

# RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

DECISION

meeting date: 27 SEPTEMBER 2023  
title: ANNUAL GOVERNANCE STATEMENT  
submitted by: DIRECTOR OF RESOURCES  
principal author: INTERNAL AUDIT MANAGER

## 1 PURPOSE

- 1.1 To provide members with details of the Annual Governance review for 2022/23 and seek approval of the resulting Annual Governance Statement.
- 1.2 Relevance to the Council's ambitions and priorities:
  - Community Objectives – none identified.
  - Corporate Priorities – assessing the Council's system of internal control contributes to the achievement of the corporate priority of being a well-managed Council.
  - Other considerations – none identified.

## 2 BACKGROUND

- 2.1 All councils are required to prepare an Annual Governance Statement each year in accordance with the 'Delivering Good Governance in Local Government Framework' and to report publicly on the extent to which they comply with their own Local Code of Corporate Governance. This should include how we have monitored the effectiveness of our governance arrangements in the previous financial year and detail any planned changes in the coming period.
- 2.2 The Annual Governance Statement is the **backward-looking** review of how the Council has performed or acted in relation to the principles that it said it would abide by as detailed within the Local Code of Corporate Governance at the beginning of the year. As such the Local Code of Corporate Governance is the council's **forward-looking** statement of how the governance culture of the organisation will be driven.
- 2.3 The process of preparing the Annual Governance Statement should itself add value to the governance and internal control framework of the council.

## 3 GOVERNANCE REVIEW

- 3.1 A detailed exercise has been undertaken in the annual review of the council's governance arrangements. As previously mentioned this review reflects on the council's Local Code of Corporate Governance and how it has actually performed.
- 3.2 The annual review examines the seven principles of:
  - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law;
  - Ensuring openness and comprehensive stakeholder engagement;

- Defining outcomes in terms of sustainable economic, social and environmental benefits;
  - Determining the interventions necessary to optimise the achievement of intended outcomes;
  - Developing the council's capacity, including the capability of its leadership and the individuals within it;
  - 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.
- 3.3 In reviewing how the council and its staff and members have acted over the period of review, evidence is also gathered to support the conclusion reached. Examples of evidence that is used to support the conclusion is detailed in the Local Code of Corporate Governance.

**Review of significant Governance Issues Raised in the Annual Governance Statement 2021/22**

- 3.4 Actions recommended in the 2021/22 annual governance review, and progress with these is detailed in the attached statement and summarised below.

Subject Area	Details	Action Taken
<b>Policy Review</b>	Due to the pandemic continuing into the 2021/22 financial year, and the impact this had on resources, a number of policies required formal review.	<b>Partially Implemented -</b> Several Council policies have been reviewed and ratified in 2022/23 however other reviews were still in progress at year-end.

**Review of Significant Governance Issues for 2022/23**

- 3.5 The Annual Governance Statement for 2022/23 is attached in Annex A. There have been a number of areas raised as a result of this year's annual review. These are detailed within the statement and summarised below.
- 3.6 Although progress has been made in the areas that have been carried forward, actions need to continue in to 2023/24 to fully address the issues raised.

Subject Area	Details	Action
<b>Policy Review (c'fwd)</b>	Although a number of policies had been reviewed and updated, many policy documents still require formal review and ratification.	Heads of Service will ensure that policies requiring formal review are undertaken and ratified appropriately through the relevant governance arrangements; and training provided to new and existing staff where necessary.

Subject Area	Details	Action
<b>Embedding policies and procedures to sustain existing organisational culture</b>	Embedding organisational culture and ensuring continuity of knowledge following the retirements of a large number of senior staff throughout 2022/23.	To undertake training on key policies, practices and procedures for new and existing staff.
<b>Performance Indicators</b>	Staffing changes and resource constraints since Covid-19 have continued to impact the reporting of performance data to service committees.	Performance data will be reported to the appropriate service committee in line with the council's Performance Management Framework.
<b>Performance Appraisals</b>	Due to the Covid-19 pandemic, performance appraisals were delayed.	To refresh the performance appraisal system and ensure all staff receive an appraisal within 2023/24.

3.7 Progress in addressing the issues raised as part of this year's annual governance review has already commenced. A review will be undertaken at the time of next year's annual review to establish actions have been implemented as outlined in the above table.

3.8 The Draft Annual Governance Statement was published in May 2023 alongside the Council's Draft Statement of Accounts on the Council's website. The website will be updated to reflect the approval of the audited Statement of Accounts and the approval of the Annual Governance Statement.

#### 4 RISK ASSESSMENT

4.1 The approval of this report may have the following implications:

- Resources – work is underway on addressing the issues that have been raised as part of the annual governance review and it is anticipated that all actions can be completed within existing budgets and staffing resources.
- Technical, Environmental and Legal – None identified.
- Political – None identified.
- Reputation – The Council must ensure that it has a sound system of internal control in place. Failing to adhere to the principles detailed in the Local Code of Corporate Governance has the potential to significantly harm the reputation of the Council.
- Equality and Diversity – None identified.

5 RECOMMENDATION

The Committee approve the 2022/23 Annual Governance Statement.

INTERNAL AUDITOR

DIRECTOR OF RESOURCES

AA17-23/RP/AC  
27 SEPTEMBER 2023

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# Annual Governance Statement

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2022/23

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Ribble Valley  
Borough Council

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## **Annual Governance Statement** **2022/23**

### **1. SCOPE OF RESPONSIBILITY**

- 1.1 Ribble Valley Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for, and is used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk and for dealing with issues which arise.
- 1.3 The Council has approved and adopted a Local Code of Corporate Governance, which is reviewed annually and is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). A copy of the Local Code is on our website.
- 1.4 This statement explains how the Council has complied with the Local Code and also how it meets the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.
- 1.5 The Council's annual review of the effectiveness of its corporate governance for 2022/23 provides assurance on the governance arrangements in place, the progress made against significant governance issues raised at the last annual review and includes an action plan to address significant governance issues identified through this year's review.

### **2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

- 2.1. The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled, and its activities through which it accounts to, engages with and leads its communities. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3. The governance framework has been in place at the Council for the year ended 31 March 2023 and up to the date of approval of the statement of accounts.

### **3. THE GOVERNANCE FRAMEWORK**

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

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

### ***Behaving with Integrity***

- 3.2. The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent, and accountable to local people. The Constitution is published on the Council's website and is reviewed annually.
- 3.3. Included in the Constitution are the responsibilities for decision-making, terms of reference for Committees, and a protocol for Member/ Officer Relations. The Council has a Scheme of Delegation to Officers within its Constitution which clearly details several specific areas that are delegated to officers for the purposes of decision-making, without the requirement for a decision to be made by the Council, a Committee or sub-Committee.
- 3.4. The standards of ethical behaviour expected from members and staff are defined in Codes of Conduct that are distributed as part of the induction process. On an annual basis Register of Interest forms are completed by both staff and members.
- 3.5. All Councillors and staff must register and declare certain pecuniary interests such as employment, land holdings and contracts with the Council. Councillors must also declare any relevant such interests at meetings which they attend, this is minuted and published on the Council's website. There are procedures laid down for staff and Councillors relating to the receipt of gifts and hospitality, and the recording of such.
- 3.6. The procedures for the public to follow to register a complaint regarding the deliverance of the Council's services or a breach of the Member's Code of Conduct are detailed on the Council's website. The terms of reference for the Accounts and Audit Committee further includes responsibilities around the monitoring and promotion of standards.
- 3.7. The Council is committed to the highest possible standards of openness, integrity and accountability. In line with this commitment, a whistleblowing policy has been adopted to encourage employees and others with serious concerns to come forward in confidence. The Head of Legal and Democratic Services in their capacity, as Monitoring Officer, has overall responsibility for the maintenance and operation of this policy. They maintain a record of concerns raised and the outcomes and report as necessary to the Council's Accounts and Audit Committee, being the committee charged with oversight of the governance arrangements at the Council.
- 3.8. The Council has revised and adopted the Counter Fraud, Bribery and Corruption Policy Statement and Strategy and Anti-Money Laundering Policy within year, to reflect up to date principles. The policies of the Council help reinforce its zero-tolerance approach to unethical behaviour. At the heart of these policies are the requirements for all relevant parties to act with integrity.
- 3.9. Several policies have been reviewed and updated following previous delays due to the impact of the Covid-19 pandemic on resources. Many policy documents, although still applicable, still require formal review and ratification. As is the case with all policies, it is recognised that the decisions of Committees have primacy over any policy.

### ***Demonstrating Strong Commitment to Ethical Values***

- 3.10. Under its terms of reference, the Accounts and Audit Committee champions high standards of ethical governance from elected members and the Council as a whole.
- 3.11. In 2020 the Local Government Association (LGA) reviewed the 'Model Councillor Code of Conduct' which is designed to protect Councillors' democratic roles, encourage good conduct and safeguard the public's trust in local government. The Localism Act 2011 requires Councils to produce a Code

of Conduct. The Council adopted a new code based on the LGA requirements relating to the seven core principles of public life set out in law; selflessness, integrity, objectivity, accountability, openness, honesty and leadership. The Code sets out the standards of conduct expected of Ribble Valley Councillors, including why and how to register and declare financial and other interests, including gifts and hospitality. Following the recent local elections in May 2023, the Council has no overall controlling party. A robust training package and induction process for new and existing Councillors will be determined and undertaken throughout 2023/24.

- 3.12. Whilst codes of conduct for members and staff are in place and ethical awareness is raised as part of the new members' induction process, there are proposals to roll out a training programme for all staff starting with Heads of Service covering key elements of the Constitution.
- 3.13. Procurement activity is undertaken in line with the Council's Contract Procedure Rules and Financial Regulations, with any requirements to seek exemption reported to, or requested from, the relevant service committee through submission of a report. The Council's ethical requirements are expressed through its procurement activity in the form of contract documents and its standard terms and conditions of purchase.

### ***Respecting the Rule of Law***

- 3.14. The Council has designated the Head of Legal and Democratic Services as the Monitoring Officer. They have the specific duty to ensure that the Council, its Officers and its Elected Members maintain the highest standard of conduct in all they do and as such holds four main roles:
- to report on matters they believe are, or are likely to be, illegal or amount to maladministration;
  - to be responsible for matters relating to the conduct of Councillors and Officers; and
  - to be responsible for the operation of the Council's Constitution.
  - To report any unlawful decision making and maladministration.
- 3.15. The Council's Chief Executive, in the statutory role of Head of Paid Service is responsible for:
- the manner in which the discharge by the Council of their different functions is coordinated;
  - the number and grades of staff required by the Council for the discharge of their functions;
  - the organisation of the Council's staff; and
  - the appointment and proper management of the Council's staff.
- 3.16. Section 151 of the Local Government Act 1972 requires local authorities make arrangements for the proper administration of their financial affairs and appoint a s151 Officer. The Director of Resources is the Council's appointed s151 Officer and Chief Financial Officer.
- 3.17. Committee reports include a section in respect of legal implications of committee decisions. Input from the legal team is sought in the completion of this section where relevant. Any legal advice provided by Officers would be retained on the relevant files for future reference.

### **Principle B - Ensuring openness and comprehensive stakeholder engagement**

#### ***Openness***

- 3.18. Council meetings are open to the public, other than in limited circumstances where consideration of confidential or exempt information means that the public are excluded. Each meeting also includes public participation with an opportunity to speak regarding items on the agenda.
- 3.19. A set timetable is in place for meetings, the production and distribution of agenda packs, and the holding of briefings prior to the meeting between key officers and committee chairs and vice-chairs.



A review of committee report structures, training and timetables within Mod.gov will be undertaken in 2023/24.

- 3.20. All decisions of the Council are made in accordance with principles laid down in the Constitution. All reports follow a format that is repeated across all committees and where a decision is needed, they provide the information necessary for members. Any further requests for information are minuted.
- 3.21. The Council utilises its website to provide an open culture with access to meeting agendas, reports and minutes. Transparency information is also reported in a timely manner and is grouped together for ease of access.
- 3.22. The Council is committed to publishing information freely and to develop further our culture of openness and transparency. Information is published in accordance with the Local Government Transparency Code. The Council's Freedom of Information Publication Scheme provides a general guide for the public in terms of what information should routinely be available to them by either accessing our website or upon request.
- 3.23. The information which residents use most, such as Council Tax and Planning, can be accessed quickly and easily from the main page. In March 2023, the Council introduced Council Tax Online, a digital service on the Council's website enabling residents to view and update their council tax information, check their balance, payment and bills and switch to paperless billing.

#### ***Engaging Comprehensively with Institutional Stakeholders***

- 3.24. Partnership working is important, and the Council has in place a wide range of arrangements with local groups, and works closely with other local authorities across Lancashire. The Council does not have any formal partnerships in place such as Public Finance Initiatives, Public/Private Partnerships or Joint Ventures.

#### ***Engaging Stakeholders Effectively, Including Individual Citizens and Service Users***

- 3.25. When the Council is looking to consult, it reviews the stakeholders that need to be involved and looks to ensure that those with an interest are involved. Any future consultations are arranged on an ad-hoc basis as and when required and, if necessary, expertise will be procured from research and consultation consultants.
- 3.26. Where appropriate, the Council makes use of its social media platforms (Facebook, Twitter and Instagram) to communicate and engage with local residents.
- 3.27. In January 2023 the Council launched the 'People Survey – Life in Ribble Valley' to find out what matters to those living, working, studying, or visiting the borough. The survey included questions on a wide range of issues, ranging from council services, community safety, road and pavement repairs, recycling and refuse collection, and climate change. Survey feedback is expected to help shape the council's Corporate Strategy 2023 - 2027 and will create a plan to improve the lives of everyone in the borough, support businesses and deliver high quality services. The findings of the survey will be reported both internally and to Policy and Finance Committee following the May 2023 elections.
- 3.28. The latest version of the Communications Strategy (2019-2021) can be viewed on the Council's website. The review of this Strategy has been delayed while the Council awaits the results of the People's Survey which will feed into the development review, taking into account the public's preferences in terms of communication methods.
- 3.29. The Council is in the process of developing a new online 'People's Panel' that is representative of the population of the borough. The People's panel will be used to help inform the development of policies and strategies, inform decision-making and identify where service improvements may be required.

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

### ***Defining Outcomes***

- 3.30. The Corporate Strategy 2019 – 2023 sets out the strategic direction of the Council, providing a focus to ensure that the services the Council delivers meet the needs of its communities. The Council's vision, priorities and objectives are clearly set out in the Corporate Strategy. Underpinning the Council's Corporate Strategy are several other strategic plan and documents that outline their contributions to achieving the Council's visions and objectives. Examples include (but are not limited to):
- Core Strategy (2008-2028)
  - Homelessness Strategy (2022-2025)
  - Procurement Strategy (2022/23-2024/25)
  - Climate Change Strategy (2021-2030)
  - Medium Term Financial Strategy and Plan
- 3.31. The Core Strategy 2008-28 sets out the long-term vision for the Borough and the strategic policies that will deliver that vision.
- 3.32. The Medium Term Financial Strategy and Plan outlines all known factors affecting the financial position and financial sustainability of the council over the medium term. It balances the financial implications of the Council's objectives and policies against the availability of our resources to support them. The Strategy and Plan aims to provide an assurance that spending plans are affordable over the medium term. In March 2023, the Council's Policy and Finance Committee approved the Medium Term Financial Strategy and Plan for 2023/24 to 2027/28.

### ***Sustainable Economic, Social and Environmental Benefits***

- 3.33. The Council is committed to achieving social value and ensuring value for money through its procurement decisions. The Council's Procurement Strategy for 2022/23 to 2024/25 sets out the Council's approach to procurement and communicates how the Council foresees the development of its procurement activities over the medium term. The strategy covers the same themes as the National Procurement Strategy for Local Government and outlines how the Council expects to demonstrate leadership, behave commercially, and achieve community benefits through our procurement activities.
- 3.34. In looking solely at its own operations, the Council's Corporate Strategy 2019 – 2023 aims 'to aspire to be a carbon neutral borough by 2030' and includes a priority action 'to develop an action plan to work towards being a carbon neutral borough by 2030 which is based on a better understanding of our current carbon emissions'. The Council has published its Climate Change Strategy to raise awareness of the issues surrounding climate change. The strategy is based on an understanding of our carbon emissions, our carbon footprint, and addresses how the Council intends to reduce its own carbon emissions as an organisation and through its service delivery. The Climate change Working Group was established in 2019, with the remit of meeting the challenge of climate change both in relation to how the council provides its own services and how it provides wider support to the community.
- 3.35. As capital resources are limited, a large proportion of the capital programme is committed to the ongoing replacement of items such as vehicles and plant. Consideration is given to economic, social and environmental benefits in the assessing of bids for the Council's capital programme.
- 3.36. All committee decision reports include a section on risks, which includes those risks in relation to the decision to be taken by members:

- Resources.
- Technical, Environmental and Legal.
- Political.
- Reputation.
- Equality and Diversity.

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

### ***Determining Interventions***

- 3.37. The Council demonstrates sound financial management through regular and timely reporting to budget holders, Corporate Management Team, Leaders and the Council as a whole. Budget setting, control and reporting requirements are set out in the Council's Financial Regulations, which have full regard to internal and external regulations and relevant codes of practice. Financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (2016).
- 3.38. Capital and Revenue budgets are monitored closely and reports on budget allocations and actual performance are provided to the relevant Committees. Further reporting is provided to the Budget Working Group with minutes reported to Policy and Finance Committee.
- 3.39. A number of areas are delegated to officers for the purposes of decision-making; however, limits on the exercise of delegation are laid down in an approved Scheme of Delegation to Officers within the Constitution.

### ***Planning Interventions***

- 3.40. The Council plans its activities at a strategic level through its budget cycle and does so in consultation with internal and external stakeholders to ensure services are delivered effectively.
- 3.41. All service budgets are matched to the various Council priorities and analysis of the distribution of the budgets across priorities is given in the Budget Book.
- 3.42. There are clear timetables in place for the various service committee meetings. These are published on the Council's website. A timetable detailing key dates is set by the Accounts and Audit Committee for the closure of accounts process.
- 3.43. Where relevant, service areas provide key performance indicators which are monitored and reported on centrally to all service committees at the end of the financial year. There is also in-year monitoring and reporting to the Corporate Management Team.
- 3.44. Administrator and user training was undertaken throughout the year to ensure corporate performance data for the current and previous financial year is input and reported timely. Performance data for 2021/22 and 2022/23 will be updated and reported to the appropriate service committees.

### ***Optimising Achievement of Intended Outcomes***

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

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

***Developing the Entity’s Capacity***

- 3.46. The Council’s first strategic objective is to “*ensure a well-managed Council, providing efficient services based on identified customer needs.*” To ensure we are suitably placed to deliver priorities for the Ribble Valley and its residents, the Council employs the right people, with the right skills in the right job. We maintain robust financial processes, standards and systems, whilst optimising technology, making us more efficient in our service delivery.
- 3.47. In recent years the Council has invested in training programmes to enhance organisational development, develop leadership skills and promote a coaching culture with staff at all levels encouraged to be innovative and challenge the normal way of doing things. The Council has a performance appraisal process in place for all staff which considers individual training and development needs. Training is available for staff and Councillors including induction and topic specific matters, in addition to what is available from organisations such as the Local Government Association. The Council’s performance appraisal system will be reviewed and undertaken within 2023/24.
- 3.48. There have been several senior management changes within year, predominantly due to planned retirements, however there has been no indication that this has impacted on service delivery.
- 3.49. Recruitment and retention continues to impact local government as a whole. The Council are in the process of reviewing the Workforce Plan based on current data capture, and will be reported in due course.
- 3.50. Service areas aim to improve provision through regular review and benchmarking; however recognise that this is undertaken on an informal basis as and when required.

***Developing the Capability of the Entity’s Leadership and Other Individuals***

- 3.51. Leadership roles are well defined for staff and Councillors, distinguishing for example, the roles of Council Leader and the Head of Paid Service (i.e. the Chief Executive). To enable Elected Members and Senior Officers to have a shared understanding of their respective roles the Council has a Protocol governing Member and Officer relations. A protocol is included in the Council’s Constitution which reflects the principles underlying the respective Codes of Conduct which apply to Members and employees. The shared objective of these codes is to enhance and maintain the integrity of local government and therefore, demands high standards of personal conduct.
- 3.52. The Corporate Management Team (CMT) meets on a weekly basis to discuss matters of strategic and operational importance to the Council. Weekly meetings also take place between the Chief Executive (Head of Paid Service) and the Leader of the Council. The Chief Executive leads on implementing strategy and managing service delivery and other outputs set by members.
- 3.53. All newly elected members and staff receive an induction and an ongoing training plan for members is in place. Requests for training by members and senior management will always be considered. The HR team does not tailor staff inductions to the employee’s specific role, however further induction is generally provided separately by the relevant section.
- 3.54. Records are monitored regarding member attendance, but there is no formal review of individual member performance or training needs. There are no personal development plans in place for members.

- 3.55. The Council has a Staff Handbook which is published on its Intranet, ensuring that all policies are available to staff.
- 3.56. The Council takes a proactive approach to deliver accessible and responsive services to meet the needs of its communities. Following a recent case referral to the Local Government Ombudsman, the Council introduced the Reasonable Adjustments Policy in 2022/23 to highlight its commitment to improving equality of opportunity for all and ensuring that those with disabilities are not at a disadvantage when accessing the Council's services. Procedures relating to Equality and Diversity are being developed in line with the LGA framework.
- 3.57. Equalities training was delivered to CMT and Heads of Services by an external training provider in two workshops. A series of internal training sessions were further delivered in November 2022 for officers in each directorate. Training focused on the Equality Act 2010 and the Council's reasonable adjustment policy. The Council's Policy and Finance committee agreed that training on the Equality Act 2010 should be included in future induction training programmes for new officers and members.
- 3.58. With regards to the physical and mental wellbeing of staff, the Council offers its employees access to Employee Assistance Programme (EAP), a professional independent service that offers support, guidance and counselling for a wide range of issues and concerns that employees may have. The service is confidential, available 24/7 and free for all.

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

#### ***Managing Risk***

- 3.59. The Council has embedded a structure and system for identifying, evaluating and monitoring all significant risks at a strategic and operational level.
- 3.60. The Council has a Risk Management Policy which was reviewed and updated in year. The policy outlines the process of identifying risks, evaluating their likelihood and potential impact, and determining the most effective methods of controlling them or responding to them. The Policy Statement sets out the Council's approach for the systematic management of risk, and roles and responsibilities of all managers and decision makers to achieve this. All decisions made on behalf of the organisation are taken with consideration to the effective management of risk.
- 3.61. Following the implementation of the policy, risk management training was delivered internally to all Heads of Services. Heads of Services and CMT agreed the strategic risks for inclusion in the Council's Strategic Risk Register for 2022/23. Heads of Service are now in the process of reviewing the Operational Risk Register and will report to CMT in line with the Risk Management Policy.

#### ***Managing Performance***

- 3.62. A Performance Management Framework is in place which provides an explicit link between the corporate objectives. The Framework was introduced in 2018 and it is recognised that an update is required to ensure the indicators remain relevant. Council performance is managed using the Pentana Risk – Performance Management System. Administrator and User training was undertaken in year. Performance data is expected to be reviewed, updated and reported to the appropriate committees within 2023/24.
- 3.63. Performance against budget is reported to the Corporate Management Team and also on a regular basis to service committees. The overall position is also considered in reports to the Policy and Finance Committee. Outturn reports are also reported to all service committees, and this is also considered by the Budget Working Group and used in the budgeting process for future years.
- 3.64. A set timetable for Full Council and its Committees is published at the beginning of the financial year. The production and distribution of agenda packs is considered timely and is supported by

briefings which take place between key officers and Committee chairs prior to the meetings. Roles and responsibilities of each committee are outlined in the terms of reference which is included in the Constitution.

3.65. Debate and discussion on issues is actively encouraged at committee meetings and reflected in the minutes. The Council also have a call-in procedure for any decisions, which allows for further scrutiny.

3.66. Full detailed information is provided to members in the budget setting process for both revenue and capital. The Budget Working Group is valued and allows for more focused work to be undertaken and specific guidance to be given to Service Committees. Budget setting, control and reporting requirements are set out in the Council's Financial Regulations.

#### ***Robust Internal Control***

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

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

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

3.70. The Accounts and Audit Committee met five times within 2022/23 and have an up-to-date terms of reference outlining roles and responsibilities of all members.

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

3.72. The Draft Internal Audit Opinion presented for 2022/23 provided for Substantial Assurance – *'There is a good system of internal control which has been designed to meet the system objectives, and controls are generally operating effectively.'*

3.73. As per the Public Sector Internal Audit Standards (PSIAS), an external assessment was undertaken to provide assurance over conformance. The assessors agreed with the self-assessment undertaken by the Internal Audit Manager in June 2022. The Internal Audit Service was rated overall as Partially Compliant. Significant progress was made in year to implement the actions raised following the assessment. No areas of non-conformance were highlighted in the review.

3.74. CIPFA recommends as best practice that the Accounts & Audit Committee include at least two co-opted independent members to provide appropriate technical expertise. In line with CIPFA's recommendation, the Council is currently considering the co-option of an independent member. The co-opted member would have no voting rights but will support the Council's governance arrangements in helping to bring additional knowledge, expertise and scrutiny to the Accounts and Audit Committee.

3.75. Each member of CMT, Head of Service and statutory officers are required to complete an Assurance Statement in relation to a range of key controls operating in their area of work. This specifically seeks assurance that, other than those identified during the course of their normal work or by Internal Audit,

they are not aware of any weaknesses in the Council's systems of internal control. No significant areas of concern have been raised.

- 3.76. The European Institute for Combatting Corruption and Fraud (TEICCAF) issues a checklist for the 'Protecting the Public Purse' document. Authorities are encouraged to use the checklist to ensure that they have sound governance and counter-fraud arrangements in place and that they are working as intended. No significant issues were highlighted as a result of this review.
- 3.77. The Fighting Fraud and Corruption Locally Strategy (2020) was developed by local authorities and counter fraud experts. It sets out the approach local authorities should take and the main areas of focus to transform counter fraud and corruption performance. There is a checklist to measure counter fraud and corruption culture and response. No issues were highlighted as a result of this review.

### ***Managing Data***

- 3.78. The way in which we handle and process information, in particular the personal and sensitive data relating to residents, suppliers and employees are outlined through:
- A suite of policies and procedures on the Council's Information Security which are available on the Intranet for all staff to review;
  - Arrangements for document management and retention;
  - A Data Protection Policy and Procedure with nominated staff responsible for providing advice and guidance on Data Protection matters;
  - Compliance with the Local Government Transparency Code and provision of Open Data on the Council website;
  - A system for dealing with requests for information submitted to the Council under the Freedom of Information Act 2000 (including a regular review of the Council's Publication Scheme);
  - Regular reviews of the Council's information governance and security arrangements by Internal Audit and external assessors.
- 3.79. The Council has a Data Protection Policy which is published on the Intranet and is available to all staff. The ICT Manager is the designated Data Protection Officer. This creates the potential for conflict of interest, but the Council continually seek to mitigate any perceived risks in this area.

### ***Strong Public Financial Management***

- 3.80. An established financial management framework is in place comprising of the following:
- Financial and Contract Procedure Rules as part of the Constitution;
  - Medium Term Financial Strategy and Plan
  - Service and financial planning integrated within the corporate performance management cycle;
  - Annual budget process involving scrutiny, challenge and consultation;
  - Annual review of the adequacy of the level of financial reserves;
  - Regular monitoring by management of revenue and capital budgets with reports to Corporate Management Team and Policy and Finance Committee;
  - Annual reports to Councillors on both the final revenue and capital out-turns compared to the approved budget;
  - Production of an annual Statement of Accounts compliant with the requirements of local authority accounting practice;
  - Compliance with the requirements established by CIPFA, the public sector accountancy body.
  - A regular review of the Council's Financial Management arrangements.

- 3.81. The Budget Working Group plays a key role in considering and monitoring the Council's finances and are responsible for developing the Council's budgets and making recommendations to Policy and Finance Committee.
- 3.82. The Chief Finance Officer (Director of Resources) ensures that appropriate advice is given on all financial matters, proper financial records and accounts are kept, and oversees an effective system of internal financial control. Although formal training has not been delivered to staff and elected members within the year on the Council's Financial Regulations and Contract Procedure Rules, there are plans in place for further training in the coming financial year.

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

***Implementing Good Practice in Transparency***

- 3.83. All reports to meetings of Council and its committees are publicly available on our website with the minutes also published showing what decisions have been taken and the reason(s) why. Other forms of public accountability reporting include the annual Statement of Accounts and the Council's Annual Report and in year reports from the external auditors are also published online including their Annual Report setting out the findings resulting from their audit of the accounts and their assessment of the Council's arrangements for securing value for money.
- 3.84. The Council publishes information in accordance with the Local Government Transparency Code. The Council's website includes a section on Open Data, to ensure transparency, sharing information with the wider community and giving an opportunity to use that data.

***Implementing Good Practices in Reporting***

- 3.85. The Council's Statement of Accounts are published in a timely manner on the website. The Statement of Accounts includes a narrative statement which allows for a more understandable format of the outturn position of the Council, away from the statutory presentation requirements seen in the statements themselves. Financial outturn reports are presented to the Policy and Finance Committee and Accounts and Audit Committee.
- 3.86. Financial performance is also reported throughout the year to all service committees. Such documents are openly available on the Council's website.

***Assurance and Effective Accountability***

- 3.87. The Council's external auditors, Grant Thornton, attend the meetings of the Accounts and Audit Committee and provide regular reports including the Auditor's Annual Report and briefings to Members. Any actions that may arise from these reports are monitored by the Committee to ensure compliance and to ensure that they result in positive improvements where necessary.
- 3.88. The year-end audit of the Statement of Accounts also assessed our arrangements for securing value for money. The Audit Findings report was presented to Accounts and Audit Committee in February 2023 and identified no material errors in the accounts for 2021/22 and concluded that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources, whilst some improvement recommendations were made.
- 3.89. The Internal Audit Service has direct access to information and members, and provide assurance over governance arrangements through regular reporting to Accounts and Audit Committee. Agreed recommendations are followed up and implementation status is reported. Assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2019).
- 3.90. The Council welcomes peer challenge reviews and inspections from regulatory bodies and act on any recommendation arising as necessary.



## 4. REVIEW OF EFFECTIVENESS

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

### ***Corporate Management Team***

- 4.2. The Corporate Management Team meets each week to discuss policy issues and also considers internal control issues, including risk management, performance management, compliance, efficiency and value for money, and financial management.
- 4.3. The group has considered a detailed corporate level review of the Council's system of governance in accordance with the guidance provided by CIPFA/SOLACE.

### ***Directorate Level Review***

- 4.4. The Council also has in place Directorate Assurance Statements requiring Directors to review the operation of a range of governance systems and procedures within their service areas and indicate whether there are any significant non-compliance issues. These were analysed to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues and as such need to be included in the Annual Governance Statement. No significant areas of concern have been raised.

### ***Monitoring Officer***

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

### ***Accounts and Audit Committee***

- 4.6. The Council has appointed an Accounts and Audit Committee with the responsibility of monitoring the Council's governance and risk management framework and include reviewing the adequacy of the governance framework. Committee members will take part in a self-assessment of effectiveness within 2023/24 in line with CIPFA's recent Position Statement, including a formal review of the committee's terms of reference.

### ***Internal Audit***

- 4.7. Internal Audit is responsible for monitoring the quality and effectiveness of the system of governance and internal control. A risk-based Internal Audit Plan is produced each financial year. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Directorate. The report includes recommendations for improvements that are included within an Action Plan and require agreement or rejection by Heads of Service. The process includes follow-up reviews of agreed recommendations to ensure that they are acted upon.
- 4.8. The Internal Audit Annual Report contains an opinion on the overall levels of internal control (a view based on the relative significance of the systems reviewed during the year, in the context of the totality of the control environment).

### ***External Audit***

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

#### ***CIPFA's Financial Management Code (2019)***

- 4.10. CIPFA's Financial Management Code was published in October 2019 and sets out the standards of financial management for the Council. It provides guidance for good and sustainable financial management, offering assurance that authorities are managing resources effectively, regardless of their current level of financial risk. It is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Council has reviewed its financial management arrangements for 2022/23 in line with the CIPFA Financial Management Code.

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

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

#### **CIPFA 'The Role of the Head of Internal Audit'**

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

### **5. SIGNIFICANT GOVERNANCE ISSUES**

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

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

- It has significantly prejudiced or prevented achievement of a principal objective;
- It has resulted in the need to seek additional funding to allow it to be resolved, or has required a significant diversion of resources from another service area;
- It has had a material impact on the accounts;
- It has been identified by the Accounts and Audit Committee as significant;
- It has resulted in significant public interest or has seriously damaged reputation;
- The governance issue may, or has been publicly reported by a third party as a significant governance issue;
- It has resulted in formal actions being taken by the Section 151 Officer or Monitoring Officer.

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

6. REVIEW OF SIGNIFICANT GOVERNANCE ISSUES RAISED IN THE ANNUAL GOVERNANCE STATEMENT 2021/22

6.1 The status of the issue/s raised as part of the Annual Governance Review 2021/22 is provided in the table below:

<b>Subject Area</b>	<b>Details</b>	<b>Action Taken</b>	<b>Action</b>
<b>Policy Review</b>	Due to the pandemic continuing into the 2021/22 financial year, and the impact this had on resources, a number of policies required formal review.	Several Council policies have been reviewed and ratified in 2022/23 however other reviews were still in progress at year-end.	Partially implemented

7. REVIEW OF SIGNIFICANT GOVERNANCE ISSUES 2022/23

7.1 In considering the criteria for significant governance issues as listed at section 5 the following areas have been raised as part of this Annual Governance Statement for 2022/23.

7.2 It must be noted that progress has been made in the areas that have been carried forward, but that this work needs to continue to fully address the issues raised.

**Action Plan**

Subject Area	Details	Action
<b>Policy Review (c'fwd)</b>	Although a number of policies had been reviewed and updated, many policy documents still require formal review and ratification.	Heads of Service will ensure that policies requiring formal review are undertaken and ratified appropriately through the relevant governance arrangements; and training provided to new and existing staff where necessary.
<b>Embedding policies and procedures to sustain existing organisational culture</b>	Embedding organisational culture and ensuring continuity of knowledge following the retirements of a large number of senior staff throughout 2022/23.	To undertake training on key policies, practices and procedures for new and existing staff.
<b>Performance Indicators</b>	Staffing changes and resource constraints since Covid-19 have continued to impact the reporting of performance data to service committees.	Performance data will be reported to the appropriate service committee in line with the council's Performance Management Framework.
<b>Performance Appraisals</b>	Due to the Covid-19 pandemic, performance appraisals were delayed.	To refresh the performance appraisal system and ensure all staff receive an appraisal within 2023/24.

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

**Signed:**

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 Leader of the Council  
**On behalf of Ribble Valley Borough Council**

\_\_\_\_\_  
 Chief Executive