

Torrige District Council



Annual Governance Statement 2019/2020

September 2020

Scope of Responsibility

Torrige District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money allocated to it is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.



The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance & Accountancy (CIPFA) and Society of Local Authority Chief Executive's (SOLACE) Framework Delivering Good Governance in Local Government Guidance Notes for English Authorities 2016. This statement explains how Torrige has complied with the code and also how we meet the requirements of the Accounts and Audit (England) Regulations 2016, which requires all relevant bodies to prepare an Annual Governance Statement.

The Code of Governance sets out the principles of good governance and describes the arrangements the Council has put in place to meet each of these principles:

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

B. Ensuring openness and comprehensive stakeholder engagement

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

D. Determining the interventions necessary to optimise the achievement of the intended outcomes

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

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

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

A copy of the Council's code is available on our website at www.torrige.gov.uk/governance or can be obtained from the Governance Manager, Riverbank House, Bideford, Devon EX39 2QG



The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values, by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services and outcomes.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level in accordance with our 'risk appetite' threshold. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, but it seeks to provide reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify, prioritise and manage the risks to the achievement of the Council's aims and objectives.

The governance framework has been in place at Torridge District Council for the year ended 31 March 2020 and up to the date of approval of the annual statement of accounts.

The Council's Governance Framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The Framework recognises that the Council's business is focussed upon its corporate priorities and seeks to facilitate delivery to our local communities of the goals set out in the Strategic Plan. The structures and processes, risk management and other internal control systems, such as standards of conduct, form part of this Framework, which is about managing the barriers to achieving the Council's objectives.

The local Code of Corporate Governance is reviewed annually through the Audit and Governance Committee. This last happened on 21 January 2020. Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. This task is managed by the Strategic Management Team (SMT) which comprises the Head of Paid Service (HOPS), the Section 151 Officer, and the Senior Solicitor/Monitoring Officer.

To achieve its vision/objectives the Council has designed systems and processes to regulate, monitor and control its activities. The Code of Corporate Governance sets out the controls in full.

The Governance Framework

Torrridge District Council - Governance Framework

Annual Governance Statement

(Meets Account & Audit Regulations and is published with the Annual Accounts)

Audit & Governance Committee

(Challenge the draft AGS and supporting evidence.
Approve AGS)

Head of Paid Service & Strategic Management Team

(Challenge the draft AGS and supporting evidence)

Governance Manager

(Challenge Governance Statement etc.)

S151 Officer

(Promote & Deliver Good Financial Management)

Monitoring Officer

(Legal & Ethical Assurance)

Code of Corporate Governance

(The Council's commitment to good governance based on the principles of the CIPFA/SOLACE framework)

Constitution
Code of Conduct
Scheme of Delegation
Complaints Process
Equality & Diversity

Standards Committee

Public Consultations

Complaints Summary Reports

Local Government Ombudsman Report

Strategic Plan
Policies & Procedures
Business Planning
Business Continuity
Performance Results
Partnership Protocol

Manager's Assurance Statements

Committee Reports

Scrutiny Committee (External)

Quarterly Business Report

Annual Audit Opinion (Int)

Scrutiny Committee (Internal)

Financial Management Framework
Budget Monitoring Process
Compliance with CIPFA Guidelines

Medium Term Financial Strategy

Statement of Accounts

Treasury & Investment Strategy

Annual Audit Letters (External)

Financial & Contract Procedure Rules

HR Policies
Pay Policy
Risk Management

Corporate Risk Register

Service Risk Registers

Personal Appraisals

Whistleblowing Policy

Bribery, Anti-Fraud & Corruption Policy

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- ✓ the work of the Governance Team who have responsibility for the development and maintenance of the governance environment;
- ✓ the Annual Internal Audit Assurance opinion, as provided by the Devon Audit Partnership;
- ✓ comments made by the external auditors and other review agencies and inspectorates; and
- ✓ the Audit & Governance Committee review that the elements of the governance framework are in place and effective, to ensure compliance with the principles. They also reviewed the system of internal audit and concluded it was effective and remained a key source of assurance for the Council in 2019/20.

The Council's Senior Managers have completed assurance statements for each of their areas of control, acknowledging responsibility for risk management and internal control, and certifying satisfaction with the arrangements in place throughout 2019/20.

Torrige's financial management arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2015)* as set out in *Delivering Good Governance in Local Government Framework 2016*.

The Council's Monitoring Officer has a legal responsibility to look into matters of potential unlawfulness within the Council. In 2019/20 the Monitoring Officer reviewed and updated the Constitution, provided Data Protection training for Officers and Members, and arranged for specific Good Governance Training.

The Performance Management Framework has operated effectively during the year. Monitoring information on key areas of performance has been provided to the Governance Team for review and action. Performance management outputs have also been reviewed by the Overview & Scrutiny (Internal) Committee.

Other key officers have also been consulted for their views on the standards of governance within the Council – specifically the

- ✓ Statutory Finance Officer,
- ✓ Monitoring Officer,
- ✓ Governance Manager, and
- ✓ DAP Partnership Manager.

The Standards Committee has monitored standards of conduct of Members and advised the Council on probity issues. Specific reviews in 2019/20 include: Standards Sub-Committee Procedures, Hearing Procedure, Complaints Process, and Social Media Guidance. Entries made in the Register of Members' Interests were reviewed by the Monitoring Officer.

In 2019/20 the Council received 40 stage 1 and 15 stage 2 formal customer complaints. The service standard is 28 days and the Council responded to 84% of complaints within this timeframe. Any learning outcomes from the complaints received have been fed back and incorporated into changes in service provision.

Review of Effectiveness

The Overview and Scrutiny (O&S) Committee process has provided challenge and has monitored the Council's policies and performance on an ongoing basis. Lead Members have also kept issues under review during meetings with managers. During 2019/20 the Members of O&S, both Internal and External, have worked together, adopting a non-political approach, developing and using their knowledge and expertise, and that of others to the best effect. An evidence-based approach to the O&S work has been instrumental in achieving good results. There have been contributions, and input, from a range of stakeholders, including public and voluntary sector organisations, the public, officers and Members of the Council. Highlights have included:

Reviewing Actions on Officer Reports:

- ✓ Northam Burrows Visitor Centre
- ✓ Community Land Trust
- ✓ Section 106 Agreements
- ✓ Affordable Housing/Homelessness
- ✓ Empty Properties
- ✓ Income Generation Strategy Review
- ✓ Quarterly Business Reports
- ✓ Treasury Investment Options
- ✓ Ethical Investment
- ✓ Westward Ho! Park
- ✓ Local Housing Allowance
- ✓ Harbour Board

Monitoring Reports from Key Partnerships and other External Bodies including:

- ✓ Review of External Grants
- ✓ 1610 (Leisure Contractor)
- ✓ Burton Art Gallery
- ✓ Fire Service Consultation
- ✓ Norther Devon Futures Group
- ✓ Higher Education Funding
- ✓ Play Area Working Group
- ✓ Health, Wellbeing and Social Care
- ✓ Agriculture & Agriculture Supply Industry
- ✓ Community Safety Partnership
- ✓ Great Torrington Development Trust
- ✓ NHS Long Term Planning

New Strategic Plan

The Council is dedicated to ensuring that its resources are utilised in the most effective and efficient manner whilst delivering continuous improvement to its services. There has been a focus in 2019/20 to ensure that the New Council is fully involved in the development of the Council's Strategic Plan. A number of workshops have been held between Members and Senior Managers to identify Council priorities and a new Strategic Plan for the Council has been drafted (the next stage is a for a Public Consultation). As part of this process all Operational Managers have met with their Lead Members and the Leader/Deputy Leader to provide a robust challenge their strategic actions going forward.

Member Training

The Election of the New Council in May 2019 required a full induction programme for Councillors. This included training in Audit and Governance, Standards, Scrutiny, Plans and Being a Councillor. Additional training for Councillors included New Overview & Scrutiny Guidance, Quarterly Business Reviews, Social Media, DCC Highways, and the Revenue Budget. A specialist training organisation (Bethan Evans) were engaged by the Monitoring Officer to provide 'Probity, Good Governance and Member/Officer Relations' training.

Review of Effectiveness

The Council has in place regular reporting arrangements on the financial affairs of the Council. The budget for 2019/20 was agreed by Full Council in February 2019 and financial performance was reported on a quarterly basis to Members.

Internal Audit assessed corporate governance arrangements by measuring the Council against the requirements of the governance framework outlined in the CIPFA / SOLACE publication "Delivering Good Governance in Local Government", and the results of this have been reported to the Audit and Governance Committee. In December 2016 DAP underwent an external examination against the Public Sector Internal Audit Standards (PSIAS) and received the top rating.

All key systems were audited in 2019/20 and a total of 21 audit reports were provided to management and the A&G Committee. This included an audit of the Council's Risk Management arrangements (the audit opinion was Good). During 2019/20 Risk Management has been a standing item in the A&G Agenda and a separate Risk Management Group met on a regular basis to discuss risks and review the Corporate and Service Risk Registers.

In 2019 the Governance Team commissioned a Communications Health Check from the Local Government Association (LGA). The LGA also provided support (alongside a Councillor from Cornwall Council) for Torridge's review of its Constitution.

In the 2018/19 Annual Governance Statement two significant issues were identified in relation to: Non-Compliance with the GDPR regulations, and the leaking of confidential Part II information by Members. **These two areas of risk have now been mitigated as far as possible.**

Based on the assurance work undertaken by Internal Audit, the Audit Manager (DAP) has provided an opinion on the adequacy of the control environment which concluded that this was **Substantial**.

It should, however, be noted that all risks of failure cannot be eliminated, and the assurance given is therefore reasonable and not absolute. Isolated areas in which controls were below the required standard are reported initially to the relevant Manager who ensures prompt corrective action is taken, and ultimately to the A&G Committee who monitor progress with improvements via follow up reports from Internal Audit.

The Code of Governance was updated to give assurance that standards were met in key areas. The 2020 Code was approved by the Audit and Governance Committee in January 2020.

In September 2019 the Council's external auditor (Grant Thornton) provided the Council with an unqualified opinion on the Council's accounts within their Annual Audit and Inspection letter. Grant Thornton were also satisfied that in all significant respects the Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2019.

Impact on Governance Arrangements of Coronavirus

The Council's usual governance arrangements were in place from April 2019 to February 2020, but these arrangements started to be impacted by coronavirus in March 2020.

From March 2020 the Council was required to implement some changes to its governance arrangements to ensure that key services could continue to operate, vulnerable groups kept safe, and government grants to our local business community were effectively administered.

The Government provided the Council with a series of grants for supporting local residents and businesses.

The Council reallocated resources to prioritise the allocation of these funds and processes were put in place along with the necessary checks and balances to prevent errors/fraud.

Our Internal Auditors have undertaken some post payment work to provide assurance that the business grants had been processed effectively.

Key services (e.g. waste and recycling collections, homelessness support) continued but there was a significant impact on day-to-day operations:

- The Leisure Service Contractor (1610) suspended their services
- The Grounds Maintenance Contractor (Tivoli) reduced their services
- Some services (e.g. public toilets) were closed and staff furloughed from March to June
- Arrangements were made to enable the majority of office staff to work from home with the necessary data security measures in place
- Some existing programmes (e.g. renovating homeless accommodation) were temporarily put on hold
- Unable to visit properties to carry our DFG related works

With the loss of income streams plus additional costs associated with keeping communities safe and businesses solvent, coronavirus has resulted in a major financial burden for the Council.

The Section 151 Officer has assessed the impact on the Council's long-term financial viability. The Government has provided some additional funding for the Council but this falls far short of the monies required. The Council continues to lobby the government to make up the shortfall caused by coronavirus.

In line with government guidelines, public meetings were immediately cancelled and this had a short term impact on the Council's decision making arrangements. The following steps were taken:

- Senior Officers and Lead Members held virtual meetings to agree immediate process changes/priorities
- Members agreed to cancel some meetings (e.g. AGM) and continue existing arrangements
- Zoom technology/training was rolled out to all Members to enable decision making bodies to re-start.

Significant Governance Issues

This Statement is intended to provide reasonable assurance. It is stressed that no system of control can provide absolute assurance against material misstatement or loss. In concluding this overview of the Council's governance arrangements, two issues have been identified that need to be addressed to ensure continuous improvement in the Governance Framework. The aim is to address these weaknesses during the 2020/21 financial year, by way of an action plan for improving the governance framework and system of internal control. This will be subject to regular monitoring by the Committee.

Issue No.	Significant Issue Identified	Summary of Action Proposed
1	Impact on the Council's governance arrangements of the coronavirus outbreak	<p>Undertake a review of the lessons learnt from the Council's response to coronavirus, particularly with regards to the adequacy of the Council's governance arrangements during the period in question.</p> <p style="text-align: right;"><i>Strategic Management Team, due by 31 March 2021</i></p>
2	The existing Asset Management Plan expired in 2017. Work is underway to develop a new Plan; however this remains in its early stages. Without a clear approved Plan to provide strategic direction, the Authority may not make best use of its assets, which in turn may hamper the achievement of strategic goals and outcomes.	<p>A new Asset Management Plan will be drawn up, approved and published. The new Plan will be aligned closely with the Authority's Strategic Plan to ensure it will support and help deliver strategic priorities over the short to medium term.</p> <p style="text-align: right;"><i>Estates Manager, due by 20 December 2020</i></p>

**Approval of
the Annual
Governance
Statement**

Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within Torridge District Council to ensure effective internal control is maintained. Through the actions referred to on the previous page, we propose over the coming year to address the issues that have been identified, with a view to further enhancing our governance arrangements. These steps will identify improvements that are needed and we will monitor their implementation and operation as part of our next annual review.

Signed:

Date:

Councillor Hackett
Chair of Audit & Governance Committee

Signed:

Date:

David Heyes
Statutory Finance Officer