

Annual Governance Statement 2019-2020



Scope of Responsibility

We are responsible for ensuring that our business is conducted in accordance with the law and that proper standards and public money are upheld and safeguarded and accountability properly demonstrated. We have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which our functions are exercised, whilst having regard to a combination of economy, efficiency and effectiveness.

We are responsible for putting in place proper arrangements for the governance of our affairs and facilitating effective exercise of our functions (which includes arrangements for the management on risk).

Regulation 4 of the Accounts and Audit Regulations 2015 requires the Council to conduct a review at least once a year of the effectiveness of its system of internal control and to publish an AGS. This report therefore serves as a review of the year from 1 April 2019 to 31 March 2020. The country went into lockdown for Covid-19 on 16 March 2020 and the impact of Covid-19 will be covered in next year's AGS. This is reflected in the Code of Corporate Governance 2020/21 (Appendix B). We have prepared this Annual Governance Statement (AGS) to comply with the requirements of the Accounts and Audit regulations 2015, and in accordance with the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and its seven principles.

In line with the CIPFA/SOLACE Framework this statement is 'an open and honest self-assessment' of the Council's performance.

The purpose of the Governance Framework

The Governance Framework comprises the systems, policies, processes, culture and values, by which we direct and control, and the activities through which we are accountable to, and engage with, the community. It enables the Council to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate, cost effective services.

Our system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. However, 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 Council has [a local Code of Governance](#) which sets out the governance arrangements at the Council.

Assurance Opinion

Internal Audit is responsible for objectively assessing the adequacy of governance and the management of risk and providing an objective and evidenced based opinion on governance, risk management and internal control. A risk assessment methodology is used to formulate a three year internal audit plan which details all the auditable areas across the Council. Using the risk assessment, the Head of Internal Audit is able to determine the frequency of audit review and presents an Annual Internal Audit Plan to the Audit & Resources Committee for approval in March each year. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant service lead and/or Corporate Director, Chief Financial Officer and Chief Executive. The report includes recommendations for improvements that are included within an action plan and requires agreement by service leads, Chief Financial Officer and/or Corporate Directors and the Chief Executive. The process includes follow-up reviews of high priority recommendations to ensure that they are acted upon, usually within six months.

The following opinion is based on the audit activity undertaken during 2019/20. The Head of Internal Audit is satisfied that sufficient assurance work has been carried out to allow the formation of a reasonable conclusion on the adequacy and effectiveness of Eastleigh Borough Council's internal control environment.

On the basis of the reviews and testing that the section has undertaken during 2019/20, the Head of Internal Audit can confirm that the Council's framework of governance, risk management and control is adequate in most areas. Recommendations to enhance governance, risk management and internal controls were highlighted within the appropriate audit report. The implementation of audit recommendations is closely monitored by the Head of Internal Audit and progress reported to the Audit & Resources Committee quarterly. The Head of Internal Audit is of the opinion that work completed in the past year has shown that revised systems and processes are in the main operating well. The Head of Internal Audit's Annual Opinion was presented to the Audit & Resources Committee on 28

July 2020. '*– Jo Cassar (Head of Internal Audit)*'

Sign off by CEO and Leader:

The Council has good governance arrangements in place, which we are confident, protect its interests and provide necessary assurances to our customers and stakeholders. We propose over the coming year to continue to address Internal Audit recommendations and the matters identified and noted in this Annual Governance Statement to further enhance our governance arrangements. Governance arrangements will continue to be monitored by the Corporate Governance Group. Updates of any progress will be provided within the next AGS.



Councillor Keith House
Leader of the Council

A handwritten signature in black ink, appearing to read "Keith House".



Nick Tustian
Chief Executive

A handwritten signature in black ink, appearing to read "Nick Tustian".

Progress on Improvement of Areas requiring focus identified in the 2018/2019 Annual Governance Statement

Governance issues	Planned Action	Status
Identified from 2018/19 governance review		
1. Review of staff code of conduct and compliance with it, including declaration of interests and gifts and hospitality Head of HR – March 2020	Code of conduct to be updated and declaration of interests to be reviewed. Process to be defined and put into place.	The Head of HR has plans to review the Staff Code of Conduct during 2020/21. This governance issue will be carried forward.
2. Communication of the anti-fraud and corruption policy by way of staff training Head of Internal Audit by March 2020	Awareness raised through anti-fraud campaign in November 2019.	Complete
3. Review of Constitution to be completed, and a clear documented project brief to be created Head of Performance & Governance – March 2020	Partial constitution review undertaken. Responsibility for Functions and Standing Order sections amended.	Due to the impact of Covid-19 a further review of the Constitution will be carried out in the latter part of 2020/21 as part of the planned recovery work. It is anticipated that the Constitution will be presented to Full Council for approval in November 2020.
4. Review of compliance with transparency arrangements Head of Performance & Governance – March 2020	Ongoing reviews on Transparency Code and Publication Scheme. Annual Parking report and pay policy still outstanding.	Complete Furthermore, an independent review by Internal Audit found compliance with the Scheme with the exception of the Annual Parking Report and Pay Policy as noted.
5. Development of Communication Strategy and Channel Shift Policy Head of Communications & Marketing – March 2020	Communications strategy signed off and published. Channel Shift – on hold, need to establish what IT exists to be able to tailor what can be done online	Complete Ongoing and will be key benefit of Change and Improvement work.

Key Elements of the governance framework and an assessment of its effectiveness for 2019/20

The Council has an overarching vision for the Borough: To lead and support Eastleigh Borough and its communities: developing a strong and sustainable economy that supports improved standards of living for residents; promoting thriving and healthy communities; and maintaining an attractive and sustainable environment that residents' value.

We will do this by:

- Having a vision and a plan for the future of our Borough
- Engaging with customers to continually improve our services
- Meeting the needs of our residents, businesses and other key stakeholders
- Strengthening our relationships with partners
- Operating in a business-like, commercially focused way
- Having a skilled, high performing workforce
- Making the best use of technology
- Ensuring our services are well planned and efficient

We also believe that success is achieved not just by 'what we do', but by the 'way we do it'. Having staff who demonstrate the right behaviours for our organisation is just as important as having the right skills, experience and knowledge for our roles. Defining and demonstrating those behaviours is essential if we are to deliver on our mission to 'Supporting Communities, Improving Lives.' Our 'Way We Work' framework is based on our core values: Fairness, Ambition and Empowerment.

Governance Principle	Assurance on Compliance
Acting in the public interest requires a commitment to effective arrangements for:	
Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law.	<ul style="list-style-type: none"> • The roles and responsibilities of our Councillors and staff and the processes we use to govern Council business are defined in the Council's Constitution; which has been updated and will be reviewed in 2020. • We have Codes of Conduct in place for councillors and staff to make sure that public business is conducted with fairness and integrity and that we define high ethical values and the standards of behaviour we expect • Our Constitution sets out how we operate and how we make decisions. The Council must make decisions efficiently, transparently and accountably. In the autumn of 2019, we carried out a partial review of the Constitution updating the Responsibility for Functions and Standing Order sections. A further review is scheduled for 2020/21 and this will incorporate any impact Covid-19 had on governance arrangements. • We publish a register of interests to ensure that any conflict of interest remains open and transparent. The process will be reviewed during 2020/21. • We also publish a Councillor gifts and hospitality register which is maintained by the Monitoring Officer. • We continue to review our corporate complaints procedure and the number of cases referred to the Ombudsman. Some extensive work has been carried out with our Direct Services team to understand the nature of complaints and

	<p>distinguishing between a complaint and a service request. We have also carried out more complaints training with staff in this area.</p> <ul style="list-style-type: none"> • We renewed the contract of our existing Independent Person to ensure we promote high standards of conduct amongst our elected members.
Principle B – Ensuring openness and comprehensive stakeholder engagement	<ul style="list-style-type: none"> • Our Council meetings are open to members of the public to attend and residents and other stakeholders are welcome to record and film them. • Our committee agendas, minutes and decisions, (including Cabinet decisions) are made publicly available on the Council’s website to ensure transparency and openness. All our public meetings are also held in accessible venues around the Borough. In response to the Covid-19 pandemic the Council will ensure it complies with any new legislation that impact on Constitutional arrangements, including virtual meetings. • We communicate our work, purpose, aims and vision regularly through several different communications channels. The Borough News is delivered to 55,000 homes and we have a range of social media channels through which we communicate updates. • We publish and regularly update a range of content and open data on our Freedom of Information, Publication Scheme and Transparency Code pages on our website. • We offer a Primary authority partnership for businesses as a single point of contact for Environmental Health matters. • We publish a contracts register on a quarterly basis. • We developed a new Communications Strategy (2019-2024) in 2019/20.
In addition to the overarching requirements for acting in the public interest found in principles A & B, achieving good governance also requires a commitment to, and effective arrangements for:	
Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits.	<ul style="list-style-type: none"> • The Corporate Action Plan for 2019/20 was signed off by Cabinet in April 19 and set out the key high-level actions that the Council would take forward. • We have received the inspector’s letter on the Local Plan 2016 - 2036 following the public examination. She is indicating that the Council can proceed to adopt the plan subject to further work to review countryside gaps and the status of the Chickenhall Lane Link Road. She explains that the strategic growth option north of Bishopstoke and Fair Oak should not be included in the current plan, and that further evidence is required to assess all options for strategic growth in a local plan review • We rolled out a new quarterly corporate performance framework form April 2019 which included development of new service plans. These will be in place for April 2020. • Annually we produce an Annual Governance Statement which reviews the Code of Corporate Governance • We carried out an annual update of local area plans and service plans.
Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes.	<p>We produce a Medium-Term Financial Plan (MTFP) annually, considering known issues and applying a number of assumptions to the Council’s finances. The MTFP provides, on a rolling basis, a projection of the Council’s finances over a four-year period and in doing so</p>

	<p>establishes the broad financial principles around which Councillors can develop portfolio plans and consider, at a high level, the Council's budget strategy. It is anticipated that a more regular review of the MTFP and subsequent revisions will be needed to assess the impact of the Covid-19 pandemic on the Council's finances.</p> <ul style="list-style-type: none"> • In 2019/20 we continued with our Change and Improvement programme with a key deliverable being the focus on implementing a case management approach across the Council. • In 2019/20 we implemented a number of recommendations from the internal project management audit conducted the previous year which included full minutes being reinstated for all programme boards, regular project health checks being conducted and a comprehensive training programme for project managers implemented to ensure effective project leadership and control. • We continue to review and update our corporate policies register on our website. • We have in place a process for monitoring all statutory government returns to ensure completion. • We introduced new simplified management accounts for Heads of Service to better manage their budgets • We continued to work with multi agencies throughout 2019/20 to prepare for Brexit and supported staff and local residents in signposting to the settled status scheme for European nationals. • We continue to monitor our governance and decision making arrangements as a result of the Coronavirus outbreak • There has been a significant impact on council services of the coronavirus pandemic from March 2020. Governance arrangements have been tested and found to be robust in 2019-20, whilst recognising that the pandemic will bring substantial risks to the council in 2020-21. There will be an ongoing review of the financial impact as well as the impact on procedures and processes relating to the emergency. The council is satisfied that appropriate governance arrangements have been put into place in order to manage the situation.
<p>Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it.</p>	<ul style="list-style-type: none"> • The designated role of Head of Paid Service is accountable to the Council for all aspects of management including sound governance, providing quality information/support to inform decision making and scrutiny, supporting other statutory officers and building relationships with all Councillors. • We continued to review and update our Councillor training and induction programme in 2019/20. • The Behaviour framework was relaunched in 2019/20 and a new 'Way We Work' framework replaced it which included a new corporate mission statement, values and new internal branding. • We carried out a partial review of our Constitution which comprised an update to responsibility for functions and Standing Order sections. • We continued to review and improve the Policy and Performance scrutiny function/work programme with all performance quarterly data now coming to this committee.

	<ul style="list-style-type: none"> • We established a new internal communication working group for our staff; developing an action plan with key deliverables including the creation of a new mission statement, values, staff awards and 'Team EBC' branding initiative. • We introduced new individual performance development plans for our staff in 2019/20.
<p>Principle F – Managing risks and performance through robust internal control and strong public financial management.</p>	<ul style="list-style-type: none"> • We have a Risk Management approach which includes robust systems of identification, evaluation and control of risks which threaten the Council's ability to meet its objectives to deliver services to the public. • Our Chief Finance Officer (section 151 officer) is responsible for the proper administration of all aspects of the Council's financial affairs including ensuring appropriate advice is given to the Council on all financial matters. • We are continuing to review and update all our obligations under GDPR legislation including data sharing agreements. • A governance review working group meets quarterly to review our commitments under the Code of Corporate Governance and ensure our internal audit recommendations are implemented. • The Audit & Resource committee act as the Council's Audit Committee for internal and external audit, overseeing and reviewing the Council's internal audit plan, risk management arrangements and ensure effective relationships between internal and external audit. The Committee also receives and considers the work of external audit and approves our governance and assurance statements, statement of accounts, and anti-fraud and anti-corruption arrangements. • We continually review the effectiveness of our complaints and compliments procedure. • We ensure effective anti-fraud and corruption arrangements are in place. The Head of Internal Audit provided a Counter Fraud Report, the first of an annual report, to the Audit & Resources Committee at the end of 2019/20.
<p>Principle G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability.</p>	<ul style="list-style-type: none"> • The views of Internal and external audit are reported regularly to the Audit & Resources Committee. • The Head of Internal Audit's Annual Internal Audit Report and Opinion forms part of the review of effectiveness along with the Annual Governance Statement. • We are committed to being open, accountable and transparent by making information available to our customers on our website. This includes the Freedom of Information Model Publication Scheme and the Transparency Code 2015 pages which are regularly reviewed and updated. • Our Freedom of Information (FOI) and Environmental Information Regulation (EIR) processes have been reviewed and are regularly updated to comply with ICO guidelines.

	<ul style="list-style-type: none"> • We continue to embed GDPR requirements and monitor the effectiveness of this legislation through reduction in reports of data breaches • Actions from previous AGS are monitored quarterly by the Corporate Governance Group • Transparency arrangements are continuously reviewed.
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New issues identified during 2019/20

In the review and preparation for this Annual Governance Statement, the following key areas were identified as meriting attention over the next 12 months. Implementation is monitored by the Corporate Governance Group on a quarterly basis.

2019/20 Governance issues identified (for action in 2020/21)	Deadline	Responsibility
Review of staff code of conduct and compliance with it, including declaration of interests and gifts and hospitality Head of HR – March 2021	Code of conduct to be updated and declaration of interests to be reviewed. Process to be defined and put into place.	The Head of HR has plans to review the Staff Code of Conduct during 2020/21. This governance issue has been carried forward from 2018/19
Compliance with annual strategic cycle	March 2021	Strategic Planning Manager
Review of the Constitution including Contract Standing Orders	October 2020	Head of Legal & the Monitoring Officer with support from the Head of Internal Audit.
Development of an Action Plan in support of the Climate and Environment Strategy	March 2021	Head of Environment & Strategic Planning Manager
Review of the impact of the Coronavirus pandemic on Council operations and ongoing review of our response, action taken, lessons learnt and task force in place to instigate recovery plan once pandemic restrictions ease.	Various – determined by individual workstreams. Some short-term deadlines, other stretching to 18 months.	Covid-19 Recovery Team – led by the Corporate Director (Strategy) and 2 Local Area Managers.
Review of the Procurement Strategy (& Policy)	September 2020	Procurement & Insurance Officer & Procurement Executive Group
Development of a Code of Ethics & awareness training for staff	September 2020	Head of HR
Review of Partnership Arrangements to be carried – initially an Internal Audit Assurance Review will be carried out and then findings to be actioned by Strategic Planning Manager and Partnership Administrators.	March 2021	Head of Internal Audit & Strategic Planning Manager

The Annual Governance Statement has been compiled using the following assurance framework:



