

ANNUAL GOVERNANCE STATEMENT 2023/24

Introduction

Under the Accounts and Audit (England) Regulations 2015 the Council is required to produce an Annual Governance Statement to accompany the Statement of Accounts which is approved by the Audit Committee (those charged with governance). The Annual Governance Statement outlines that the Council has been adhering to its Local Code of Corporate Governance, continually reviewing policies and procedures to maintain and demonstrate good corporate governance and that it has in place robust systems of internal control.

1. Standards of Governance

- 1.1 The Council expects all its members, officers, partners, and contractors to adhere to the highest standards of public service with particular reference to the formally adopted Codes of Conduct, Constitution, and policies of the Council as well as applicable statutory requirements.

2. Scope of Responsibility

- 2.1 The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively to secure continuous improvement.
- 2.2 To this end the Council has a local code of corporate governance to ensure that it is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and Delivering Good Governance in Local Government: Guidance Note for English Local Authorities 2016 edition. The Council has adopted a local code based on this framework. Within this code and to meet its responsibilities, the Council (members and officers) are responsible for putting in place proper arrangements for the governance of its affairs including risk management, the requirements of regulation and ensuring the effective exercise of its functions.

The Seven Core Principles 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) Delivering 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 Council'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 management.

- (g) Implementing good practice in transparency, reporting and audit to deliver effective accountability.

2.3 The Council continues to review its arrangements against best practice and implement changes to improve the governance framework (including the system of internal control) - see paragraph 5.

3. The Purpose of the Governance Framework

3.1 The governance framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with, and leads the community. 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.

3.2 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, priorities and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on- going process (supported by quarterly risk review and the work of Internal Audit) to appropriately identify, quantify and manage the risks to the achievement of the Council's priorities, objectives, and policies.

3.3 The governance framework has been in place at the Council for the year ended 31st March 2024 and will be reviewed up to the date of approval of the statement of accounts. The Governance Framework is constantly reviewed to consider organisational changes and changes in regulation and best practice.

3.4 Internal audit, on a risk basis, reviews the Council's systems and processes set out to achieve the Council's priorities to provide an assurance opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control.

3.5 The Head of Internal Audit annually assesses the delivery of Internal Audit Services against the Public Sector Internal Audit Standards.

4. The Governance Framework

4.1 The key elements of the systems and processes that comprise the Authority's governance framework which encapsulate the seven principles noted above include:

Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

- Corporate Plan 2022 -2031 (approved 21 February 2022) sets out the priority areas for the Council, these have been revised to: place and community, healthy lives, environment and sustainability, and economy.
- 2023/24 Budget Report (approved 27 February 2023) and Medium-Term Financial Strategy (MTFS) 2024/25 to 2027/28. The plan outlined the Council's financial plans and priorities which then informs the service and financial planning process. All Councils are facing ongoing and unprecedented uncertainty because of the legacy of the Coronavirus pandemic, cost of living crisis, higher than recent inflation, ever increasing customer demand and the continued implications of the

government's austerity agenda which makes robust medium-term financial forecasting problematic. The MTFs considered the impact of the future funding of local government, as well as modelling current and future service change by a comprehensive budget review and prioritization process. It also includes an extensive sensitivity analysis that "stress" tests potential service and corporate budget risks and the impact on the Councils reserves.

- Performance Management and Risk and Opportunity framework manage delivery of Council priorities.
- Corporate Management Team provides strategic and operational leadership to the Council.
- The Council's communication and consultation strategies.

Members and officers working together to achieve a common purpose with clearly defined functions and roles

- The Constitution (which includes the scheme of delegations, financial regulations and contract standing orders), forward plan and decision-making processes. A revised constitution was approved by Council during 2017/18 and subsequent amendments have been agreed since.. During 2023/24 a refresh of the constitution was agreed to remove ambiguity and duplication, and a task and finish group created.
- Member and Officer Codes of Conduct and the Officer/member protocol underpin the standards of behaviour expected from members and officers.
- A Member development programme to ensure members are properly equipped and have the capacity to fulfil their roles.
- The Cabinet meets informally before each Cabinet meeting with the Corporate Management Team and other respective officers to discuss strategic service and policy development issues. In addition, there are regular "all member" briefings so all members are up to date on key service deliverables and priorities.
- Regular Portfolio Holder Briefings between Cabinet Members and Corporate Management Team to discuss emerging key strategic issues which could affect the Council in the future and formulate medium term planning strategy/options.
- The Council operates a 'strong leader model' with a Cabinet. The constitution clearly set out these roles.
- Designated statutory officers – Head of Paid Service (Chief Executive), Chief Financial Officer (Director: Resources), Monitoring Officer (covered on an interim basis during the year by the Interim Director of Law and Governance to November and then by the Head of Legal Services).

Taking Informed and transparent decisions which are subject to effective scrutiny and managing risk

- The democratic decision making, and accountability processes contained within the Constitution.

- Audit and Standards Committee, Scrutiny Function and other Regulatory Committees.
- The Council's Information Governance Framework, data and information security and sharing policies and procedures. There is also a comprehensive training and awareness programme.
- Project Management Framework to manage the Council's change programmes.
- Risk Management and Opportunity Framework.
- The Council'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).
- A Legal Services Team to ensure that the Council operates within existing legislation and is aware of and acts upon proposed changes to legislation.
- The development of internal controls and checks within new systems and when existing systems are reviewed.
- The Council's communication and consultation strategies.

Developing the capacity and capability of members and officer to be effective

- The Council's workforce/organisational development procedures and induction processes seek to develop skills on a continuing basis to improve performance and resilience.
- The Council regularly seeks Member engagement and guidance through Member workshops, Cabinet Advisory Panels. Member Project Board. Specific training has been provided in areas such as planning.
- Officer and Member Induction Programmes.

Engaging with local people and other stakeholders to ensure robust public accountability

- The Council consults using a variety of methods including consultation, surveys. Feedback forms, focus groups.
- The Council's vision and priorities are regularly communicated to the Community through Harborough News and to Businesses through the Business Newsletter.
- Committee and Council meetings are open to the public and can be recorded if they so wish.
- Active Parish Liaison including an annual parish liaison meeting.
- The Council encourages all types of feedback (complaints, compliments comments and suggestions) which can be accessed via the website, face to face, telephone, email and letter.

- Promoting consultation and other feedback through social media and other communication methods.
- Internal audit, on a risk basis, reviews the Council's systems and processes set out to achieve the Council's priorities to provide an assurance opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control.
- The Head of Internal Audit annually assesses the delivery of Internal Audit Services against the Public Sector Internal Audit Standards.
- Progressing a Local Plan to ensure planning decisions are made and determined in accordance with the National Planning Policy Framework (NPPF).
- Certain key services are provided by delegated with public sector partners; these include:
 - Revenues & Benefits; the Leicestershire Revenues & Benefits Partnership, hosted by Hinckley & Bosworth Borough Council and includes one other Leicestershire District Council.
 - Disabled Facilities Grants; the Lightbulb Partnership, hosted by Blaby District Council and includes a number of other Leicestershire Borough/District Councils.
 - Building Control; the Leicestershire Building Control Partnership, hosted by Blaby District Council and includes a number of other Leicestershire Borough/District Councils.
 - Emergency Planning and Business Continuity; the Leicestershire Resilience Partnership, hosted by Leicestershire County Council and includes a number of other Leicestershire Borough/District Councils.
 - Internal Audit; a partnership hosted by North Northampton Council that covers both Leicestershire Councils and Councils in other areas.
- Other key services are provided by private sector partners; including Everyone Active for Leisure and FCC for Waste & Grounds Maintenance.

5. Review of Effectiveness

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

- the senior managers within the Authority who have responsibility for the development and maintenance of the governance environment.
- the work of internal audit.
- the operation of the Council's Governance arrangements.
- Reports and observations made by the external auditors and other external review agencies and inspectorates.

- Customer complaints and comments.

- 5.2 The Cabinet monitors the effectiveness of the governance framework through the consideration of regular performance information and financial management reports from senior management. Individual Cabinet members undertake monthly portfolio holder meetings with individual members of Corporate Management Team in respect to their areas of responsibility on the progress of priorities and objectives. Issues of strategic and corporate importance are referred to the Cabinet. The Council has a report writing guide and sign-off arrangements for committee reports.
- 5.3 The Council's Scrutiny function continues to review the development of policy, performance and risks as well as undertaking reviews of particular areas of the Council's activities through their work plan and task groups.
- 5.4 The Audit Standards Committee receive reports from the Council's External and Internal Auditors.
- 5.5 The report from Internal Audit for 2023/24, based upon the work undertaken by Internal Audit during the year, has not yet been completed. It is expected to be received shortly and will be inserted in this document at a later date.
- 5.6 The latest External Auditors Annual Letter from the Council's appointed External Auditors for that year, Mazars, for the financial year 2021/22 issued **unqualified opinions** on the financial statements and Value for Money Arrangements of the Council. These confirm that the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year and that the Council has proper arrangements for securing financial resilience, economy, efficiency, and effectiveness. The Council is expecting the external auditors report on 2022/23 shortly; this will be inserted in this document at a later date.
- 5.7 The Council has an integrated business and performance management framework and reporting mechanism (Pentana). Assurances are sought and evidenced through 1:1 meetings with staff. Corporate Management Team and Service Managers are required to produce annually a 'Senior Management Assurance Statement' that is used to inform this Annual Governance Statement.
- 5.8 The Council's ICT arrangements have been assessed by independent consultants and a ICT Strategy developed which includes improved cybersecurity using the principles of Zero Trust.
- 5.9 The Council during 2018/19 set up a wholly owned Local Authority Company linked to property acquisition. The Council invested Share Capital and provided a loan to the Company. Cabinet will act as the Shareholder. During 2023/24, the principal activity of the company has been operating and leasing of real estate.
- 5.10 The Council has an Anti-Fraud & Corruption Policy. This was refreshed in 2017/18 and considered by the Ethical Governance Committee, Governance and Audit Committee and subsequent approval by Council. There were no incidences of corporate fraud reported in 2023/24. An updated Whistleblowing Policy was approved in 2018/19. The Council has agreed to work with Leicester City and other Councils in Leicestershire in a single fraud hub. An information sharing agreement has been signed.

- 5.11 The Council has monitored its performance using the corporate performance management system, Pentana. This system is accessible by Council Members and Officers with quarterly performance and risks reports being considered by Cabinet and Scrutiny. The Council undertakes regular data quality reviews to ensure the integrity and accuracy of reported information. These are reported to the Performance Improvement Board. There were 31 Key Activities agreed in the Corporate Delivery Plan for the 2023/24 year. The performance at the end of the 2023/24 year was: 27 (87%) Key Activities had a status of Green, 3 (10%) had Amber status, and 1 (3%) had Red status.
- 5.12 The Council monitors strategic risks through Cabinet and the Audit and Standards Committee. Amendment was made last year to the Risk Management Framework to use a 5 x 5 matrix instead of a 4 x 4 matrix to improve the accuracy of recording risk and mitigations. There were 3 risks assessed as red status at Quarter 3 during the 2023/24 year. These included:
- Increase in homeless presentations results in an increased demand in Council support for reactive temporary accommodation that exceeds the current budget and weakens the Council's financial position.
 - Loss of ability to provide a comprehensive service due to cyber security attacks.
 - Government changes in planning regulations may result in the Council not having a local plan in place (2025-2027) to resist speculative housing developments.
- 5.13 The Council has in place an approved constitution which governs the decision making of the Council. Decisions have been made in accordance with the Council's constitution with no need for either monitoring officer or S151 officer reports to be issued. The Council has continued to review its governance framework through the Constitutional Review Committee.
- 5.14 The Council recorded 20 data incidents in 2023/24. Of these the Council made one report to the Information Commissioner's Office (ICO) for which no action was required.
- 5.15 There were 4 complaints received by and responded to by the Local Government and Social Care Ombudsman in 2023/24. None of these have been recorded as 'upheld'.

6 Conclusion

- 6.1 The Council will throughout the year monitor and seek assurances in respect of the Governance Framework and will monitor implementation as part of the next annual review.

Signed

Cllr Phil Knowles, Leader of the Council

John Richardson, Chief Executive