Annual Governance Statement

2021/22

Ribble Valley
Borough Council

www.ribblevalley.gov.uk

Annual Governance Statement
2021/22

1.   SCOPE OF RESPONSIBILITY

1.1   Ribble Valley Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for, and is 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 its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2   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, including arrangements for the management of risk and for dealing with issues which arise.

1.3   The Council has approved and adopted a Local Code of Corporate Governance, which is reviewed annually and is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). A copy of the Local Code is on our website.

1.4   This statement explains how the Council has complied with the Local Code and also how it meets the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

1.5   The Council's annual review of the effectiveness of its corporate governance for 2021/22 provides assurance on the governance arrangements in place, the progress made against significant governance issues raised at the last annual review and includes an action plan to address significant governance issues identified through this year's review.

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 strategic objectives and to consider whether those objectives 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 governance framework has been in place at the Council for the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

3.   THE GOVERNANCE FRAMEWORK

3.1   The Local Code of Corporate Governance is structured across the seven principles detailed in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). The governance framework review below has followed this same format.

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

Behaving with Integrity

3.2.   The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution is published on the Council's website and is reviewed annually.

3.3.   The standards of ethical behaviour expected from members and staff are defined in Codes of Conduct that are distributed as part of the induction process. On an annual basis Register of Interest forms are completed by both staff and members on at least an annual basis.

3.4.   All Councillors and staff must register and declare certain pecuniary interests such as employment, land holdings and contracts with the Council. For Councillors, this is published on the Council's website. Councillors must declare any interests relevant to specific agenda items at meetings which they attend, and this is minuted. There are also procedures laid down for staff and Councillors relating to the receipt of gifts and hospitality, and the recording of such.

3.5.   Included in the Constitution are the responsibilities for decision-making, terms of reference for Committees, and a protocol for Member/ Officer Relations.

3.6.   The Council has a Scheme of Delegation to Officers within the Constitution. This clearly details several specific areas that are delegated to officers for the purposes of decision-making, without the requirement for a decision to be made by the Council, a Committee or sub-Committee. All Council decisions have to consider legal implications. These are set out in reports to Councillors which are published on the Council's website.

3.7.   The Council is committed to the highest possible standards of openness, integrity and accountability. In line with this commitment the Council has adopted a Whistleblowing Policy and Anti-Fraud, Theft and Corruption Policy to encourage employees and others with serious concerns to come forward in confidence. These arrangements are reviewed and reported on via the Council's Accounts and Audit Committee, being the committee charged with oversight of the governance arrangements at the Council. At the heart of these policies is the requirement for all relevant parties to act with integrity.

3.8.   The procedures for the public to follow in order to register a complaint regarding the deliverance of the Council's services or a breach of the Member's Code of Conduct are detailed on the Council's website.   The terms of reference for the Accounts and Audit Committee further includes responsibilities around the monitoring and promotion of standards.

Demonstrating Strong Commitment to Ethical Values

3.9.   Under its terms of reference, the Accounts and Audit Committee champions high standards of ethical governance from elected members and the Council as a whole.

3.10.   In 2020 the Local Government Association (LGA) reviewed the 'Model Councillor Code of Conduct' which is designed to protect Councillors' democratic roles, encourage good conduct and safeguard the public's trust in local government. The Localism Act 2011 requires Councils to produce a Code of Conduct. The Council adopted a new code based on the LGA requirements relating to the seven core principles of public life set out in law; selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The Code sets out the standards of conduct expected of Ribble Valley Councillors, including why and how to register and declare financial and other interests, including gifts and hospitality. All Councillors received training on the New Code of Conduct in September 2021.

3.11.   Whilst codes of conduct for members and staff are in place and ethical awareness is raised as part of the new members' induction process, there are proposals to roll out a training programme for all staff starting with Heads of Service covering key elements of the Constitution.

3.12.   The Council's Corporate Strategy aims to aspire to be a carbon neutral borough by 2030 and includes a priority action of developing 'an action plan to work towards being a carbon neutral borough by 2030 which is based on a better understanding of our current carbon emissions'. The Council has published their Climate Change Strategy (2021-2030) to raise awareness of the issues surrounding climate change and explain how they can reduce its carbon footprint.

3.13.   Procurement activity is undertaken in line with the Council's Contract Procedure Rules and Financial Regulations, with any requirements to seek exemption from the same being reported to, or requested from, the relevant service committee through submission of a report. The Council's ethical requirements are expressed through its procurement activity in the form of contract documents and its standard terms and conditions of purchase.

Respecting the Rule of Law

3.14.   The Council has designated the Head of Legal and Democratic Services as the Monitoring Officer. They have the specific duty to ensure that the Council, its Officers and its Elected Members maintain the highest standard of conduct in all they do and as such holds four main roles:

- to report on matters they believe are, or are likely to be, illegal or amount to maladministration;
- to be responsible for matters relating to the conduct of Councillors and Officers; and
- to be responsible for the operation of the Council's Constitution.
- To report any unlawful decision making and maladministration.

3.15.   The Council's Chief Executive, in the statutory role of Head of Paid Service is responsible for:

- the manner in which the discharge by the Council of their different functions is coordinated;
- the number and grades of staff required by the Council for the discharge of their functions;
- the organisation of the Council's staff; and
- the appointment and proper management of the Council's staff.

3.16.   The Council's Chief Financial Officer (S151 Officer) is the Director of Resources. The Council complies with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government.

3.17.   The Council's decision-making hierarchy and terms of reference for each committee are clearly identified within the Constitution.

3.18.   Any legal advice provided by Officers would be retained on the relevant files for future reference. Committee reports include a section in respect of legal risks, and the input from the legal team should be sought in the completion of this section where relevant.

3.19.   The Council has in place an Anti-Fraud and Corruption Policy which will be reviewed in 2022/23.

Principle B - Ensuring openness and comprehensive stakeholder engagement

Openness

3.20.   Council meetings are open to the public, other than in limited circumstances where consideration of confidential or exempt information means that the public are excluded. Each meeting also includes public participation with an opportunity to speak regarding items on the agenda.

3.21. The Council utilises its website to provide an open culture with access to meeting agendas, reports and minutes. Transparency information is also reported in a timely manner and is grouped together for ease of access. The information which residents use most, such as Council Tax and Planning, can be accessed quickly and easily from the main page.

3.22. The Council's priorities and core values are clearly identified in the Corporate Strategy 2019-2023 and this includes key actions. The Strategy is available on the Council's website, as is the Community Strategy.

3.23. All decisions of the Council are made in accordance with principles laid down in the Constitution. All reports follow a format that is repeated across all committees and where a decision is needed, they provide the information necessary for members. Any further requests for information are minuted.

3.24. A set timetable is in place for meetings, the production and distribution of agenda packs, and the holding of briefings prior to the meeting between key officers and committee chairs and vice-chairs.

3.25. Following the regulations introduced in 2020/21 in relation to section 78 of the Coronavirus Act 2020 and the expiry of the addendum to Standing Orders in May 2021, all meetings for the 2021/22 financial year have been able to be held in person.

3.26. Further consultations on specific topics as and when it is considered necessary to do so take place, making use of social media platforms (Facebook, Twitter and Instagram) to raise awareness of the brief and process.

3.27. The Council is committed to publishing information freely and to develop further our culture of openness and transparency and publishes information in accordance with the Local Government Transparency Code. The Council's Freedom of Information Publication Scheme provides a general guide for the public in terms of what information should routinely be available to them by either accessing our website or upon request.

Engaging Comprehensively with Institutional Stakeholders

3.28. The latest version of the Communications Strategy (2019-2021) can be viewed on the Council's website. The review of this Strategy has been delayed while the Council awaits the results of the forthcoming perception survey which will feed into the development review; taking into account the public's preferences in terms of communication methods.

3.29. Partnership working is important and the Council has in place a wide range of arrangements with local groups, however the Council does not have any formal partnerships in place.

Engaging Stakeholders Effectively, Including Individual Citizens and Service Users

3.30. When the Council is looking to consult, it reviews the stakeholders that need to be involved and looks to ensure that those with an interest are involved. Any future consultations are arranged on an ad-hoc basis as and when required and, if necessary, expertise will be procured from research and consultation consultants.

3.31. The Council has a Citizens Panel which enables them to access the views of Ribble Valley residents. The results are used to develop policies and strategies, inform decision-making and identify where service improvements may be required.

3.32. The Perception Survey was due to be undertaken in May 2020 but this was delayed due to the impact of Covid-19 on the Council's day-to-day operations. The survey provides residents with the opportunity to have their say on a range of issues affecting their locality and quality of life. CMT have approved the process to be adopted, and the findings will be reported both internally and to Policy and Finance Committee in due course.

Principle C – Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits

Defining Outcomes

3.33.   The Council's vision, priorities and objectives are clearly set out in the approved Corporate Strategy document 2019 - 2023, which is available to view on the website. The Corporate Strategy Action Plan sets out underlying actions that have been established in order to support and measure progress towards the achievement of the Council's objectives.

3.34.   Underpinning the Council's Corporate Strategy are a number of other strategic plan and documents that outline their contributions to achieving the Council's visions and objectives. Examples include (but are not limited to):

- Core Strategy (2008-2028)

- Homelessness Strategy (2021 – 2024)

- Climate Change Strategy (2022-2030)

- Medium-Term Financial Strategy (2018/19 – 2021/22)

3.35.   The Core Strategy 2008-28 sets out the long-term vision for the Borough and the strategic policies that will deliver that vision, including the Development Management policies. The Council has begun consultation with residents and other stakeholders within the Borough to establish a new vision, underlying objectives and key principles that will guide the development of the Ribble Valley to 2028 and encompass the policies within the existing Core Strategy.

3.36.   The Community Strategy sets out the Council's community aspirations, needs and priorities. The Strategy outlines a series of priorities and objectives, including tackling rural isolation, affordable housing, tourism, the environment and public transport. The Strategy was due to be reviewed in 2021 but has been further delayed by the pandemic.

3.37.   The Medium-Term Financial Strategy outlines how we intend to raise and use the resources needed to deliver our services and priorities over the medium term. Financial planning arrangements are well established and underpinned by a three-year forward projection, including both revenue and capital budgets, however the production of the new strategy is waiting for more clarity on the future of local government finance.

3.38.   In relation to the buying of good and services, staff must comply with the Council's Contract Procedures Rules. These set out relevant considerations when reaching decisions on award of contracts.

3.39.   The Council has a Performance Management Framework in place which allows it to monitor progress on a number of key service areas. Progress for 2021/22 is planned to be reported to Corporate Management Team and the final outturn performance to relevant Service Committees.

3.40.   The Council's Risk Register sets out the risks that we have to manage in order to help us achieve our objectives. The Council has a formal Risk Management Policy in place which is currently being reviewed. The Risk Register is used to provide assurance over actions being taken to identify, manage and report key risks, to inform risk management planning and help in seeking to mitigate such risks.

Sustainable Economic, Social and Environmental Benefits

3.41.   As capital resources are limited, a large proportion of the capital programme is committed to the ongoing replacement of items such as vehicles and plant. The latest environmental best practice is always reflected upon when procuring such items, within the budgets that are available.

Consideration is given to economic, social and environmental benefits in the assessing of bids for the Council's capital programme.

3.42. Detailed information is provided to members in the budget setting process for both revenue and capital. The Budget Working Group is valued and allows for more focused work to be undertaken and specific guidance to be given to Service Committees.

3.43. All decision reports include a section on risks, which includes those risks in relation to the decision to be taken by members:

- Resources.

- Technical, Environmental and Legal.

- Political.

- Reputation.

- Equality and Diversity.

3.44. The Council's Core Values state that we will:

- Lead the Community;

- Strive to achieve excellence;

- Ensure that access to services is available to all;

- Treat everyone equally;

- Respect all individuals and their views; and

- Appreciate and invest in our staff.

Principle D – Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes

Determining Interventions

3.45. It is ensured that the financial management of the Council is sound, through regular and timely reporting to budget holders, Corporate Management Team, Leaders and the Council as a whole. Budget setting, control and reporting requirements are set out in the Council's Financial Regulations, which have full regard to internal and external regulations and relevant codes of practice. Financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (2016).

3.46. Capital and Revenue budgets are monitored closely and reports on budget allocations and actual performance are provided to the relevant Committees. Further reporting is provided to the Budget Working Group with minutes reported to Policy and Finance Committee.

3.47. A number of areas are delegated to officers for the purposes of decision-making; however, limits on the exercise of delegation are laid down in an approved Scheme of Delegation to Officers within the Constitution. As a result of the Covid-19 pandemic further decision-making powers were delegated to the Chief Executive under authority given by the Emergency committee on 7 May 2020. Such decisions made by the Chief Executive had to be made in consultation, where appropriate, with the Leader of the Council and Leader of the Opposition and reported to Policy and Finance Committee. This remained in force until 7 May 2021.

Planning Interventions

3.48. The Council plans its activities at a strategic level through its budget cycle and does so in consultation with internal and external stakeholders to ensure services are delivered effectively. The

2023/23 budget was approved by Policy and Finance Committee in February 2022, highlighting the risks surrounding the impact of the local government financial settlement arrangements and inflationary increases.

3.49.   There are clear timetables in place for the various service committee meetings. These are published on the Council's website. A timetable is set by the Accounts and Audit Committee for the closure of accounts process, detailing key dates and meetings in the process.

3.50.   Where relevant, service areas provide key performance indicators which are monitored and reported on centrally to all service committees at the end of the financial year. There is also in-year monitoring and reporting to the Corporate Management Team.

3.51.   Due to the effect of Covid-19 on the Council's resources and additional demands placed upon the Council during the period of the pandemic, there was an impact on the reporting of some of the key performance indicators during 2020/21 and this is continued into 2021/22. The Council will review the suite of key performance indicators in 2022/23 to reflect the changing environment.

3.52.   All service budgets are matched to the various Council priorities and analysis of the distribution of the budgets across priorities is given in the Budget Book.

3.53.   The budget forecast is reported to the Policy and Finance Committee twice a year and is also reported to the Budget Working Group. Clear budget guidance is given to all service committees through the Budget Working Group and also to the finance team and budget holders.

Optimising Achievement of Intended Outcomes

3.54.   The Council balances service priorities whilst setting the overall budget in line with the work of the Budget Working Group; subsequently reporting to the Policy and Finance Committee.

3.55.   Very little of the Council's procurement activity falls under the requirements of the Public Contracts Regulations due to the level of expenditure involved. As a result, the undertakings around The Public Services (Social Value) Act 2012 are satisfied through the various Framework Agreements that are used.

Principle E – Developing the Entity's Capacity, Including the Capability of its Leadership and the Individuals Within it.

Developing the Entity's Capacity

3.56.   In recent years the Council has invested in training programmes to enhance organisational development, develop leadership skills and promote a coaching culture with staff at all levels encouraged to be innovative and challenge the normal way of doing things. The Council has a performance appraisal process in place for all staff which considers individual training and development needs. Training is available for staff and Councillors including induction and topic specific matters, in addition to what is available from organisations such as the Local Government Association. In light of the pandemic, performance appraisals did not take place in 2021/22, however have been reinstated for 2022/23.

3.57.   Wider partnership working and engagement across Lancashire has also been evident during the COVID-19 pandemic via the Council's collaboration with the Lancashire Resilience Forum (LRF) and the creation of the Community Hub; providing advice and support to the residents of the Ribble Valley.

3.58.   Service areas aim to improve provision through regular review and benchmarking; however recognise that this is undertaken on an informal basis as and when required.

3.59.   The Council are working towards producing a Workforce Plan to support the corporate objectives and identify how the workforce operates in order to deliver the agreed outcomes. The Council's first strategic objective is to "*ensure a well-managed Council, providing efficient services based on identified customer needs*", and to ensure that as an organisation, we are suitably placed to deliver priorities for the Ribble Valley and its residents. To do this, we employ the right people, with the right skills in the right job. We maintain robust financial processes, standards and systems, whilst optimising technology; making us more efficient in our service delivery.

Developing the Capability of the Entity's Leadership and Other Individuals

3.60.   Leadership roles are well defined for staff and Councillors, distinguishing for example, the roles of Council Leader and the Head of Paid Service (i.e. the Chief Executive). A protocol is included in the Council's Constitution which reflects the principles underlying the respective Codes of Conduct which apply to Members and employees. The shared objective of these codes is to enhance and maintain the integrity of local government and therefore, demands high standards of personal conduct.

3.61.   The Corporate Management Team (CMT) meets on a weekly basis to discuss matters of strategic and operational importance to the Council. Weekly meetings also take place between the Chief Executive (Head of Paid Service) and the Leader of the Council. The Chief Executive leads on implementing strategy and managing service delivery and other outputs set by members.

3.62.   The Council's Constitution is reviewed annually, incorporating the Scheme of Delegation. Additionally, the Standing Orders, Financial Regulations and Contract Procedure Rules are all reviewed annually. As a result of Covid-19 a temporary addendum to Part 4 of the Constitution (Standing Orders) was approved that, amongst other matters, allowed meetings and voting to be conducted remotely via internet access. The legislation expired on 7 May 2021 and face to face meetings of the Council resumed from that date.

3.63.   To enable Elected Members and Senior Officers to have a shared understanding of their respective roles the Council has a Protocol governing Member and Officer relations.

3.64.   All newly elected members and staff receive an induction and an ongoing training plan for members is in place. Requests for training by members and senior management will always be considered. The HR team does not tailor staff inductions to the employee's specific role, however further induction is generally provided separately by the relevant section.

3.65.   The Council's performance management appraisal process includes a section reviewing past training and identifying new training that may be required for the employee. This training may be provided at a service level, or if there is demand, at a corporate level.

3.66.   Records are monitored regarding member attendance, but there is no formal review of individual member performance or training needs. There are no personal development plans in place for members.

3.67.   The Council has a Staff Handbook which is published on its Intranet, ensuring that all policies are available to staff. There is also a hard copy maintained at various sites for those with no access to the Intranet.

3.68.   With regards to the physical and mental wellbeing of staff, the Council offers a range of proactive measures including a formal programme of Health and Safety training and continued advice/ guidance on coping with stress. Various tips and articles are published for all staff in the monthly newsletter; especially in light of the impact the pandemic has had.

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

Managing Risk

3.69. The Council has embedded a structure and system for identifying, evaluating and monitoring all significant risks at an operational level. The Council has a Risk Management Policy in place which is published on the Council's Intranet site. The policy clearly outlines the processes and responsibilities that are in place and the monitoring procedures to be followed. The Council's risk management processes continue to evolve, and with the migration to Pentana in 2022/23 to facilitate the revised processes, will enhance the arrangements currently in place. This will also involve reinstating the role of CMT and Accounts and Audit Committee in scrutinising risk.

3.70. The Corporate Management Team receive monthly risk management updates and areas of high risk are reported promptly to Accounts and Audit Committee for scrutiny.

Managing Performance

3.71. A Performance Management Framework is in place which provides an explicit link between the corporate objectives. The Framework was introduced in 2018 and it is recognised that an update is required to ensure the indicators remain relevant. Where relevant, service areas provide key performance indicators which are monitored and reported on centrally to all service committees at the end of the financial year. There is also in-year monitoring and reporting to the Corporate Management Team.

3.72. Performance against budget is reported to the Corporate Management Team and also on a regular basis to service committees. The overall position is also considered in reports to the Policy and Finance Committee. Outturn reports are also reported to all service committees and this is also considered by the Budget Working Group and used in the budgeting process for future years.

3.73. A set timetable for Full Council and its Committees is published at the beginning of the municipal year. The production and distribution of agenda packs is considered timely and is supported by briefings which take place between key officers and Committee chairs prior to the meetings. Roles and responsibilities of each committee are outlined in the terms of reference which is included in the Constitution. To ensure openness and transparency, all meetings are published on the Council's website in a timely manner.

3.74. Debate and discussion on issues is actively encouraged at committee meetings and reflected in the minutes. The Council also have a call-in procedure for any decisions, which allows for further scrutiny. The call-in procedure should normally only apply to decisions which are considered to be contrary to policy or not in accordance with the budget.

3.75. Full detailed information is provided to members in the budget setting process for both revenue and capital. The Budget Working Group is valued and allows for more focused work to be undertaken and specific guidance to be given to Service Committees. Budget setting, control and reporting requirements are set out in the Council's Financial Regulations, which have full regard to internal and external regulations and relevant codes of practice.

3.76. The Covid-19 pandemic continued to impact the Council throughout 2021/22; affecting staff absence and recruitment. A Pay Structure Working Group was established, reporting to Personnel Committee, to examine Recruitment and Staff Retention issues. The Council's Pay Structure was subsequently reviewed and implemented in October 2021, which will be monitored throughout 2022/23 to review the impact this has had on the organisation's ability to recruit and retain a skilled workforce.

Robust Internal Control

3.77.   Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. This is in compliance with Regulation 5 of the Accounts and Audit Regulations 2015 that specifically requires a local authority to undertake an adequate and effective system of internal audit.

3.78.   The Internal Audit Plan is produced on a risk-based approach; incorporating those core system and mandated requirements as stated in the Public Sector Internal Audit Standards (PSIAS). This is agreed and monitored by the Accounts and Audit Committee. Progress against the plan is presented at each meeting to the Committee, outlining assurances provided on the control environment, agreed recommendations and areas for improvement.

3.79.   Twelve scheduled audits were completed in the year. All high risk and key financial systems were audited, and the Internal Audit Service will work with management to address any weaknesses identified as part of all reports, with progress reported to Accounts and Audit Committee.

3.80.   The Draft Internal Audit Opinion presented for 2021/22 provided for Substantial Assurance (*"substantial reliance can be placed on the levels of control in operation."*).

3.81.   During the year, the Accounts and Audit Committee agreed an Internal Audit Charter. This is a mandated requirement of the PSIAS and is a formal document that defines internal audit activity, authority and responsibility.

3.82.   The position of Internal Audit Manager was filled in May 2022. To ensure delivery of a robust Head of Internal Audit Opinion, additional external resource was obtained to support delivery of the 2021/22 Internal Audit Plan.

3.83.   In line with the PSIAS, the Internal Audit Service is required to undertake a self-assessment against the Standards to ensure conformance. The outcomes were reported to both CMT and the Accounts and Audit Committee, and a Quality Assurance Improvement Programme put in place; including the requirement for an external assessment to be undertaken in 2022/23.

3.84.   Each member of CMT, Head of Service and statutory officers are required to complete an Assurance Statement in relation to a range of key controls operating in their area of work. This specifically seeks assurance that, other than those identified during the course of their normal work or by Internal Audit, they are not aware of any weaknesses in the Council's systems of internal control. No significant areas of concern have been raised and the outcomes have been considered as part of the internal audit planning process and risk assessment for 2022/23 (for example, a review of the Safeguarding Policy, and continued pressures regarding recruitment).

3.85.   Due to the pandemic and impact this has had on resources, a number of policies now require formal review. Following formal review and ratification, training will be provided where necessary to all new and existing members of staff.

3.86.   The European Institute for Combatting Corruption and Fraud (TEICCAF) issues a checklist for the 'Protecting the Public Purse' document. Authorities are encouraged to use the checklist to ensure that they have sound governance and counter-fraud arrangements in place and that they are working as intended. No significant issues were highlighted as a result of this review.

3.87.   The Fighting Fraud and Corruption Locally Strategy (2020) was developed by local authorities and counter fraud experts. It sets out the approach local authorities should take and the main areas of focus in order to transform counter fraud and corruption performance. There is a checklist to measure counter fraud and corruption culture and response. No issues were highlighted as a result of this review.

3.88.　No internal frauds were reported during the year.　One investigation took place which was an internal matter, and procedures were reviewed to mitigate risk, demonstrating the effectiveness of the Council's arrangements.

3.89.　The Accounts and Audit Committee met five times within 2021/22 and have an up-to-date terms of reference outlining roles and responsibilities of all members.　Training has been provided to members on request and a review of effectiveness will take place within 2022/23.　The Committee can make recommendations or highlight any matters requiring attention to Full Council.

Managing Data

3.90.　The way in which we handle and process information, in particular the personal and sensitive data relating to residents, suppliers and employees are outlined through:

- A suite of policies and procedures on the Council's Information Security which are available on the Intranet for all staff to review;
- Arrangements for document management and retention;
- A Data Protection Policy and Procedure with nominated staff responsible for providing advice and guidance on Data Protection matters;
- Compliance with the Local Government Transparency Code and provision of Open Data on Council website;
- A system for dealing with requests for information submitted to the Council under the Freedom of Information Act 2000 (including a regular review of the Council's Publication Scheme);
- Regular reviews of the Council's information governance and security arrangements by Internal Audit and external assessors.

3.91.　The Council has a Data Protection Policy which is published on the Intranet and is available to all staff.　The ICT Manager is the designated Data Protection Officer. This creates the potential for conflict of interest, but the Council continually seek to mitigate any perceived risks in this area.

Strong Public Financial Management

3.92.　An established financial management framework is in place comprising of the following:

- Financial and Contract Procedure Rules as part of the Constitution;
- Medium term financial planning using a three-year cycle, updated annually, to align resources to corporate priorities.　The 2022/23 budget was approved by the Policy and Finance Committee in February 2022;
- Service and financial planning integrated within the corporate performance management cycle;
- Annual budget process involving scrutiny, challenge and consultation;
- Annual review of the adequacy of the level of financial reserves;
- Regular monitoring by management of revenue and capital budgets with reports to Corporate Management Team and Policy and Finance Committee;
- Annual reports to Councillors on both the final revenue and capital out-turns compared to the approved budget;
- Production of an annual Statement of Accounts compliant with the requirements of local authority accounting practice;
- Compliance with the requirements established by CIPFA, the public sector accountancy body.
- A regular review of the Council's Financial Management arrangements.

3.93.　The Budget Working Group plays a key role in considering and monitoring the Council's finances and are responsible for developing the Council's budgets and making recommendations to Policy and Finance Committee.

3.94. The Chief Finance Officer (Director of Resources) ensures that appropriate advice is given on all financial matters, proper financial records and accounts are kept, and oversees an effective system of internal financial control. Although formal training has not been delivered to staff and elected members within the year on the Council's Financial Regulations and Contract Procedure Rules, the procedures and guidance is available on the Intranet for reference.

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

Implementing Good Practice in Transparency

3.95. All reports to meetings of Council and its committees are publicly available on our website with the minutes also published showing what decisions have been taken and the reason(s) why. Other forms of public accountability reporting include the annual Statement of Accounts and the Council's Annual Report and in year financial. Reports from the external auditors are also published online including their Annual Report setting out the findings resulting from their audit of the accounts and their assessment of the Council's arrangements for securing value for money.

3.96. The Council publishes information in accordance with the Local Government Transparency Code. The Council's website includes a section on Open Data, to ensure transparency, sharing information with the wider community and giving an opportunity to use that data.

Implementing Good Practices in Reporting

3.97. The Council's Statement of Accounts are published in a timely manner on the website. The Statement of Accounts includes a narrative statement which allows for a more understandable format of the outturn position of the Council, away from the statutory presentation requirements seen in the statements themselves. Financial outturn reports are presented to the Policy and Finance Committee and Accounts and Audit Committee.

3.98. Financial performance is also reported throughout the year to all service committees. Such documents are openly available on the Council's website.

3.99. Following the initial impact of Covid-19 in the 2020/21 financial year, and the subsequent change in governance arrangements with the introduction of the Coronavirus Act 2020, the Council has returned to the substantive governance arrangements in operation prior to the pandemic.

3.100. Despite the impact of the pandemic, and its effect on the overall operation of the Council, work has been undertaken to maintain and review the effectiveness of the Council's governance framework and ensure decision making has operated in line with the Constitution. Engagement activity is being undertaken with residents, business, voluntary organisations and other partners to evaluate the impact of the pandemic and aid decision-making.

Assurance and Effective Accountability

3.101. The Council's external auditors, Grant Thornton attend the meetings of the Accounts and Audit Committee and provide regular reports, the Annual Audit Report and briefings to the Members. Any actions that may arise from these reports are monitored by the Committee to ensure compliance and to ensure that they result in positive improvements where necessary.

3.102. The year-end audit of the Statement of Accounts also assessed our arrangements for securing value for money. The Audit Findings report was presented to Accounts and Audit Committee in November 2021 and identified no material errors in the accounts for 2020/21 and concluded that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources, whilst some improvement recommendations were made.

3.103. The Internal Audit Service has direct access to information and members, and provide assurance over governance arrangements through regular reporting to Accounts and Audit Committee. Agreed

recommendations are followed up and implementation status is reported. Assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).

3.104. The Council welcomes peer challenge reviews and inspections from regulatory bodies and will act on any recommendation arising as necessary.

4. REVIEW OF EFFECTIVENESS

4.1. The Council has a legal responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This is done through utilising the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016). After conducting this review, the Council has assurance that its governance arrangements and systems of control are robust and reflect the principles of the Code of Corporate Governance. This section explains what arrangements were reviewed, and how this assurance was achieved.

Corporate Management Team

4.2. The Corporate Management Team meets each week to discuss policy issues and also considers internal control issues, including risk management, performance management, compliance, efficiency and value for money, and financial management. The Corporate Management Team reviewed the compilation of the Annual Governance Statement and consisted of the following officers during 2021/22.

- Chief Executive (Head of Paid Service)
- Director of Resources (S151 Officer)
- Director of Community Services
- Director of Economic Development and Planning

4.3. The group has considered a detailed corporate level review of the Council's system of governance in accordance with the guidance provided by CIPFA/SOLACE.

Directorate Level Review

4.4. The Council also has in place Directorate Assurance Statements requiring Directors to review the operation of a range of governance systems and procedures within their service areas and indicate whether there are any significant non-compliance issues. These are analysed to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues and as such need to be included in the Annual Governance Statement.

Monitoring Officer

4.5. As the Council's Monitoring Officer, the Head of Legal and Democratic Services has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution each year at its Annual Meeting. Assurances were given by the Monitoring Officer with regard to the matters that fall within their jurisdiction.

Accounts and Audit Committee

4.6. The Council has appointed an Accounts and Audit Committee whose terms of reference comply with the latest CIPFA guidelines. These extend to monitoring the Council's governance and risk management framework and include reviewing the adequacy of the governance framework.

Internal Audit

4.7. Internal Audit is responsible for monitoring the quality and effectiveness of the system of governance and internal control. A risk-based Internal Audit Plan is produced each financial year. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Directorate. The report includes recommendations for improvements that are included within an Action Plan and require agreement or rejection by Heads of Service. The process includes follow-up reviews of agreed recommendations to ensure that they are acted upon.

4.8. The Internal Audit Annual Report contains an opinion on the overall levels of internal control (a view based on the relative significance of the systems reviewed during the year, in the context of the totality of the control environment).

External Audit

4.9. In accordance with the National Audit Office's Code of Audit Practice, the Council receive regular reports on elements of its internal control environment, including performance management, risk management, financial management and governance.

CIPFA's Financial Management Code (2019)

4.10. CIPFA's Financial Management Code was published in October 2019 and sets out the standards of financial management for the Council. It provides guidance for good and sustainable financial management, offering assurance that authorities are managing resources effectively, regardless of their current level of financial risk. It is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.

CIPFA 'The Role of the Chief Financial Officer in Local Government'

4.11. CIPFA published a document on the Role of the Chief Financial Officer (Director of Resources). Achieving value for money and securing stewardship are key components of the Chief Financial Officer's role and the document includes a list of principles that were assessed as part of this review of governance arrangements.

CIPFA 'The Role of the Head of Internal Audit'

4.12. The Head of Internal Audit occupies a critical position in any organisation, helping it to achieve its objectives by giving assurance on its internal control arrangements and playing a key role in promoting good corporate governance. This CIPFA document is to clarify the role of the Head of Internal Audit and to raise its profile.

5. SIGNIFICANT GOVERNANCE ISSUES

5.1. A governance issue arises when something has gone wrong which will affect the achievement of the Council's objectives. There is a need to respond and often recover from an issue and in financial terms, responding and recovering may add significant cost to the organisation or its processes. An issue may arise unexpectedly or may result from a poorly managed risk.

5.2. Whilst determining the significance of an issue will always contain an element of judgement, an issue is likely to be significant if one or more of the following criteria applies:

- It has significantly prejudiced or prevented achievement of a principal objective;
- It has resulted in the need to seek additional funding to allow it to be resolved, or has required a significant diversion of resources from another service area;
- It has had a material impact on the accounts;
- It has been identified by the Accounts and Audit Committee as significant;
- It has resulted in significant public interest or has seriously damaged reputation;

- The governance issue may, or has been publicly reported by a third party as a significant governance issue;

- It has resulted in formal actions being taken by the Section 151 Officer or Monitoring Officer.

5.3.   It is stressed that no system of control can provide absolute assurance against material misstatement or loss. The statement is intended to provide reasonable assurance.

6.   REVIEW OF SIGNIFICANT GOVERNANCE ISSUES RAISED IN THE ANNUAL GOVERNANCE
         STATEMENT 2020/21

6.1   Within last year's review there were a number of issues raised as part of the Annual Governance
         statement for 2020/21. The status of these issues is provided in the table below:

Subject Area	Details	Action Taken	Action
Refuse Vehicle Maintenance Costs	There had continued to be an overspend in refuse vehicle maintenance costs which was highlighted to the relevant committees during the year (£190,400 in 2020/21).	Community Services Committee continued to monitor spend closely to ensure levels have returned to be within budget in the longer term following the end of the use of third partis in our fleet management.	Implemented
Recruitment and Staff Retention	The Council continued to face significant recruitment and staff retention issues across a number of services.	A Pay Structure Working Group was established, reporting to Personnel Committee, to examine Recruitment and Staff Retention. The Council's Pay Structure was reviewed and implemented in October 2021.	Implemented

7.   REVIEW OF SIGNIFICANT GOVERNANCE ISSUES 2021/22

7.1   In considering the criteria for significant governance issues as listed at section 5 the following areas have been raised as part of this Annual Governance Statement for 2021/22.

7.2   The area raised has been carried forward from the review of actions raised as part of the Annual Governance Statements in 2020/21 as work continues to address this (see section 6). It must be noted that progress has been made in the areas that have been carried forward, but that this work needs to continue to fully address the issues raised.

Action Plan

Subject Area	Details	Action
Policy Review	Due to the pandemic continuing into the 2021/22 financial year, and the impact this has had on resources, a number of policies now require formal review.	Heads of Service will ensure that policies requiring formal review are undertaken and ratified appropriately through the relevant governance arrangements; and training provided to new and existing staff where necessary.

7.3   It is proposed over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that this will address the need for improvement that has been identified in our review of effectiveness and will monitor the implementation and operation as part of our next annual review.

Signed:

Cllr S Atkinson   M H Scott

_____   _____
Leader of the Council   Chief Executive
On behalf of Ribble Valley Borough Council