

Annual Governance Statement 2020-21, Maldon District Council

Summary: How our governance arrangements at Maldon District Council underpin delivery of the corporate plan and outcomes.

Achievements for 2020/21

Over the financial year, the following governance framework improvements have taken place:

- Move to remote meetings broadcast publicly through YouTube and available thereafter.
- Annual resident and business survey ran in October – 303 responses received
- Annual staff survey- 72% response rate
- Development of an internal balance scorecard reported monthly to the management team to track operational delivery. This also includes customer driven data, such as complaints and online form feedback.
- Creation and delivery of an exceptions report to Performance, Governance and Audit committee as a mechanism for the management team to raise operational delivery issues, an action plan for their address for members to review and challenge.
- Staff risk management training in January 2021
- Staff project management training in November 2020
- Member Chair and Vice Chair training in November 2020
- Member remote meeting protocol document to support good meeting management.
- As of January 2021, Members have agreed an annual training and development plan, which is being supported in delivery by the Local Government Association
- Continual process improvement work taking place, and more robust processes implemented throughout the year across 56 sprints/ individual processes.
- Implementation of a new overview and scrutiny form for all members to submit suggested items, underpinned by a new process where a working group of the committee review these and report back suggested items for inclusion to the workplan to Committee.
- Adoption of a refreshed Corporate Plan and updated staff objectives form in March 2021, to also include core shared values across Members and staff.

Internal audit summary – supplied by BDO

The role of internal audit is to provide an opinion to the Council, through the Audit Committee (AC), on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period. The basis for forming my opinion is as follows:

- An assessment of the design and operation of the underpinning Assurance Framework and supporting processes;

- An assessment of the range of individual opinions arising from risk-based audit assignments contained within internal audit risk based plans that have been reported throughout the year.
- This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses; and,
- Any reliance that is being placed upon third party assurances.

Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently. In forming our view, we have taken into account that:

- In the current year the majority of audits provided substantial assurance in the design of controls (Substantial: 3, Moderate: 2), 2019/20: (Substantial: 2, Moderate: 6, Limited: 1).
- In the current year the majority of audits provided substantial assurance in the operational effectiveness of controls (Substantial: 3 Moderate: 2), 2019/20: (Substantial: 0, Moderate: 7 and Limited: 2).
- We did not issue any limited assurance reports this year, showing an improvement upon the previous year.
- There are currently two remaining audits with fieldwork in progress. It is unlikely that their outcomes will change the overall audit opinion:
 - Knowledge Management
 - Affordable Housing & Housing Need
- Some areas of weakness have been identified through our reviews, including opportunities for improvement in the management of third party contractors and volunteers in the safeguarding process and also the absence of defined responsibilities for the information asset owners and gaps identified in the Council's information management policies and defined procedures; however, the Council is already working to address the issues identified.
- The Council have implemented the majority of audit recommendations from the prior years (50 out of 55 eligible for follow up), however two recommendations remain outstanding from 2018/19 (Safe & Clean Environment and Building Control). The delay in the implementation of these recommendations has been impacted by operational staff capacity due to Covid however; we would expect these to be completed by mid-2021 as the Council returns to business as usual.
- The remaining prior year recommendations (3) and the current year recommendations (6) were not yet due for implementation as at 31 March 2021
- Overall, while there remain some gaps and risks, our work has concluded that the Council has generally been able to maintain reasonable controls, particularly given the significant impact of Covid on operations and political leadership changes during

the year. In some areas, such as payroll and workforce the Council has developed good practice arrangements.

Action plan: What we will do more of in 2021/2022:

In compiling the annual governance statement, we have identified areas for further improvement over the next financial year.

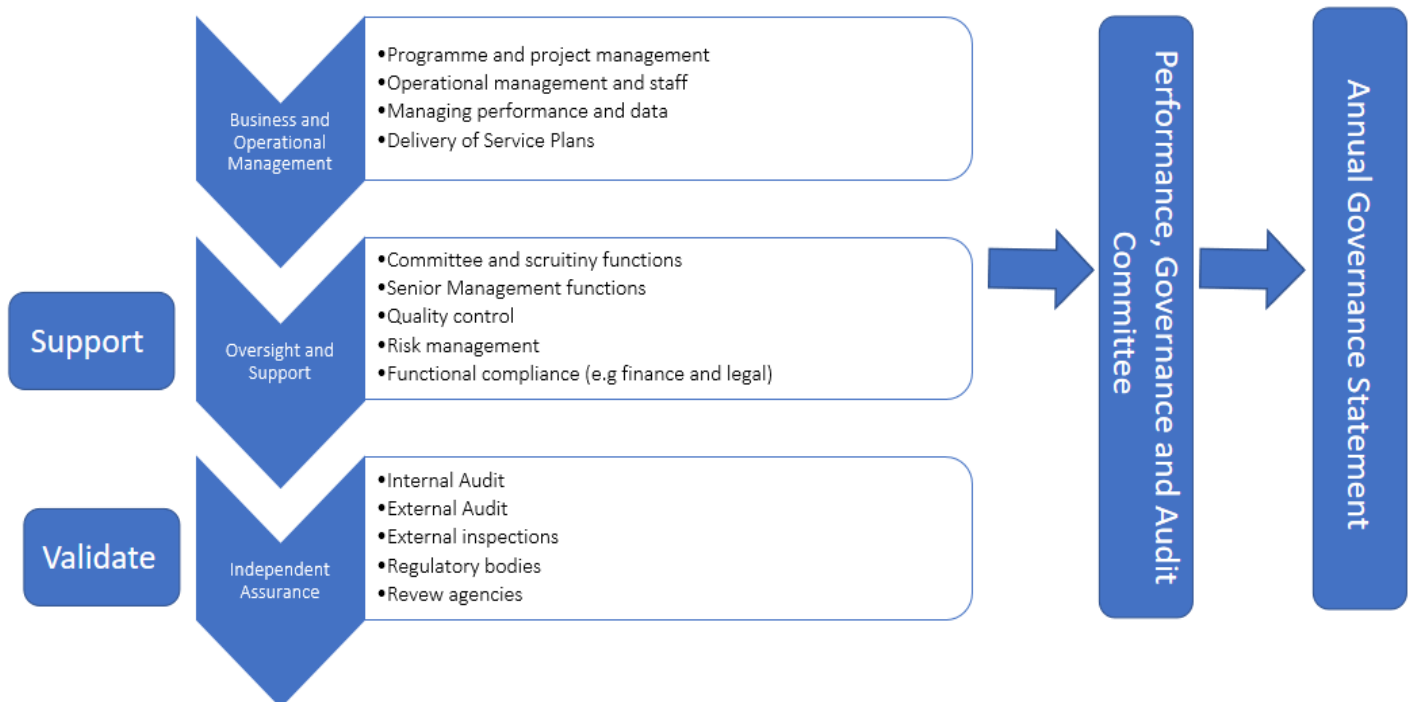
The delivery of the action plan below will be tracked at our Performance, Governance and Audit committee:

NB Asterix denotes rolled over actions from 2019/20 annual governance statement

Action
Implement the member training and development plan with the Local Government Association
Assess the impact of Covid on our services and delivery including through internal audit
Implement a refreshed Corporate Plan.
Implement revised performance tracking accordingly.
Draw out and link all of our policies and their objectives through a review of the Local Development Plan (e.g. Corporate Plan, Climate Change)
Review remote meeting arrangements and future options for online participation.
Increase public consultation as part of the budget setting process.
Implement a programme of Continual Improvement
*Review our Audit committee arrangements in light of the Redmond review (i.e Performance, Governance and Audit committee)
*A review of the Corporate Risk Register, to map Risk Management to the corporate outcome delivery
* Monitor the impact of the COVID crisis on the governance arrangements * Public involvement and budget consultation as part of our Annual Strategic Cycle

Background information

Our arrangements for Governance support



At Maldon District Council, our Governance arrangements are underpinned by a mix of business and operational management, oversight and support activities and independent assurance. The activity is fed into the Performance, Governance and Audit Committee and then into full Council.

An analysis of this work and the plan for the following year is what forms the Annual Governance Statement.

Progress made on last AGS actions -

In the 19/20 AGS, although no significant issues were identified, we developed an action plan based on best practice for Governance arrangements. These actions have been tracked and reported to the Performance, Governance and Audit committee [8 Annual Governance Statement Actions Update.pdf \(maldon.gov.uk\)](#)

Some of these actions are captured in the action table above as they continue to be relevant.

CIPFA / SOLACE '**Delivering Good Governance in Local Government framework** - 2016 Edition' good practice guidance, highlights seven key areas for good corporate governance, as shown in the diagram below:



This year, the following activity has taken place within this Governance Framework:

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

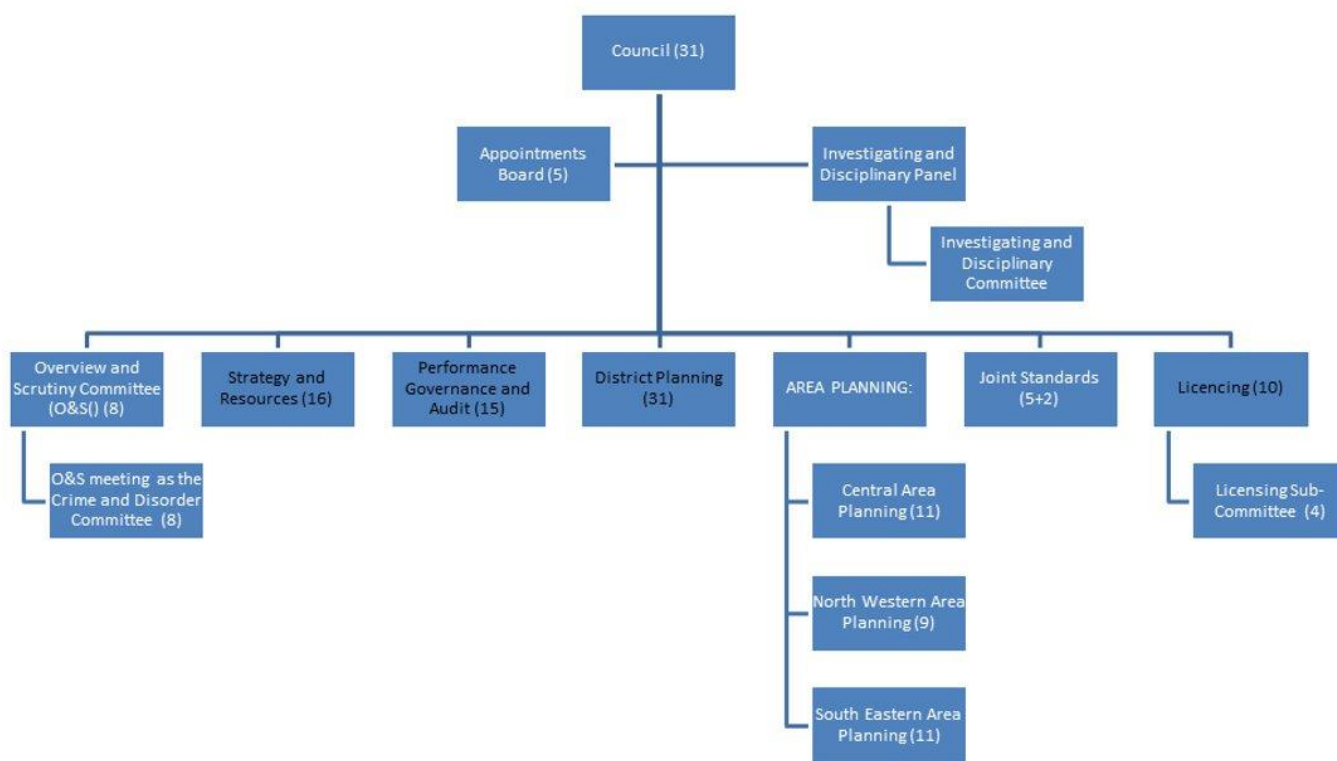
A committee structure as set out below has been in place in 2020/21.

The Corporate Governance working group reported to Council in September 2020 with some recommended improvements including:

- Adjusting the size of PGA and S&R committees
- Setting membership of committees so that no member of O&S should be serving on these programme committees

The principle of this is that the Overview and Scrutiny committee can more effectively challenge the work of the programme committees

In October 2020, a Member submission form and an Overview and Scrutiny working group was also established, all members are invited to submit items for scrutiny, and the working group reviews and considers whether these are recommended to be put forward to the Committee workplan.



Our committee structure has a joint standards committee. Nine district councillor and no parish councillor conduct complaints were considered by the committee in the financial year 20/21.

In response to the pandemic, at an extraordinary Council meeting on 17 March 2020 the decision was taken to begin operating under emergency powers which meant that going forwards any one of the three directors would be able to make decisions about council business. This decision making was in consultation with the Leader of the Council, Leader of the Opposition and Chairman of the Council. This group of six people met regularly as the Interim Measures Group to discuss any business that needs to be dealt with and to discuss any decisions made. Any decisions that would have ordinarily been the business of Full Council had papers published five working days clear to the IMG meeting to allow all other members to review and comment to those in the meeting, and to also allow for public transparency.

Remote committee meetings of Council commenced on 28th May 2020 with the Performance, Governance and Audit Committee commencing remotely on 25th June 2020.

The Council has a Whistle Blowing Policy, which was last reviewed in January 2018 by the Finance and Corporate Services Committee. It sets out the arrangements for employees to disclose allegations of malpractice internally, in relation to staff, Members, contractors, suppliers or consultants in the course of their work for the Council, without fear of victimisation, discrimination or disadvantage.

We launched a Staff survey in December 2019, and ran this again between September and November 2020, with a response rate of 72%. The survey gave some honest areas of staff

feedback for management to address and allows the organisation to review areas of improvement or reduction in satisfaction between years.

The Council has adopted a number of codes and protocols which set out the parameters for the way in which it operates, in particular a Member/Officer Relations Protocol intended to clarify roles and promote effective communication.

The Council's Financial Regulations provide the framework for managing the Council's financial affairs. They identify the financial responsibilities of the Council, the Committees, and key officers. The Section 151 Officer (under the Local Government Act 1972), is responsible for ensuring that sound financial management systems are maintained, and expenditure is lawful and appropriate, and this appointment is normally held by the Director of Resources.

The Council's constitutional arrangements include a Code of Conduct for elected Members based on the Principles of Public Life (the Nolan Principles). This was originally adopted in 2012 and revised in 2016. Officers are subject to a Code of Conduct, the policy for which was adopted with effect from 18 November 2013 and last revised in April 2018.

Registers of gifts and hospitality are maintained for both Members and Officers. A statutory register of interests is maintained for Members, and the staff Code of Conduct requires staff to disclose interests. Periodic reminders are issued about the need to avoid potential conflicts of interest and protocols for the acceptance of gifts and hospitality.

The Council has a series of approved policies and strategies relating to good governance, including, for example, the Code of Corporate Governance, anti-fraud and corruption, whistle-blowing, data quality, Freedom of Information, and corporate equality policies, all of which are accessible via the Council's intranet.

BDO LLP under their remit of Internal Auditors consider fraud as part of their audit workplan. This ensures we conform to the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA 2014).

The revised Corporate Plan, adopted at the meeting of Council 18th March 2021 now includes shared values across elected Members and Staff which are:

OUR CORE VALUES

In delivering the Corporate Plan, we promise we will all...



B. Ensuring openness and comprehensive stakeholder engagement

We ran the annual residents survey in October 2020, which was available online, and it was also promoted in the October waste letters that were delivered to all households. Specific questions in the survey are used to measure the delivery of the corporate plan outcomes.

We additionally ran the annual staff survey which gives internal stakeholder feedback. Both of these surveys included additional questions to help establish the impact of Covid 19.

Public are invited to speak at committee meetings, and with meetings held remotely we have also introduced provision for live public participation which has largely been taken up in Planning Committees.

We have an internal audit plan, which reviews our controls and risk and provides opportunity for improvements to be identified and addressed. In 2020/21 five internal audits took place in the areas of:

- Financial Systems (Payroll)
- Information Management
- Workforce Management
- Safeguarding
- CIPFA FM Code Readiness

The Council undertakes consultation with particular interest groups, including our Friends Groups, Parish Clerks' Forum, Developer Forum, Landlord Forum, Business Forums, Community Safety Partnership and Park Watch scheme members.

The Council engages with the appropriate equality groups in order to ensure that it meets its obligations under the Equality Act 2010. The Council produces Equality Impact Assessments (EIA) in line with legislation.

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

We continue our quarterly corporate performance reporting which is reported to the Performance, Governance and Audit Committee and that measures the delivery of the outcomes in the corporate plan.

The Corporate Plan is underpinned by the thematic strategies of:

1. Prosperity
2. Place
3. Community

And align to the economic (Prosperity), social (Community) and environmental (Place) outcomes.

With the adoption of a refreshed Corporate Plan in March 2021, work is now underway to redefine these outcomes and update the Corporate Performance Reporting accordingly. Outcomes will be aligned to these three key areas.

The Corporate Plan details the vision, goals, objectives and core values that guide the direction, work and achievements of the authority. It is the Council's core internal strategic planning document, from which supporting strategies can be developed and published, including the Medium Term Financial Strategy, ICT Strategy and Workforce Development Plan, all of which underpin the Council's ambition to transform the way it delivers its services in the future. The latest version covering 2021- 2023 is available at <https://democracy.maldon.gov.uk/documents/s22966/Appendix 1.pdf>

At an operational level, each service produces a Level 2 business plan. These are not submitted to Committee but facilitate effective performance and risk management within the Directorates including the setting of individual staff objectives and completion of performance reviews.

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

The Performance, Governance and Audit Committee is provided with a quarterly performance report for delivery of the outcomes. They are invited to challenge and focus delivery of these.

With the emerging pandemic, the Corporate Leadership Team committed to regular review and updating of the Corporate Risk Register to identify areas of risk to service delivery, and Risk Reporting is also quarterly reviewed and challenged by the Performance, Governance and Audit Committee.

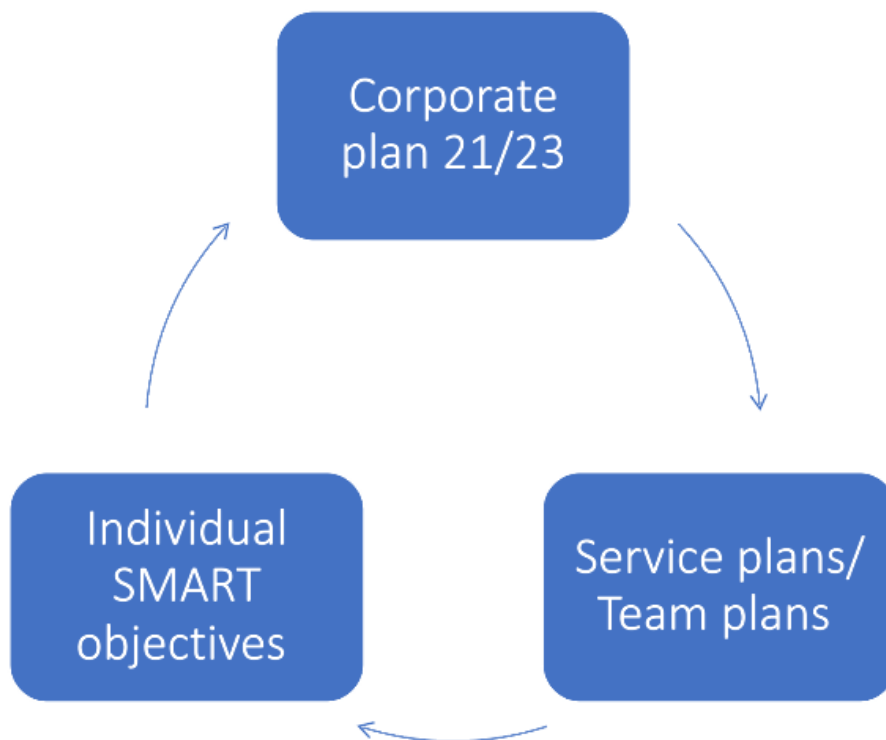
In 2019/20, we established a Project Management Office (PMO) in the Council restructure, to standardise project reporting and support good quality project delivery. In 2020/21, we have also launched a monthly Extended Leadership Team project board as part of this. This means that there is now monthly oversight and reporting of projects, and where appropriate, risks and issues can either be addressed or escalated further to Members.

Building on the 18/19 and 19/20 Full Council transformation work which reduced staff headcount and increased sustainability, the Council has also committed to a long-term programme of continual improvement. This includes defining over 150 business processes that will be reviewed and updated in line with best practice and modern technology. This work is being done using the DMAIC (Define, Measure, Analyse, Improve and Control) approach, and Value Add methodologies. Key results and learning from this work are fed back to the Leadership Team.

An emerging ICT strategy is also in development alongside this, to help define our vision and the use of Technology in our processes for the next 5 years.

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

In 2020/21, we put in place a new process for linking the Corporate Plan objectives, through to delivery right down to the individual staff. Now that the Corporate Plan has been refreshed, the diagram below shows how this then links down to team service plans, and individual staff objectives.



To underpin objectives, and support staff and members in delivery of their role, we have also developed and delivered:

- Chair and Vice Chair training following our Annual meeting in November 2020.
- Budget Training for members.
- A full member training and development programme, supported by the Local Government Association, and with Member feedback to help define and shape this, which will also run into 2021/ 22.
- Internal Audit and Performance training for the Performance, Governance and Audit Committee.
- Annual Strategic Cycle training for the Leadership team, and a way to track the items due within this each month.
- Project Management Office training for project managers and the senior leadership team, including measuring project performance and outcome delivery.
- Working with elected member and committee processes training slides accessible on Freshservice for all staff.

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

Maldon District Council has a drive to be more performance-led. This year we have continued to build on Corporate performance reporting, and implemented a monthly internal Balance Scorecard report for Senior Management review and scrutiny. We have also developed tailored reporting for specific services.

A new Risk Management Policy was adopted in November 2019. It addressed actions that were highlighted in a Risk Management internal audit that took place earlier in the year. Further work to address these audit actions has carried into 2020/21, and these are all now fully complete.

In January 2021, all staff Risk Management training took place, and a recording of this is available to all staff as an ongoing reference point. This highlights the areas where all staff are responsible for Corporate Risk, and the internal processes we have to monitor and manage risks.

A Quarterly Corporate Risk register review goes to Performance, Governance and Audit committee.

Risks are a regular item of discussion in the monthly Extended Leadership Team meetings.

One of the most significant risks for the Council is the uncertainty of its future funding. This does not allow the Council to plan its future service delivery with any certainty.

Since the Coronavirus pandemic reached the United Kingdom in early 2020, the Government has had to redirect its resources to planning for this. As a result of this there has continued to be a delay to the implementation of a new Business Rates Retention Scheme (BRRS) for local government and to the implementation of the outcome of the Fair Funding Review. This has had an impact on the announcement on the future financial settlement. And, as it was for 2020/21, it became a one-year settlement announced for 2021/22. This included a one-off New Homes Bonus payment, however the ongoing allocations of the New Homes Bonus Scheme is also under consultation. The delay in a 4-year settlement, along with all the uncertainties around what the BRRS, Fair Funding Review and NHBS outcomes, would appear to have given local authorities no framework within which to work over the medium term. This in itself has presented a significant financial risk over the medium term.

However, the Council is in a good position to address this uncertainty due to having had sound financial management and planning in place. It has managed to build up a prudent level of reserves to enable it to manage the medium-term uncertainty. The Council will be responding to all Government consultations to ensure the interests of the Council and our residents are strongly represented.

There is also continued uncertainty over impacts on the Council that the departure of the UK from the European Union on 31 December 2021 and the continuing global pandemic over the medium term, but the Council will be monitoring all developments during the months and years to come to ensure any potential financial impacts on the Council are anticipated.

In response to Coronavirus the government has provided financial support to businesses and individuals like never before, with the most initiatives occurring in 2020/21 but many continuing into 2021/22. Local government has been working to deliver Central Government policies and legislation e.g. paying out grants to small businesses and businesses in the retail, hospitality and leisure industries as the Government has locked down the country. Local government has needed to deliver what is required to respond to the pandemic and is in an uncertain position with losses in income as income generating services have been closed or heavily impacted e.g. car parking and leisure services. To date the Government have paid the council a grant of £899k in 2020/21 to fund COVID-19 budget pressures and

are contributing 71% towards certain income losses. However, there is still a significant gap between this and the actual financial impact that the council has experienced in the 2020/21 financial year and will continue to experience into 2021/22.

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

All committee meetings are open for the public to attend.

As part of the Emergency Powers with the Pandemic first forcing a move to remote meeting, all decisions made by the Corporate Leadership Team were published to the website.

In the move to remote meetings from June 2020, all Committee meetings have been live streamed to our YouTube channel for public viewing.

Initially, we invited written public participation to be read out in these meetings, but since October 2020, public participants that register are invited to make their own representations live in the meeting.

We updated to our Constitutional and procedural documents have been made to allow for these arrangements.

This year we implemented a full cycle of quarterly performance reporting to align it to the corporate outcomes defined in the Corporate Plan.

Members are invited to review the performance information and challenge where they feel delivery of the Corporate Plan outcomes is at risk. The internal process around producing this performance documentation also allows greater visibility for the senior managers around how staff are progressing agreed action plans.

An internal audit plan is defined according to areas of Corporate Risk. We have a quarterly update of internal audit progress, including audit actions due with officers, and this is reported to the Performance, Governance and Audit Committee.

CONCLUSION

The Council is satisfied that appropriate governance arrangements have been maintained in 2020/21. These have been successfully adapted and reviewed as a response to the global pandemic and changes in governance arrangements.

The Council, recognises however that these arrangements are designed only to manage risk down to a reasonable level and cannot provide absolute assurance that the Council will successfully deliver all of its policies, aims and objectives.

We remain committed to maintaining and where possible improving these arrangements, by:

- Addressing issues identified by Internal Audit
- Focussing on key risks and areas for improvement
- Continuing regular, open and transparent engagement with local people.