulted in the appointment of a new Head of Paid Service and Chief Executive for Allerdale Borough Council (initially on an interim basis until 1 January 2023) and the implementation of some revised roles and reporting lines for chief and deputy chief officers ensuring that capacity could be released for LGR as needed whilst robust departmental structures remained in place at Allerdale Borough Council.
- 4.41 A key element of the Council's service planning is to maximise the investment in staff through staff training and development including using the Apprenticeship Levy. Council officers completed an e-Learning package including key legislation and policies. This was also available to Members.
- 4.42 All employees have objectives identified as part of their appraisal and have regular reviews with their managers to discuss progress. The organisation's appraisal process was updated in 2021-22 with a new "My Contribution" appraisal process rolled out for 2022-23. The new process more clearly links employees' objectives to the Council Strategy and involves an in-depth beginning of year review and end of year evaluation, with monthly reviews through the year.
- 4.43 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.
- 4.44 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.
- 4.45 The Council has a Programme Management Office (PMO) to ensure that we have a clear focus on the priority programmes and projects we want to achieve. The PMO includes dedicated internal personnel to co-ordinate resources, internally and externally, for successful delivery of the projects and programme



outcomes. There is visible sponsorship for Programmes by the Sponsoring Group (Senior Management Team) and direction and oversight from elected members through the Executive. There is an established 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 monthly meetings of the programme boards.

- 4.46 To improve outcomes from procurement and contract management, the Procurement team have held a series of training workshops for managers and members. In 2022-23, these included workshops on 'Challenges in procurement' including challenges due shortages, price increases, and post Covid, and workshops relating to actions required as part of LGR in identifying all contracts and grants. A Joint workshop with Procurement and Internal Audit on Procurement Fraud identified potential 'red flags' in the procurement process, which may indicate fraud and or corruption. Templates and guidance for projects and procurement have been updated and added to in 2022-23, including a Procurement Code, which sets out all the steps in the procurement and contract management lifecycle. The Procurement team at Allerdale has also led on a number of joint procurements with other Cumbria authorities before transfer to Cumberland. These have included hybrid mail, elections system and GIS systems.

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

- 4.47 The risk management framework confirms the Council's approach to identifying and controlling risk. The Council maintains a risks and issues log for corporate risks. Service risks are discussed with teams, reviewed and escalated when necessary. Developments to enhance evidence retained to support adherence to the risk management framework have been actioned in 2022-23. An exercise was also undertaken to refresh and update all operational risk registers during the year.
- 4.48 High risks are discussed at SMT on a regular basis, with outcomes from these discussions updated on the Corporate Risk Log.
- 4.49 The Council's Integrated Assurance Strategy brings together risk management, the three lines model and assurance mapping as a means to aid setting and achieving objectives, promoting good governance and providing assurance.
- 4.50 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.
- 4.51 Service performance is monitored and is reported to the Executive committee quarterly. The quarterly performance report will now also include a summary of high risks from the Corporate Risk Log.
- 4.52 The Council's Financial Regulations provide the governance framework for managing the Council's financial affairs. The Council's financial management arrangements comply in all respects with the principles and standards of good financial management set out in CIPFA's 'Financial Management Code'. This

includes compliance with the “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. A Strategic Advisor - Assurance, Risk & Audit was appointed in April 2022 and appointed two Senior Advisors to deliver an in-house Internal Audit Service for 2022/23. Both Senior Advisors are undertaking professional Internal Audit qualifications.

- 4.53 The Council employs officers with dedicated responsibility for information governance, information security and records management. Work has continued to review policies, procedures and guidance in light of best practice or any 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.
- 4.54 The Council consistently meets statutory deadlines for the publication and audit of its annual statement of accounts.
- 4.55 A revised Strategic Commissioning and Procurement Strategy (SCPS) 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.
- 4.56 The LGR Strategic Commissioning, Procurement and Contract Management work stream has drafted several policy and procedural procurement documents and templates for the new authority including a draft procurement strategy. These will put in place the strategy and playbook to deliver the vision in the Cumberland Council Plan and meet requirements set out in Transforming Public Procurement Green paper published in December 2020. The Procurement Bill will be enacted around March 2023. Until March 2023, the Procurement team has continued to report to Allerdale Borough Council’s Overview and Scrutiny Committee and the Programme Management Office (PMO) Programme Board on updates in the SCPS Action Plan as agreed.
- 4.57 The LGR Programme presents a range of risks for the Council. Risks relating to programme delivery and the delivery of safe and legal services for Day 1 through LGR are captured in risk and issue logs as part of the LGR programme. These are reviewed and managed through the Programme’s governance arrangements including individual work packages and programme boards. The Council has also recognised risks relating to internal capacity to manage both the LGR Programme and ongoing delivery of day-to-day services. As detailed at 4.29 business planning for 2022-23 has included a realistic assessment of capacity to deliver by April 2023 to ensure that there was a focus on business as usual activity and priority projects. Risks relating to LGR such as staff retention and service resilience are reflected in the Council’s Corporate Risk and Issues Log with mitigations monitored against those. The Corporate Risk and Issues Log is reviewed as part of a two-weekly internal LGR senior management team meeting.

## **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 In respect of the Town Deal, Future High Streets Fund and Heritage Action Zone projects within the Workington and Maryport regeneration programmes respectively, the governance arrangements and Accountable Body functions have been fulfilled by incorporating and enhancing the existing processes of the Council's Programme Office. Development of business cases, approving projects, monitoring, evaluating and reporting progress are completed through an assurance framework to ensure effective and objective management of capital programmes. The Programme Office established clear roles and responsibilities for project managers, supported and overseen by the Programme Managers and Programme Directors, and ultimately reporting through project boards to the Regeneration and Investment Programme Board. Each project/programme includes a stakeholder engagement plan and, in accordance with DLUHC (formerly MHCLG) guidance, advisory groups in the form of the Town Deal Board and Maryport advisory group have oversight on project development, appraisal processes and progress reporting. In our capacity as Accountable Body for these funded programmes, suitably qualified and experienced senior officers – including the statutory officers – have ensured an appropriate level of independent appraisal and an impartial and objective review prior to approval. This was supported by Cumbria County Council's independent programme review team, the Council's internal audit function and external consultant expertise. The Council's Internal Audit function undertook a comprehensive review in November 2022 of the management arrangements within the Regeneration Programme for ensuring effective governance, risk management and internal controls. Audit testing confirmed that the current controls provide substantial assurance.
- 4.63 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 three years. 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 AWSL 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 2022-23.

4.64 The Allerdale Investment Partnership LLP (AIP), a joint venture partnership with Cumbria Partnerships Limited, has a Members Agreement in place which sets out the governance framework. The Partners undertook a review of the Members 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.

## **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 annual report from the Head of Internal Audit (the Strategic Advisor - Assurance, Risk & Audit) 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 2022-23.
- 5.3 The Governance Group 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 Strategic Advisor - Assurance, Risk & Audit and the s151 Officer. Service areas have been asked to review managers' assurance statements and the feedback has been analysed.
- 5.4 During 2022-23:
- no formal reports were issued by the s151 Officer or Monitoring Officer
  - there was one breach of the member or Code of Conduct reported to the Council
  - no breaches of the officer Code of Conduct occurred
  - no objections were received from local electors in relation to the Statement of Accounts
  - no Judicial Review claims were brought against the Council
- 5.5 Overall we can confirm that the Council has the appropriate systems and processes in place to ensure good governance is maintained.

### **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 Head of Internal Audit. The opinion for 2022-23 concludes that reasonable assurances are in place over the overall effectiveness of the Council's risk management, control and governance processes. 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 indicative or 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 annual 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 confirm codes of conduct, financial regulations, and other corporate governance processes have been operating.

## **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.