northdevon
C O U N C I L

ANNUAL GOVERNANCE STATEMENT 2019/20

1 Introduction

North Devon Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility the council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has a code of corporate governance which is consistent with the principles of the CIPFA/SoLACE Framework "Delivering Good Governance in Local Government 2016" ("The Framework"). This statement explains how the council has complied with the code and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of a statement on internal control.

2 The purpose of the governance framework

Confidence in public sector governance is of critical importance, given the huge investments by taxpayers in local services and the need to ensure that none is wasted. This Annual Governance Statement is to help provide that confidence by formally recognising, recording and publishing the council's governance arrangements.

The 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.

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

Our governance framework derives from core principles in the Framework. They are:

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 entities capacity, including the capability of its leadership and the individuals within it,

f) Managing risks and performance through robust internal controls and strong public financial management,

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

The authority's financial management arrangements conform with the governance requirements of the CIPFA "*Statement on the Role of the Chief Financial Officer in Local Government*" (2016) as set out in the Application Note to the Framework.

3. Key Elements of the Council's Governance Framework

3.1 Council and Strategy and Resources Committee
- Set the budget, strategies and the corporate objectives
- Receive performance reports

3.2 Governance Committee
- Oversight of ethics and governance issues
- Dealing with complaints
- Receiving audit reports
- Risk Management
- Receiving performance reports
- Holding Strategy and Resources Committee to account
- Considering service plans

3.4 Senior Management Team
- Receiving performance reports
- Managing behaviours
- Dealing with health and safety issues
- Risk Management

3.5 Corporate Risk Group
- Identifying corporate risks and reporting

3.6 Statutory Officers
- Ensuring that the Council acts properly and lawfully

4   How we comply with the Framework

This section describes the key arrangements in place to meet the core principles set out above.

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

The Council has adopted a set of management behaviours which managers are expected to comply with. Managers are judged against those behaviours through the appraisal process.

The Council has also adopted a Code of Conduct for Members and an Employee Code of Conduct which provide frameworks for the expected behaviour of Members and staff. Training has been provided on both.

The Council has in place Financial and Contract Procedure Rules, and various policies including those on Whistleblowing, Anti-Fraud and Corruption, Money-Laundering, Income Collection and Debt Recovery. Training has been provided to officers and Members where appropriate.

All reports going to the Strategy and Resources Committee have to be consulted upon with senior officers including the section 151 officer and the Monitoring Officer. The legal implications of any decisions also have to be considered. The section 151 officer and Monitoring Officer have specific duties to ensure the legality of decisions and processes and to investigate any alleged breaches.

The Council's Governance Committee has a responsibility in maintaining ethical standards.

Principle B - Ensuring openness and comprehensive stakeholder engagement

All Council meetings are open to the public other than where confidential issues are to be discussed. All agendas and minutes are published on the Council's website. The Council is active on social media and publishes any events through these media channels.

The onset of the Covid-19 pandemic in early 2020 has resulted in meetings of the Council being held by virtual means. Council business has been conducted as normal, and more of the public given the opportunity to 'attend' the meetings.

The Council takes an active role in various partnerships and boards on a range of issues such as health, social inclusion and economic generation.

The Council holds regular Parish Forums where representatives of all Parish Councils are invited to attend to discuss issues of concern. It also holds public meetings when appropriate to discuss major issues such as the state of local health services and the impact that agriculture has on the local economy.

The Council also holds public consultation exercises and surveys where appropriate and engages with stakeholders over major issues such as the new income-banded Council Tax Support scheme. There have been some issues as to the efficacy of the consultation software, but investigations are continuing.

The Council continues to support the Plastic Free North Devon Consortium. This brings together public authorities, charities, voluntary groups, businesses and individuals and has agreed a strategy for reducing the use of single use plastic and for

collecting it from beaches and other areas. The input from the Consortium is feeding into measures and steps being taken within the Council.

Principle C and D - Defining outcomes in terms of sustainable economic, social and environmental benefits and determining the interventions necessary to optimise the achievement of the intended outcomes

The Council has adopted a revised Corporate Plan with four focussed objectives as follows:

- achieving financial security
- becoming focused on delivering the best for our citizens
- cherish and protect our environment
- plan for North Devon's future

Backing up the Corporate Plan is a Delivery Plan which sets out specific actions that will be carried out to deliver the Corporate Plan.

The Corporate Plan is carried through into Service Plans which are approved by the Strategy and Resources Committee, following scrutiny by the Governance Committee. Individual appraisals then reflect the actions in the Service Plans.

Progress towards completing actions is reported each month to the Senior Management Team and quarterly to the Strategy and Resources Committee and Governance Committee, along with performance against performance indicators. Quarterly reports also go to Full Council so that all Members are aware of the progress.

The introduction of a new HR/Payroll system has improved efficiency by reducing the amount of information entered on to two systems and thereby the number of errors made. The system gives managers increased employee information to make decisions, whilst employees have greater control over their personal information.

Principle E - Developing the entities capacity, including the capability of its leadership and the individuals within it

The Council has a programme for identifying and providing training to aspiring managers. It also has a continually adapting programme of Manager Forums at which issues are discussed or training given.

It is also identifying opportunities for apprentices and graduate pathways and is also supportive of any employee that wishes to be seconded to other roles.

Capacity is being created through the multi-skilling of teams, new software in the feedback process and through digital communications.

Training needs are identified through the annual appraisal process and a corporate training programme is developed based on this. A Member's training programme is also developed and delivered every two years.

A complete review of processes within the Council to maximise capacity and develop a customer focus is ongoing, a number of staff having received training to enable this element of the project to proceed. This training has been extended to others within the Council.

Corporate training has been provided on issues such as GDPR and RIPA.

The Council has reviewed its decision making processes and has moved from an Executive structure to a Committee structure. This will ensure greater involvement in decisions from all political groups.

Principle F - Managing risks and performance through robust internal controls and strong public financial management

The Council has an adopted Risk Management Strategy which sets out the Council's approach to risk identification and resolution. Each service maintains a risk register and these are reviewed at team meetings and by Senior Management Team. A Corporate Risk Group, made of up officers, identifies corporate risks and reports these to the Governance Committee.

Performance against service plan actions and performance indicators are measured each month and reported monthly to SMT and quarterly to the Strategy and Resources Committee and Governance Committee and then ultimately Full Council.

Service planning is underpinned by financial planning, with changed expenditure in any service area being approved by the Strategy and Resources Committee and Council through the annual resource allocation process. As part of this process a rigorous examination of all budgets is undertaken to identify opportunities for making efficiency savings, maximising income, or reducing unnecessary expenditure.

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

All Council decisions are published on the Council's website along with the reasons for taking the decision. All reports and agendas are also published online.

Audit recommendations from Audit reports are reported to Governance Committee and progress towards completion is tracked and reported. Performance monitoring reports are considered by the Strategy and Resources Committee and the Governance Committee and subsequently by Full Council. Senior officers can be requested to attend any of these Committees to answer questions and deal with issues relating to performance.

The Council adopts a proactive approach to publishing information through its web site but when a request is received under the Freedom of Information Act, a response is sent within the statutory time limit in almost 100% of cases.

5   Review of effectiveness

5.1 Background

The Council has conducted its annual review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by

- the work of council officers who have responsibility for the development and maintenance of governance environment
- the annual report of internal audit, and
- comments made by the external auditors and other review agencies and inspectorates
- assurance work completed during the year and up until the point that this Annual Governance Statement is approved.

The main processes that have been relied upon by North Devon Council in reviewing and maintaining the effectiveness of the system of internal control are highlighted below.

5.2 Internal Audit

Internal Audit is responsible for objectively reviewing the Council's internal systems of control with a view to reporting on and making recommendations to management with regard to their effectiveness for managing business risk and achieving the organisation's objectives

Internal Audit reviews are designed to assess the effectiveness of the internal controls on which the council relies for managing risk. There is an annual risk-based internal audit plan approved by the Governance Committee. During the year Internal Audit undertook 18 audits, four of which would not be completed by March 2020. Audit Recommendations are reported to SMT on a regular basis.

All outstanding Audit actions that are contained within the Internal Audit Reports are contained within a report that is presented to the Governance Committee. The Governance Committee takes an active role in ensuring actions are completed.

The effectiveness of Internal Audit in carrying out this function is assessed by the Governance Committee.

The service is provided through an external supplier enabling access to a wide variety of skills and specialist practitioners. Up to March 2020, the supplier has been Mazars Public Sector Internal Audit Ltd, but Mazars have now been replaced by the Devon Audit Partnership.

The Internal Auditors have stated that there is reasonable assurance that the Council's governance arrangements are largely compliant with best practice guidance.

5.3 External Audit

The Council has appointed Grant Thornton as its external auditors.

The 2018/19 Annual Audit Letter (received in August 2019) provided an unqualified opinion on the Council's accounts but made some recommendations in relation to reporting for the 21:21 programme. The reporting of progress in relation to 21:21 now occurs as part of the quarterly business report and so this recommendation has not been carried forward to the Action Plan.

5.4 Other external agencies

The **Local Government Ombudsman** (LGO) has publicly available records in respect of complaints received about each council. From 31.3.19 to 31.3.20, it appears that 17 complaints were received with the largest number (7) coming from the Planning area,

whilst 4 involved waste and recycling collections .In the preceding five years the numbers were 25, 23, 23, and 23 respectively.

Only two of the complaints were upheld after a detailed investigation, whilst only one of the complaints involved the making of any reparation by the Council. The vast majority of the complaints were either not investigated or not upheld.

The **LGA Peer Review which took place in 2016** has been referenced in a previous AGS. The Council undertook a further Peer Challenge in November 2019, and a report as to the outcomes was received in February 2020. As yet Councillors have not been formally briefed as to the outcomes, which have been positive, as a result of the onset of the Covid-19 pandemic, which has interrupted the reporting-back process. An informal briefing has taken place however.

5.5 Statutory Officers (i.e. Head of Paid Service, Chief Financial Officer, and Monitoring Officer)

No formal reports have been made by any statutory officer.

5.6 Senior Management Team

The Senior Management Team meets each week to develop policy issues and also considers internal control issues, including risk management, performance management, compliances, efficiency and value for money, and financial management.

During the year all external and internal audit reports are considered by the Senior Management Team before agreement of the recommendations. This ensures that any action that stems from them is properly integrated into the Council's activity.

The Senior Management Team reviews and updates the Corporate Risk Register, supported by the Corporate Risk Management Group.

The Council's performance is reviewed quarterly. The Senior Management Team are the first step in the chain of monitoring and action that culminates in Strategy and Resources Committee decisions on the Performance and Financial Management Report.

Senior Management Team exercise control over all appointments and any staffing changes, including direct replacements have to be supported by business cases and approved by the Team.

All members of Senior Management Team have responsibility for maintaining a system of sound internal controls and management processes within their area of responsibility, and for reviewing their effectiveness. Each has completed an **Assurance Statement** for their area confirming that a sound system of internal control has been in place throughout the financial year, and identifying any areas that are less robust. Any issues identified as part of these have been incorporated into the Action Plan.

5.7 Health and Safety

There are established risk assessment and incident reporting processes. These are supported by framework risk assessments for 'office work', 'office work at home' 'site

visits', 'driving at work', and 'attendance at exhibitions'. In addition there is information on a wide range of subjects available.

Following the onset of the Covid-19 pandemic, and the Government guidance for members of staff to work from home, wherever possible, both general and specific risk assessments have been issued to manage the return to work of those who have not been attending the workplace during the pandemic.

The Senior Management Team and the Council's Health Safety, and Welfare Committee (a joint staff/Member/management committee) met during the year and received incidence statistics with notes of trends and actions taken. These meetings support the Health and Safety Advisor's introduction of improvements and updates to guidance or practices to mitigate risks/incidence issues.

There are reports to the Chief Executive and the Senior Management Team when issues arise.

5.8   Information Management and Security

The Council holds a great deal of information and personal data to support the delivery of services. The security of that information is of paramount importance. The Information Management Group monitors compliance with the Information Security, Email, Internet and Data Protection Policies. It has responsibility for ensuring that procedures are in place to reinforce the policies and for ensuring that specific training and guidance is provided at all levels within the Council. It reports to the Senior Management Team as issues arise. No major issues have been identified.

Both the spirit and the letter of the General Data Protection Regulation have been fully implemented by the Council. Data Protection Champions have been appointed for each service area and these meet regularly with the data Protection Officer to talk about issues. Training of all staff and Councillors has been undertaken and the Data Protection Officer is proactive in dealing with issues and concerns. All breaches are dealt with in accordance with the law and relevant guidance and the Data Protection Officer ensures that any changes that are highlighted by breaches are introduced. In the Data Protection Officer's absence, two other senior officers are briefed to deal with any emergency data protection issues arising.

6.   Governance Issues of Concern

North Devon Council has considered the outcomes of the governance arrangements referred to in this Statement. Where appropriate action plans have been developed to ensure the continuous improvement of the council's internal control, risk management and corporate governance arrangements.

The following governance issues were identified during 2019/20 as a result of the review of arrangements:

Areas identified by an internal review of governance arrangements

Issue	Action
Significant Issues	
1 Potential for severe disruption of council services by extreme events, such a localised flooding of council property or deliberate actions such as cyber attack. This is carried over from previous years although work is underway.	A review of all business continuity plans and introduction of a corporate business resumption plan together with a cyber attack response plan, a revised Disaster Recovery Plan and new Cyber Incident Response Plan
Other Issues	
2 Development of an Action Plan to implement recommendations from the Peer Review	Formal reporting of the Peer review report should take place once received. An Action Plan should also be developed to implement appropriate recommendations.
3 Financial and Contract Procedure rules	A system for reporting breaches to Governance Committee should be introduced

No additional risk areas were identified by either our external or internal auditors.

3   Certification

We have been advised on the implications of the result of the review of the effectiveness of the governance framework to address weaknesses and ensure continuous improvement of the system is in place.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Councillor David Worden   ....
Leader

Ken Miles
Chief Executive

NORTH DEVON COUNCIL ASSURANCE FRAMEWORK

- Recommendation of the policy and budgetary framework to council
- Recommend the strategic direction of the Council.
- Identify the Council's priorities
- Review of key decisions and policies
- Quarterly review of performance and annual target setting

- These statutory functions of these two officers provide a source of assurance that the Council's systems of governance and internal control are effective and being complied with
- Annual Statement completed by Section 151 and Monitoring Officer of any material matters that require reporting in AGS

- Maintenance of the Council's corporate risk register (CRR)
- Quarterly review of CRR for SMT and half yearly for Governance Committee
- Oversight of risk framework
- Reports to SMT and the Governance Committee

- Independently reviews areas of committee activity, decisions, and other function of the Council
- Results are reported back to Strategy and Resources Committee

- Quarterly review of strategic and operational risks
- Monitoring of Corporate Plan targets
- Quarterly review of performance
- Review of implementation of recommendation by external audit and other agencies

- Promoting and maintaining high standards of conduct by Members
- Assisting Members to observe the Codes of Conduct, including advice and training
- Advising the Council on the adoption or revision of the Members' Codes of conduct
- Monitoring the operation of the Council's Members' Codes of Conduct
- Overview of local planning code of conduct
- Considering allegations that a Member has failed to comply with the Code of Conduct

- Audit of accounts and governance arrangements
- Annual Audit Letter
- Reports the outputs of its work to the council and the Governance Committee
- Places assurance on the work of Internal Audit

- Receive all internal audit reports including the annual report on the level of assurance it can give to the Council's corporate governance
- Ensure effective audit follow up arrangements
- Consider the external audit reports including the annual letter and the report to those charged with governance
- Monitor the effective development and operation of risk management and corporate governance in the council
- Oversee the production of the Council's AGS and to recommend its adoption by Council
- Consider the Council's compliance with its own and other published standards and controls
- Review the annual statement of accounts

- Annual and interim reports on systems of internal control and their effectiveness
- Risk based audit approach
- Annual audit and strategic audit plan
- Review of key controls
- Planned internal audit review of risk management arrangements
- Review of service risks when audits are undertaken
- Review of systems including accuracy, completeness, timeliness and relevance of data
- Reports to SMT and the Governance Committee

- Annual report on Health and Safety to SMT

- Review by external agencies e.g. Ombudsman, Food Standards Agency, Health and Safety Executive

- Quarterly reporting and review of financial and operational performance through the Senior Management Team
- Preparation and delivery of annual Service Plans
- Review of service risks
- Implementation of audit recommendations
- Maintenance of control statements for key systems
- Monitor and review performance of service including data quality
- Annual assurance statement on application of the control framework

Diagram nodes

- Corporate Risk Management Group
- Strategy and Resources
- s151 and Monitoring Officers
- Senior Management Team
- Annual Governance Statement
- Governance Committee
- External audit
- Heads of Service
- Internal Audit
- Health and Safety
- Other external agencies