


Agenda Item No:	9	
Committee:	Corporate Governance Committee	
Date:	17 August 2020	
Report Title:	Annual Governance Statement 2019/20	

## 1. Purpose / Summary

1.1 Regulation 6(1) of the Accounts and Audit Regulations 2015, require the Council to conduct an annual review of the effectiveness of its system of internal control and publish an Annual Governance Statement (AGS). The CIPFA Finance Advisory Network has issued detailed practical guidance for meeting the requirements of the Accounts and Audit Regulations.

## 2. Key issues

2.1 The Accounts and Audit Regulations have been updated to bring them closer to corporate governance requirements in the private sector, and elsewhere in the public sector. The latest version applies to the financial year beginning on 1<sup>st</sup> April 2016. Within the regulations, there is still a requirement to produce an AGS which should be approved in advance of the statement of accounts. The AGS should be prepared in accordance with proper practices, which reflects the approach already adopted by this Council.

2.2 The principles of good governance contained with the CIPFA Guidance on Delivering Good Governance (2016 Edition) have been reflected in the AGS. The guidance outlines the following principles for achieving good governance;

- Behaving with integrity,
- Demonstrating a strong commitment to ethical values and respecting the rule of law;
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits;
- Determining the interventions necessary to achieve the intended outcomes;
- Developing the entities capacity;
- Managing risks and performance through robust internal control and strong public financial management and
- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

2.3 The Corporate Governance Committee approved a Local Code of Governance for the Council (minute CG22/06). This sets out the Policy within which a framework for governance of the Council is monitored.

- 2.4 Each year a statement is produced which assesses compliance of the Council's actual governance arrangements with the themes within the Local Code of Governance. This statement is commonly referred to as the Annual Governance Statement, which itself includes "Governance Issues" arising in the year to which it refers and an action plan to address those issues.
- 2.5 An Annual Governance Statement has been produced for the year 2019/20. This summarises the position for the year in respect of governance and internal control, and again highlights any "Governance Issues".
- 2.6 The statement is signed by the Chief Executive, Chief Finance Officer and Leader of the Council as further assurance of the standard of governance that has been achieved by the Council. The statement must accompany the Council's financial statements.

### 3. Recommendations

The Committee considers the content of the Annual Governance Statement and approves its content for inclusion in the Council's published statement of accounts 2019/20.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	N/A
Report Originator(s)	Peter Catchpole – Corporate Director & Chief Finance Officer Katherine Woodward – Audit Manager Mark Saunders – Chief Accountant Neil Krajewski – Deputy Chief Accountant Anna Goodall – Head of Governance and Legal Services
Contact Officer(s)	Peter Catchpole – Corporate Director & Chief Finance Officer Katherine Woodward – Audit Manager Mark Saunders – Chief Accountant Neil Krajewski – Deputy Chief Accountant Anna Goodall – Head of Governance and Legal Services
Background Paper(s)	CIPFA Delivering Good Governance in Local Government CIPFA Addendum to Good Governance in Local Government CIPFA Code of Practice for Internal Audit Accounts and Audit Regulations 2015 FDC Local Code of Governance

# FENLAND DISTRICT COUNCIL

## 2019-20 DRAFT ANNUAL GOVERNANCE STATEMENT

### 1. Scope of responsibility

Fenland District 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. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Fenland District Council is responsible for putting in place proper arrangements for the governance of its affairs, and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions, and which includes arrangements for the management of risk.

Fenland District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at [www.fenland.gov.uk](http://www.fenland.gov.uk) or can be obtained from the Chief Finance Officer. This statement explains how Fenland District Council has complied with the code and also meets the requirements of regulation 6 (1) of the Accounts and Audit Regulations 2015 in relation to the publication of an annual governance statement.

### 2. The purpose of the governance framework

The governance framework comprises the systems and processes for the direction and control of the authority and its activities through which it accounts to, engages with and leads the community. It enables the authority 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.

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 on-going process designed to identify and prioritise the risks to the achievement of Fenland District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

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

### 3. The governance framework

Fenland District Council has a responsibility for ensuring a sound system of governance to meet statutory requirements requiring public authorities to adhere to proper practices in reviewing the effectiveness of their system of internal control and preparing an annual governance statement. This governance statement meets that requirement and sets out brief details of the arrangements that the Council has in place regarding the key systems and processes comprising the Council's governance framework, which incorporates the Local Code of Governance adopted by the Council covering six themes, underpinned by the supporting principles contained within the "CIPFA/SOLACE Framework for delivering good governance in Local Government (2016 Edition)".

#### Elements of the framework

The key elements of the systems and processes that comprise the authority's governance arrangements are as follows:

#### **Communicating vision**

The Corporate Planning Framework of the Council ensures the delivery of services and projects to improve quality of life for Fenland residents. Partners, through the Fenland Strategic Partnership, meet and establish priorities for delivery to address the statutory duty of promoting the well-being of the district.

The Council, through its [Business Plan](#) establishes its objectives by consultation with its key partners and the public as well as with reference to statutory duties, local needs and national priorities. The Business Plan communicates the Council's vision of its purpose and intended outcomes for citizens and service users.

#### **Reviewing the vision**

The Council's capacity to deliver its vision is reviewed within service and project plans that support the Business Plan each year. Service quality is measured via customer communication channels and by measurement of performance indicators. Testament to the high quality service the Council provides is the achievement of corporate Customer Service Excellence. CMT and managers, as well as the Council's Policy and Communications Team and Overview and Scrutiny Committee review processes for efficient and effective use of resources.

#### **Translating the vision into objectives**

The Business Plan has corporate priorities which are then cascaded down to team priorities. Achievement of corporate priorities is monitored regularly via the performance monitoring framework and monitoring reports to Portfolio Holders, the Overview and Scrutiny Committee and Full Council. Progress against intended outcomes is reported in the Council's Annual Report.

#### **Measuring quality of services for users and value for money**

The Council's Business Plan drives the medium term financial strategy and resource allocation. Measures of service delivery against the corporate priorities are determined, which measure factors such as quality and efficiency and effective use of resources. These measures are jointly monitored on a monthly basis through Cabinet/CMT Portfolio Holder briefings and scrutinised by the Overview and Scrutiny Committee and Council. The key performance information of the Council, plus summary financial information, is captured in the [Annual Report](#).

A commitment to continuous improvement is achieved through training, consultation, performance measurement, complaints and comments.

The Council utilises internal and external inspections to inform the performance standards and methods of operation for its key services. Customer Service Excellence accreditation has in particular helped to ensure high standards of customer care and staff development.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers in accordance with prescribed and best practice guidelines from professional bodies and institutions. Examples include:

- Comprehensive budget setting systems.
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts.
- Setting targets to measure financial and other performance.
- A Medium Term Financial Strategy.
- Clearly defined capital expenditure guidelines, authorisation and monitoring.
- Where appropriate, formal project and risk management disciplines.

### **Defining roles and responsibilities**

The Council has adopted a Constitution, which sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

The Constitution details Member structures and roles, including relationships to Senior Officers. It enables determination of delegated and reserved powers and details those matters reserved for collective decision of the Council. Committee Rules of Procedure enable Committee Members to have access to relevant information and officers to support decision-making. The Overview and Scrutiny Committee has the power of call-in, entitling it to recommend re-consideration of decisions made, but not implemented. The Corporate Governance Committee has responsibility for reviewing governance arrangements.

### **Developing standards & codes of conduct**

The Council has in place the Code of Conduct for Council Members, in addition to a revised [Conduct Procedure Rules Guidance and Templates](#) document. All Council Members are required to sign a registration of interests within 28 days of their acceptance of office. A standing item of all Council meeting agendas is the item requiring declaration of interests.

The Council has in place a Conduct Committee and a Monitoring Officer to promote and maintain high standards of conduct by members.

There is a staff Code of Conduct, Capability and Disciplinary procedure, Anti-fraud and corruption policy, Whistle blowing policy, Values statement and Competency framework. The Human Resource Services of the Council monitor effectiveness of staff codes for conduct.

## **Reviewing effectiveness of decision making**

The Council has a robust and comprehensive performance management framework in place that ensures monitoring on performance, finance and risks in relation to achievement of service and corporate priorities. The process ensures inclusion of Corporate Management Team and Cabinet Members. The Council has a Policy and Communications team to enhance the control environment by ensuring the accurate and timely measurement and management of key performance indicators and data quality in performance information.

The Council identifies its key systems and ensures that robust continuity and risk management arrangements exist, to maintain delivery of key services and financial systems.

## **Reviewing effectiveness of managing risks**

The Council has a Risk Management Strategy and Standard that has enabled the monitoring of risk within projects, Service Plans, performance management, financial planning, policy setting and decision making. The Council has a balanced risk appetite that allows new ideas to be explored and encourages innovation. The Risk Management Framework enables risks to be escalated to an appropriate authority in the organisation to be managed. The Risk Management Strategy is reviewed annually by Corporate Governance Committee. The Council has a Risk Management Group who are responsible for highlighting, assessing risks and applying a Red, Amber, Green (RAG) status to risks for consideration by the Corporate Management Team and ultimately by the Corporate Governance Committee.

The Council has a comprehensive Business Continuity Plan which is regularly reviewed and updated. This has proved highly effective in addressing the issues raised by the Covid-19 pandemic.

The Council has a Port Marine Safety Code to manage potential major risks related to Marine Services. It is linked to the Council's Business Continuity Plan as referenced above and is also regularly updated. A Port Management Group is responsible for monitoring and managing safety issues and a Duty Holder and Designated Person is appointed to review the safety management system and associated risks.

## **Effective counter fraud and corruption**

The Council has an Anti-fraud & corruption strategy and policy to ensure effective counter-fraud and anti-corruption arrangements are developed and maintained. Arrangements are evaluated against best practice guidance from professional bodies such as CIPFA Counter Fraud Centre, the National Audit Office and the National Crime Agency. The policy is reviewed for effectiveness every three years by the Corporate Governance Committee.

## **Effective management of change and transformation**

The Corporate Management Team is responsible for managing risks from imposed legislative and economic change, and identifying opportunities to improve service delivery.

The Council has developed a number of successful partnerships and shared service arrangements, and continues to seek innovative opportunities to be efficient through Service Transformation, modernising our business processes with the effective use of

technology and the Council's internal Comprehensive Spending Review. The strategic approach to modernisation and transformation is based on maintaining or improving services by reviewing processes and changing the way they are delivered.

Where appropriate these are managed by the Council's performance management framework and corporate risk management framework.

### **CIPFA Statement on the Role of the Chief Financial Officer in Local Government**

Fenland District Council operates arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

### **CIPFA Statement on the Role of the Head of Internal Audit**

Fenland District Council operates arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).

The Internal Audit Team operates to the standards set out in the CIPFA 'Application note for Local Government' which is based on the IIA 'Public Sector Internal Audit Standards'.

### **Undertaking core functions of Audit Committee**

The Council has a Corporate Governance Committee that reports annually to Council. Its purpose is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it effects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

The Committee meets at least four times a year to deliver its core functions. This includes key duties, set out within the Council's constitution, which enables it to act as the principle non-executive advisor to the Council. The Committee follows best practice established by CIPFA, and demonstrates delivery of its core functions, its effectiveness and independence by reporting annually to Council.

### **Arrangement to discharge the Monitoring Officer Function and Head of Paid Service**

The Council's statutory officers are the Head of Paid Service – the Chief Executive, the Corporate Director & Chief Finance Officer and the Corporate Director & Monitoring Officer. They are responsible for ensuring that the Council operates within the law and in accordance with established policy and procedure.

### **Compliance with relevant laws and regulations, policies and procedures**

The Monitoring Officer will report to the full Council if they consider that any proposal, decision or omission would give rise to unlawfulness or maladministration. The Chief Finance Officer is specifically responsible for the proper discharge of the Council's financial arrangements and must advise Members where any proposal is unlawful, or where expenditure is likely to exceed resources.

The Corporate Management Team has responsibility for ensuring that legislation is implemented and complied with within service areas. Assurance that this is achieved is obtained from Internal Audit reviews, the work of the Council's Legal Service provision,

external inspector's reports, review of complaints and ombudsman's reports and self-assessments completed by the Corporate Directors of the Council.

The General Data Protection Regulation (GDPR) requirements came into force in May 2018. The Council has systems and processes in place to ensure all staff understand their responsibilities in relation to holding personal data and that the Council can demonstrate compliance with the regulation.

### **Whistleblowing & customer complaints**

The Council maintains and promotes a corporate whistleblowing policy that is regularly reviewed against best practice such as British Standards Institution PAS (Publicly Available Specification 1998:2008 Whistle Blowing Arrangements – Code of Practice) and guidance from Public Concern at Work.

The Council operates a '3Cs' process which monitors the number of Compliments, Correspondence and Complaints received and the time taken to respond. Monitoring this information helps identify trends and enables the Council to provide an efficient service by adapting our service to the customer's needs.

### **Member and senior officer strategic training needs**

The development of member and officers skills in relation to their roles is monitored and ensured via training and awareness sessions throughout the year identified from induction and through the staff annual appraisal system, which is linked to Corporate and Service Planning.

The Council promotes and provides regular training in respect of its Financial Regulations and Code of Procurement to aid financial control and effective expenditure.

The Council is committed to the continued development of its employees and training and development forms an intrinsic aspect of the annual appraisal process.

### **Consulting with community & stakeholders**

The Council completes both statutory and non-statutory consultation. It ensures that there are channels for communication, consultation and feedback, with all sections of the community and stakeholders. Additionally they can feedback on the Council's decisions and performance, in line with Customer Service Excellence standards which are regularly assessed.

The Council uses these channels, such as the website and community hubs, to consult on activities relevant to the community including planning, licensing, policy development. A revised and updated Corporate Consultation Strategy was considered by the Overview and Scrutiny Committee following which amendments were made prior to agreement by Cabinet.

### **Enhancing accountability and effectiveness of other providers**

The Council works in partnership with other public sector bodies to share experience and bring local perspective to cross cutting work in Cambridgeshire and beyond. This helps to enhance the accountability for service delivery and effectiveness of other public service providers.



## **Good governance in partnership working**

The Council has developed a number of successful partnerships and shared service arrangements. Examples include efficient delivery of services through the Anglia Revenues Partnership, Home Improvement Agency, CNC Building Control, shared planning and development and legal services with Peterborough, Bedford Borough Council Payroll Service, a Shared Audit Manager with the Borough Council of Kings Lynn and West Norfolk; and effective use of assets by sharing accommodation with other Public Sector Organisations through Community Hubs and Fenland Hall. In December 2018 the Council transferred responsibility for the management of its leisure centres to Freedom Leisure.

The Governance Framework extends into the Council's relationships with its key partners and provides assurance as to the performance and achievement of shared objectives and intended outcomes. Performance is published in the Council's annual report, Overview and Scrutiny reports and Full Council reports.

### **4. Review of effectiveness**

Fenland District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Management Team and Management within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

As well as the annual review, the governance and control frameworks are maintained and reviewed by a series of comprehensive processes throughout the year. The following actions and processes have been applied in maintaining and reviewing the effectiveness of the system of internal control over the last twelve months:

#### **Council**

The Council has agreed a number of policies and corporate documents that help deliver its vision and priorities in 2019/20:

- The Commercial and Investment Strategy was approved by Full Council in January 2020 and implementation of this will commence in 2020/21;
- the Medium Term Financial Strategy has been reviewed and updated and is embedded in the business planning process. Additionally, the Council has approved treasury and investment strategies, the General Fund budget and Council Tax levels as well as the Treasury Management Annual Report;
- the Council Tax Support Scheme was reviewed and approved following review by Overview and Scrutiny;
- Council received and approved annual reports from Overview and Scrutiny and Corporate Governance Committee in line with their terms of reference outlining achievements from the previous year;
- Council considered and agreed the Independent Remuneration Review; recommendations regarding the Member allowances scheme;
- Agreed the revised Regulation of Investigatory Powers Act Policy;
- Considered constitutional updates and amendments to reflect changes in legislation in addition to best practice.

The Council has maintained its capacity and capability to be effective through ongoing reviews of governance arrangements:

- The membership of Committees and panels and outside bodies, and positions of Chairman and Vice Chairman, was approved for the municipal year in accordance with political proportionality rules. Council also approved membership of positions on the Combined Authority to ensure effective representation on this body.

### **Cabinet and Corporate Management Team**

Ongoing delivery of the Comprehensive Spending Review throughout 2019/20 has placed the Council in a healthy financial position. Effective financial control resulted in the Council responding to budgetary changes, and achieved an under-spend in the revised General Fund budget. This will be reported to Cabinet at its meeting on 6 August 2020. The Council's provisional General Fund services net under-spend is £115,000 for the financial year 2019/20.

The Council has benefited from the growth in business rates and through sharing services with a number of partners including Anglia Revenues Partnership. Significant planned efficiencies have been delivered, plus continuous improvement is being considered through Service Transformation and the Comprehensive Spending Review.

The Corporate Management Team has ensured a robust and resilient budget for the following year. Within the year the Portfolio Holder for Finance, and the Cabinet, have received regular budget monitoring reports showing the Council's financial performance.

The Cabinet and Corporate Management Team have ensured maintenance of acceptable standards in financial reporting, standing and control as reported upon by the Council's external auditors.

Appropriate arrangements are in place for delivering member training. The staff and councillor induction process continues to encompass statutory obligations and identification of further induction training specific to individual services and roles.

The Corporate Management Team has ensured data management and security standards, and has committed to sharing data lawfully with other public sector bodies to improve outcomes for Fenland's residents through the Cambridgeshire and Peterborough Information Sharing Framework. Extensive work has been undertaken to evidence the organisations compliance with General Data Protection Regulation.

A number of key decisions were made that both communicated and reviewed the Council's vision and translated these into priorities for the Council and its Partnerships. This demonstrated a commitment to good governance, and included approving and reviewing policies and reports:

- Business Plan 2019-20;
- Annual report;
- Council Tax Support Scheme;
- Fees and charges 2019-20;
- Review of the Fenland Local Plan;
- Commercial and Investment Strategy;

- My Fenland transformation programme;
- Capital Programme Update

## **Corporate Governance**

The Corporate Governance Committee has completed a work plan that helps monitor effective governance throughout the Council. The Committee:

- approved and monitored the actions for improvement as required in the previous Annual Governance Statement;
- approved and monitored the Risk Management framework and corporate risk register;
- monitored performance of Internal Audit and approved the risk based internal audit plan and Charter including requesting quarterly update reports in relation to audit;
- noted the reports of External Audit, such as the Annual Governance Report, Annual Audit Letter, Annual Certification report and the External Audit Plan;
- noted the Regulations of Investigatory Powers Act (RIPA) – Update Report;
- approved the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and the Annual Investment Strategy;
- approved the Statement of Accounts 2018/19; and
- oversaw the maintenance of standards in financial reporting, standing and internal control.

## **Standards, conduct and ethical behaviour**

The Council has a Monitoring Officer, and a Conduct Committee, to promote and maintain high standards of conduct by members. The Committee and the Monitoring Officer have:

- dealt with informal and formal complaints against Councillors as per the Council approved conduct process;
- ensured compliance with requirements for declarations of interest;
- provided advice on conduct matters;
- maintained a framework for identifying and implementing new legislative requirements upon the Council;

## **Overview and Scrutiny**

The Overview and Scrutiny Panel have:-

- Scrutinised Council activity, in order to ensure effective and efficient service delivery and policy design, such as the Local Council Tax Support Scheme, Draft Business Plan, Health and Wellbeing Strategy, Community Corporate Objectives, Environmental Corporate Objectives, Wisbech 2020 and Wisbech Rail, March Future High Streets Fund and Medium Term Financial Strategy and Fees & Charges;
- reviewed the creation of the Investment Board and delegations of functions; regularly reviewed the progress in delivering performance objectives of the Corporate Plan;

- considered the Local Government Ombudsman's Annual Letter; and
- scrutinised external partners including Fenland Community Safety Partnership Freedom Leisure Contract, Environmental Enforcement Contract in addition to the Anglia Revenues Partnership.

### **Staff Committee**

The Council has considered organisational policies and management through the Staff Committee including:

- approved Management and Growth Delivery review and Legal Services review;
- approved the Equal Opportunities Policy, Health and Safety Policy and 3C's Policy and Procedure update; and
- approved the implementation of phase 2 of the CCTV review.

### **Internal control**

The Corporate Director & Chief Finance Officer has:

- ensured provision of timely, accurate and impartial financial advice and information to assist in decision making;
- maintained and reported to Council the Treasury Management Strategy and legislative changes;
- ensured arrangements are maintained for keeping under review appropriate management accounting systems, functions and controls;
- reviewed, in conjunction with line management, the effectiveness of Internal Audit against the standards set out in the CIPFA 'Application note for Local Government' which is based on the IIA 'Public Sector Internal Audit Standards';
- reported the Medium Term Financial Strategy, Revenue Budget and Capital Programme;
- prepared and reported the Statement of Accounts 2019/20.

Internal Audit has:

- performed reviews of key services and financial procedures of the Council and reported to the Corporate Governance Committee, advising as to the level of assurance that can be applied to the Council's control framework;
- investigated allegations or suggestions of fraud or corruption and suggested revisions to improve systems for prevention and detection of such activity;
- provided risk management and business continuity training to staff; and
- promoted good standards of information governance, and supported the Countywide Information Sharing Framework.

The Internal Audit Manager will present the 2019/20 opinion on internal control to the Corporate Governance Committee at its next meeting to be held on 17 August 2020 as part of the Internal Audit outturn.

## **Reviews by external inspectors:**

The externally appointed auditors, Ernst & Young, issued their annual governance report in November 2019 which provided an unqualified opinion on the 2018/19 statement of accounts and the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. The report praised the management and staff of the Council, and reflected positively on the co-operation, quality of working papers and timeliness of provision of information.

The Council continues to demonstrate compliance against the Customer Service Excellence standard, the UK Government's national standard for excellence in customer service. The standard demonstrates our culture and behaviours, and that we engage with customers and partners, and deliver effective use of resources.

## **5. Impact of the Covid-19 pandemic on Governance**

As the AGS assesses governance in place during 2019-20, the majority of the year was unaffected by coronavirus. However coronavirus has impacted governance during March 2020 and to ensure the AGS is current at the time of publication this section will explore the impact on governance during this time.

### **Impact on business as usual in the delivery of services**

Business continuity plans were implemented from the outset of Covid-19. Business continued remotely and successfully with only changes to services that were non statutory due to government guidance. The Council cancelled all community events and supported residents to follow Covid-19 guidelines in all areas.

Freedom Leisure closed all leisure facilities as a result of the change in law. They remain closed at this time, with revised expectations of reopening in mid-July.

FDC's contract with Freedom means that the Council is contractually obligated to ensure that Freedom is no better or no worse off as a result of a change in law. Estimated support costs to September 2020 are £545,000. Additional costs are anticipated prior to the end of the financial year.

There was little impact on the open spaces functions, though initial concerns regarding burial capacity existed. The Council put in place plans for additional support for the service, including additional training for contractor staff and having further contractors available on standby. Additionally FDC purchased additional graveshore equipment to increase burial capacity. These mitigating actions were not required and the burial service has run as normal throughout the pandemic.

### **New areas of activity as part of the national response to Covid-19 and governance issues arising**

A new community hub was developed, new feedback mechanisms have been developed and new funds made available as government provided finance streams (small community support funds for example). The Council is actively supporting and working with county council and public health colleagues in developing Covid-19 outbreak plans and investigating wider outbreaks. Workforce planning is in place.

Sports development team has used casual staff to develop online free exercise videos, bike maintenance instructions, as well as links to other online resources from many other agencies.

Business Support Grant schemes supported by the government have been implemented, with assurance checks being conducted throughout the process. A Discretionary Grants scheme has also been introduced to support further businesses and the wider economy.

### **Funding and logistical consequences of delivering the local government response**

The Council is monitoring closely any lost income and additional spending due to Covid-19. Monthly monitoring returns are being submitted to MHCLG to assist the government with understanding the impact on local authorities of Covid-19. A range of government support packages have been announced to date to assist local authorities with meeting the additional spend pressures and to mitigate the income lost. A detailed report on the financial impact of Covid-19 in 2020/21 was presented to Council on 6 August 2020. This estimated a net impact of around £1.3m on this Council in 2020/21. This will be updated as we progress through this year and the budget setting process for 2021/22 and Medium Term Financial Strategy will detail the ongoing impact of Covid-19 over the medium term. It is however extremely difficult to estimate with any certainty what the final impact will be on this Council in 2020/21 and over the medium term.

A Covid-19 emergency response group was set up that initially met on a daily basis and now meets three times a week and maintains a focus on discussion / action plan and decision making as well as associated recovery actions following the national lockdown.

### **Assessment of the longer term disruption and consequences arising from the coronavirus pandemic**

The council has captured impacts within an impact register and is collating impacts on services; both delivery and financially. A recovery plan is being developed and this Council will be working closely with the local resilience forum.

## **6. Governance issues and action plan**

The Council has considered the governance issues identified in the previous year's Annual Governance Statement which the Corporate Governance Committee approved at its meeting held on 5 November 2019.

The following areas were all identified in the previous year's annual governance statement and having completed the review of effectiveness explained above are considered to be continuing issues which the Council will work to address during the 2020/21 financial year.

	Issue Raised	Summary of action
1	<p>Although in a healthy financial position, the Council still faces continuing financial challenges over the medium term, resulting from changes to central government funding.</p> <p>The Medium Term Financial Strategy presented to Council in February 2020 highlighted the need for further savings of £1.015m up to 2023/24.</p> <p>The impact of Covid-19 will however, significantly impact on both the current financial year, 2020/21 and over the Medium Term. This is likely to substantially increase the savings required over the Medium Term.</p> <p>Central government is also undertaking a Fair Funding Review, Business Rates reform and New Home Bonus reform which are now likely to be implemented from April 2022 which will result in changes to Local Government Funding and presents a significant additional risk to this Council's MTFS.</p>	<p>The Chief Finance Officer, with the Chief Executive will review the impact of change upon the Council in conjunction with the Leader and Finance Portfolio Holder and the Cabinet.</p> <p>The Corporate Management Team has put in place heightened monitoring and response arrangements to provide the Cabinet with information regarding the impact of Covid-19 and of future Central Government funding changes.</p> <p>The Council's CSR process has placed the Council in a good position financially however, we will continue to look for more ways to become efficient and effective through looking at different service delivery models.</p> <p>The Corporate Management Team will monitor the available funding, balances and reserves, using robust financial controls to respond to any financial changes and identify further opportunities to work in partnership with other organisations to secure additional efficiencies. The Corporate Management Team will monitor governance arrangements, and communicate shared risks, opportunities and assurance.</p> <p>The Corporate Management Team will respond to any consultations from Central Government on future funding.</p>

2	<p>The Council must be prepared to address any impacts that may arise as a result of changes in regulation, legislative powers and national policy.</p> <p>Examples that could affect governance arrangements over the Medium Term include:</p> <ul style="list-style-type: none"> <li>• Reforms to the New Homes Bonus, Business Rates and the Fairer Funding Review due in April 2022</li> <li>• The UK's negotiations and exit from the EU following the referendum on the 23rd June 2016.</li> <li>• The Comprehensive Spending Review scheduled for Autumn 2020</li> <li>• The Department for Environment, Food and Rural Affairs' consultation on Consistency in Household and Business Recycling Collections</li> <li>• Continuing discussion and an ongoing review by the National Audit Office of local authority's investment activity including investment in property</li> </ul>	<p>The Corporate Management Team will respond to changes and will continue, using heightened monitoring and response arrangements, to provide the Cabinet with information regarding the impact of Central Government Policy changes including responding to government consultations.</p> <p>Plans will be put in place to implement any new legislation.</p>
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3	<p>The Covid-19 pandemic has given rise to unforeseen challenges in terms of this Council’s decision-making machinery and its traditional meeting structure.</p> <p>The Council will be required to continually monitor the financial and operational impacts of Covid-19 throughout 2020/21 and beyond. It is already clear that Covid-19 has had a significant impact on the finances and the ability of the Council and its key delivery partners to maintain key services and there is considerable uncertainty as to when a more business-as-usual status can be achieved.</p> <p>Appropriate governance arrangements will be required to ensure effective decision-making arrangements and appropriate arrangements for oversight remain in place as recovery plans are developed and implemented.</p> <p>The speed and extent to which the economy is able to recover will have a fundamental impact on this Council, as will the success of the Council and its partners in delivering the public health response.</p> <p>The Council will need to be prepared for mobilisation of the emergency response procedure in the event of a ‘second wave’ of the virus to protect staff and residents.</p>	<p>Once regulations were published by government, the Council were able to adopt a procedure for meetings that complied with the legislation and continued the commitment to sound corporate governance.</p> <p>Where possible, key Council services continue to be provided (either directly or remotely) in line with its contingency arrangements.</p> <p>The Council has robust financial monitoring, recording and planning processes but these will need to be developed further to address this challenge.</p> <p>The Council monitors central government support initiatives and guidance and engages with its key partners to best provide essential services.</p> <p>Council business continuity arrangements have been mobilised so that staff can work remotely wherever possible in accordance with national guidance.</p> <p>The Corporate Management team, in conjunctions with elected members will produce and implement a recovery plan for the organisation, the community, the local economy and the health and wellbeing of the District.</p>
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## 7. Conclusion

Having completed the processes set out above to review the effectiveness of the Council's governance framework, we are satisfied that we have sufficient assurance regarding the effectiveness of the framework in place and the governance issues identified are as set out above. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Whilst recognising this, it should be noted though that Covid-19 continues to pose significant challenges to the Council's governance arrangements, controls and processes, the outcomes of which remain uncertain. The Council has acted with unprecedented speed in its response to the rapidly unfolding Covid-19 pandemic. It has enacted Government policy and transformed service delivery and ways of doing business against the backdrop of urgent stakeholder need and incomplete and changing information, data and guidance. This has altered the risk and control environment in which the Council is operating at the date of this statement. Throughout this period, the Council will continue to provide its' services while maintaining appropriate governance arrangements and control, and having regard to the safety and wellbeing of its staff and partners, residents and businesses.

Signed: .....

Peter Catchpole  
Corporate Director and Chief Finance Officer

Signed: .....

Paul Medd  
Chief Executive

Signed: .....

Councillor Chris Boden  
Leader, Fenland District Council