

ANNUAL GOVERNANCE STATEMENT 2019/20

Executive Summary

Based on the work carried out, which has been reviewed by the Audit and Standards Committee, we are satisfied that the Governance Framework is generally effective. We propose over the coming year to address the matters contained in the statement below to further enhance our governance arrangements and to prepare for change. We are satisfied that these actions will address the need for improvements that were identified in our review and will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Fylde Borough Council

Councillor K Buckley
Leader of the Council 2020/21

Allan Oldfield
Chief Executive

Councillor S Fazackerley
Leader of the Council 2019/20

Governance Issues

As a result of the assessment of the effectiveness of governance within the Council, the Corporate Governance Group has identified that a sound system of governance exists within the Authority.

During 2020/21, the Corporate Governance Group recommends that governance work should focus on the following:

Area Requiring Action	Senior Responsible Officer	Completion Date
Implement actions contained within the Member/Officer Relations Action Plan: (following the LGA review undertaken in 2019/20) namely:		
Review the Member Induction Pack	Lyndsey Lacey-Simone (Member Services)	30 th April 2020 (Completed)
Deliver training and support for all Chairmen, including the Mayor, covering procedural best practice as well as managing behaviours	Tracy Manning (Director of Resources)	31 March 2021
Consider revised Code of Conduct drafted by the Local Government Association and bring forward a report for consideration by the Audit and Standards Committee/Council	Tracy Manning (Director of Resources)	31 March 2021
Sign-off of revised Risk Management Strategy	Dawn Highton (Shared Head of Internal Audit)	23 July 2020
Continue to embed Project, Partnership, Operational risks using GRACE	All managers	31 March 2021
Delivery of risk management training	Dawn Highton (Shared Head of Internal Audit)	31 st October 2020

Cyber security – education awareness for service users (employees and elected members)	Ross McKelvie (IT Manager) Lyndsey Lacey-Simone (Member Services)	30 th September 2020
Review Code of Corporate Governance (Local Code)	Tracy Manning	31 st October 2020
Procurement Strategy and associated policies review	Ben McCabe (Procurement Officer)	30 November 2020
Project Management Framework – Compliance Guidance for Managers	Alex Scrivens (Corporate Services)	31 st December 2020
GDPR – updating of key policies and procedures in relation to GDPR and the provision of support and awareness raising to assist managers in meeting their compliance obligations	Ian Curtis (DPO) and Ben McCabe (Deputy DPO)	31 December 2020
<p>Actions recommended by Planning Advisory Service</p> <p>Provide briefings on the Complaints Procedure and provide conflict resolution and customer care training for officers involved in complaint handling</p> <p>Consider a Planning Peer Review to provide a targeted review of the Planning Service</p>	<p>Alex Scrivens (Corporate Team)</p> <p>Paul Walker (Director of Development Services)</p>	<p>28th February 2021</p> <p>31st December 2020</p>
Raise awareness of probity policies through team briefs (on-going throughout the year)	Tracy Manning in consultation with the Corporate Governance Group	31 st March 2021
Core Competencies Review 'Fylde 2024' initiative	Kirstine Riding (Housing Manager)	31 March 2021
<p>Actions as a result of COVID 19:</p> <p>To consider the longer-term implications of agile working with a view to re-setting the culture and behaviours of the council</p>	Alex Scrivens (Corporate Team)	31 st March 2021

Scope of responsibility

Fylde 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 decide 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, the 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.

In 2007, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) published best practice guidance, 'Delivering Corporate Governance in Local Government Framework' to assist authorities in reviewing their governance arrangements. This Council subsequently approved and adopted a code of corporate governance, which was consistent with these principles. This guidance was subsequently updated in 2016 to define seven new core principles which should underpin the governance arrangements for all public bodies.

The seven core principles are:



Each local authority is required to conduct a review at least once a year on the effectiveness of the system of internal control and include a statement on such a review within its published Statement of Accounts. This annual governance statement is the culmination of this work and provides commentary on the 2019/20 municipal year.

The purpose of the governance framework

This statement is an acknowledgment on the part of the Council that is incumbent on all the stakeholders who play a part regarding the organisation of the Council to ensure that there is a sound governance framework underpinning the work of the organisation.

The governance framework comprises 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.

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 of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. 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, cost-effective services.

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

The governance environment

Principles

In 2017, the Council adopted a code of corporate governance ("the Code") and recognises that effective governance is achieved through the core principles enshrined in it as outlined above. This framework establishes that the authority should ensure to keep under review the effectiveness of their governance arrangements and whether standards are being attained.

The Council's corporate governance environment comprises a multitude of systems and processes designed to regulate, monitor and control the various activities of the Authority in its pursuit of its vision and objectives. The following describes the key elements:

Constitution

The Council's constitution 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 also identifies the principal obligations and functions of the Council.

The constitution and its appendices clearly explain how the different elements of the Council interact and work together. It sets out procedure rules to which members and officers must adhere, codes of conduct and protocols.

The constitution builds on model constitutions and guidance produced by the government.

The Monitoring Officer has a standing obligation to keep the operation of the constitution under review and recommend any changes to help better achieve its objectives. More substantive changes are undertaken at three-yearly intervals and this review was completed in 2019/20 with changes being considered and approved by the Council.

Political structure

The Council operates a committee system, following a referendum held in May 2014, which resulted in a vote in favour of the Council moving from an executive form of governance to a committee system.

The Council, meeting as a body, is responsible under the constitution and the Local Government Act 2000 for setting the policy framework and the budget for the authority. It also exercises certain other functions that are reserved to it.

As a result of the change in governance system, the Council now operates a committee system with decision-making delegated to the Council's committees. There is a mechanism in place for decisions to be referred to the Council. The Council's committees comprise Finance and Democracy, Tourism and Leisure, Environment Health and Housing, Operational Management, Planning, Licensing, Public Protection and a combined Audit and Standards Committees. There is also a cross-party Member Development Steering Group which considers and recommends personal development and general training opportunities for elected members together with the well-being of elected members in the wider context. These various member groups have met several times each throughout the course of the year to discharge the business of the Council. A joint committee is also established with Blackpool and Wyre Councils to discharge economic development functions, within the context of the Council's overall policy framework.

The Council is engaged in other partnerships and these arrangements are subject to review on an on-going basis, for example, the Council's partnership with the Fylde Citizens Advice Bureau.

Although no longer a constituent member of the Lancashire Combined Authority or the Shadow Combined Authority throughout the course of the year, the council remains committed to working with all the Lancashire authorities to establish alternative options for working together on strategic regional initiatives. At the latter end of the municipal year discussions began to take place on the prospect of the two-tier local government system in Lancashire being replaced by unitary governance and the council has kept a watching brief on these developments.

Meetings of the committees are open to the public, except where personal or confidential matters may be disclosed. Public platform allows members of the public to make a point or raise a question during Programme Committee meetings, Council together with the Planning Committee. Members of the Council who are not members of the respective committees can ask questions at committee meetings. This helps ensure robust accountability of decisions. Members of the public also have the facility to ask a question at Council meetings by pre-registering to do so. These arrangements have proved effective throughout the year with members of the public taking the opportunity to use these various means of communication.

The Council has no scrutiny committee/committees in place; however, the committee system provides opportunity for scrutiny of its processes and policies and there is the ability to refer items to the council for reconsideration.

All the Council's work is aligned to its corporate priorities through its committee system. All reports identify how they align to one of the five priorities: value for money; clean and green, vibrant economy, great place to live and great place to visit. Work began on reviewing the corporate priorities and plan during the year.

The Council's Audit and Standards Committee deals with conduct, ethics, propriety and declarations of interest. It also oversees and determines complaints made against members under the Code of Conduct.

The Council has access to a number of 'independent persons' who assist in upholding high standards. These individuals have worked closely with the Monitoring Officer throughout the year to ensure that high standards of behaviour are maintained. The council agreed several good practice measures with respect to its standards framework during the year to strengthen arrangements.

The Audit and Standards Committee is a point of reference for the Monitoring Officer who investigates or arranges for the investigation of any allegations of misconduct in accordance with agreed procedures and statutory regulations. The Monitoring Officer has reported to the Audit and Standards Committee during the year.

The monitoring and performance of the Council's assurance and governance framework is also led by the Council's Audit and Standards Committee. The committee has the responsibility to ensure that the monitoring and probity of the Council's governance framework is undertaken to the highest standard and in line with the Chartered Institute of Public Finance and Accountancy (CIPFA) guidelines.

Decisions on planning, licensing and other regulatory or quasi-judicial matters are taken by committees of the Council in accordance with the principles of fairness and natural justice and, where applicable, article 6 of the European Convention on Human Rights. Such committees always have access to legal and other professional advice.

All out local elections were held in May 2019, with no change in political leadership of the council as a result.

Officer structure

The authority implements its priorities, objectives and decisions through officers, partnerships and other bodies. Officers can also make some decisions on behalf of the authority under the Scheme of Delegation.

The Chief Executive

The Chief Executive is designated as the Head of the Authority's Paid Service. As such, legislation and the constitution make him responsible for the corporate and overall strategic management of the Authority. He is responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation.

Monitoring Officer

The Council has designated its Director of Resources as Monitoring Officer. The Monitoring Officer must ensure compliance with established policies, procedures, laws and regulations. She must report to the full Council or one of the Council's Committees as appropriate if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered. No such reports have arisen during the 2019/20 financial year. Blackpool Council's Monitoring Officer acts as Deputy Monitoring Officer for the Council, supporting the Monitoring Officer in her role. There are reciprocal arrangements for investigating standards matters across both these Council's Monitoring Officers. The Head of Governance also supports ethical framework arrangements.

Chief Financial Officer

The Council has designated the Chief Financial Officer as the officer responsible for the proper administration of its financial affairs in accordance with Section 151 of the Local Government Act 1972. The principal responsibilities of this officer include financial management, reporting and monitoring financial information, ensuring compliance with financial codes of practice including the Accounts and

Audit Regulations 2015. Regular reports have been made to the Council's Finance and Democracy, and other Committees as appropriate, throughout the course of the year.

Both statutory officers referred to above have unfettered access to information, to the Chief Executive and to councillors so they can discharge their responsibilities effectively. The functions of these officers and their roles are clearly set out in the Council's Constitution. In particular, the role of the Chief Financial Officer accords with the principles set out in the CIPFA Statement on the Role of the Chief Financial Officer. A protocol establishes the nature and role of the Monitoring Officer.

Management Team

Two directors report to the Chief Executive and form the authority's management team together with six Heads of Service for the authority, one of whom is the Section 151 Officer. The Management Team assists the Chief Executive with the strategic and overall management of the organisation. The Constitution makes it responsible for overseeing and co-ordinating the management, performance and strategic priorities of the authority within the agreed policy framework and budget. Each member of the management team takes lead responsibility for major elements of the authority's business.

The Management Team collectively and individually are responsible for securing the economic, effective and efficient use of resources as required by the duty of best value. Powers delegated to each member of Management Team, together with other officers, are documented in the constitution.

Head of Governance

Internal Audit

The Council maintains an independent Internal Audit Service, which operates within the principles set out within the Public Sector Internal Audit Standards (PSIAS). These standards were set by several internal audit standard setters who established a series of standards known as PSIAS and adopted with effect from 1 April 2013.

Corporate Governance Group

A Corporate Governance Group has been established to co-ordinate the receipt and actioning of reports from the various sources of audit and inspection. The group also is responsible to the Audit and Standards Committee and Management Team and to compile, maintain and monitor the Code.

Operational

The Corporate Plan establishes Fylde Council's corporate priorities and reflects the Council's principal statutory obligations. Performance against the plan is supported by a performance management system and performance information is reviewed by the various committees of the council during the year.

The financial management of the Authority is conducted in accordance with the Financial Regulations set out in Appendix 4 of the Constitution. The Council has in place a Medium-Term Financial Strategy, updated annually, to support the aims of the Corporate Plan.

The Council ensures continuous improvement in the economy, efficiency and effectiveness of services through the annual service and financial planning process. All services are reviewed annually through the service planning process to ensure that they meet the needs of customers and that performance targets for quality improvements are set and monitored. The Medium-Term Financial Strategy includes targets for efficiency savings where appropriate, to be met across all service areas.

Annual budgets are set by the Council in the context of the Medium-Term Financial Strategy, and each budget is allocated to a named budget holder. The responsibilities of budget holders in financial management are clearly set out within Financial Regulations.

A robust process of financial monitoring is in place. Budgets are regularly reviewed; the regularity and depth of attention is linked to the risks associated with each budget area. The financial position of the Council is reported on a regular basis to the Management Team, to the Council's Committees, and to full Council. Closer monitoring and appropriate action are taken where there is an indication of a likely variance against budget.

In 2016, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) updated its best practice guidance on delivering good governance. As a result, during the year, the council adopted a Code of Corporate Governance which outlined several behaviours and actions which underpinned the supporting principles. This document should be read in parallel with that evidential baseline.

The Council has adopted a Corporate Risk Management Strategy, which incorporates the identification and management of existing risks to the achievement of corporate objectives in accordance with recognised standards of control assurance. A Corporate Risk Register is in place and is monitored and reviewed, combined with action planning for risks identified. Appropriate employees have been trained in the assessment, management and monitoring of risks. A corporate Risk Management Group (RMG) has been established to assist with the management of strategic risks.

The Authority's Risk Management Policy requires that officers understand and accept their responsibility for risk and for implementing appropriate controls to mitigate those risks. To this end, service managers have identified their respective operational risks and have recorded these on GRACE.

Internal Audit has provided its annual report to provide an independent and objective opinion on the effectiveness and operation of the internal control framework noting control levels to be moderate. Whilst some reports have been issued during the year with limited assurance, steps are being taken to address the issues arising.

The Council has an objective and professional relationship with government agencies and statutory inspectors. During the year, an action plan was developed in response to the findings of the Local Government Association on its review of member-officer relations.

The Council was inspected by the Investigatory Powers Commissioners Office (an on-site inspection) in February of 2020, and as a result our systems were noted to be satisfactory and there were no adverse comments.

The Planning Advisory Service has also assisted the council with an investigation of a complaint during the year with respect to the Planning Service, and likewise reported on its findings.

During the autumn of 2019, the council was the subject of an investigation by the Marine Management Organisation into its sand winning operations with the outcome of this investigation due to be concluded in 20/21.

Council services are delivered by trained and experienced people. Posts have a detailed job description and person specification and training needs are identified through the Personal Development Appraisal Scheme. In addition, the Council has comprehensive policies and procedures in place, which provide the framework for the operation of its services and ensure that its actions and decisions are undertaken

within the framework of effective internal control. The authority also has a set of core competencies which outline the expected behaviours of employees.

The Authority has a zero-tolerance policy towards fraud and corruption. The Council's Whistleblowing Policy provides the opportunity for anyone to report their concerns confidentially and enable these to be investigated impartially. The council has a shared Corporate Fraud Team with Preston City Council and regular reporting was instigated during the year on the service reporting on the outcomes of its work to elected members.

The Authority is committed to working in partnership with public private and voluntary sector organisations where this will enhance its ability to achieve its identified aims.

COViD 19

On 3 March 2020 the first meeting was held of the Lancashire Resilience Forum to agree a Lancashire-wide response to the emerging health crisis. This resulted in the Lancashire Resilience Forum establishing a command structure for Lancashire for the crisis which has several themes including intelligence and advice, warning and informing, test and trace, adult social care, logistics, death management, business continuity, human aspects, education and early years and faith. The Council's senior managers played a lead role within each respective area ensuring that a local response was put in place.

This involved mobilising the council's workforce to begin to move from 'business as usual activity' to emerging new priorities such as the humanitarian response through the establishment of a Community Hub through to a system of administering grants to the business community. Whilst the financial year was nearing an end by the time this work was instigated, much was achieved by year-end including the establishment of a Community Hub, which was established to support those on the NHS shielding list and the vulnerable.

The council provided sound leadership during the crisis with the ability to move resources around to ensure that it had the capacity to respond. Teams whose usual work had ceased were moved into new areas of activity, with much achieved through agile working. For example, a dedicated call centre for the Community Hub was operated remotely by staff working from home with the necessary IT solutions put into place to enable this. This was operated not only in usual business hours, but also during the evenings and weekends.

The council was also particularly fleet of foot, by in mid-March, having agreed an approach to how decision-making would take place during the crisis. At the Special Council meeting delegated powers were given to the Chief Executive, Directors and Heads of Service to take decisions, in consultation with leading members, during the crisis. This meant that the council was able to respond to issues far in advance of the eventual enabling legislation introduced by Central Government with followed several weeks later.

Review of effectiveness

The Council supplements the mandatory external audit judgements by assessing itself against the good practice elsewhere. This, together with the Council's own performance management framework, provides the evidence needed to ensure a culture of continuous performance improvement. The Council also conducts satisfaction surveys of both residents and employees to use as a further gauge to measure success.

Inherent within the review of internal control arrangements is the need to assess the extent of compliance with statutory requirements and the Authority's rules and regulations, which includes not only its Financial and Contract Procedure Rules but also its Scheme of Delegation, and Codes of Conduct. In addition, the Head of Internal Audit is required to, in accordance with the Public Sector Internal Audit Standards, to produce an annual report to provide an overall opinion on the adequacy and effectiveness of the authority's framework of control, risk management and governance to evaluate the effectiveness. Whilst some reports have been issued during the year with limited assurance, steps are being taken to address the issues arising.

Fylde Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The Corporate Governance Group, which comprises the Monitoring Officer and Director of Resources, Section 151 Officer, Head of Governance and the Head of Internal Audit, has been given the responsibility to annually review the corporate governance framework and to report to Audit and Standards Committee on the adequacy and effectiveness of the Code and the extent of compliance with it and its work is referenced above.

During 2019/20, the Audit and Standards Committee kept under review how issues identified in the previous annual governance statement had been resolved. Two actions remain outstanding due to the interruption caused to business due to the COVID 19 pandemic and as a result have been translated into this year's action plan.

The review of effectiveness is informed by the work of the Directors and the respective Heads of Service within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The Group also receives assurance statements on an annual basis covering each of the Council's service heads which asks the managers to evaluate compliance with key corporate procedures. The Corporate Governance Group reviews these statements made by the respective Service Heads taken together with external assurance sources such as the external auditor's Annual Audit Letter and its ISA 260 report to those charged with governance...

Internal Audit has carried out an annual programme of reviews as approved by the Audit and Standards Committee. The managers of the services and functions reviewed have each agreed actions and priorities arising from the review and the achievement of those actions is monitored on an ongoing basis by the Authority's Internal Audit service.

The Strategic Risk Management Group meets regularly to review achievement of control measures in relation to strategic risks identified in the annual risk identification exercise. In addition, Internal Audit carries out an annual review of the risk management framework in accordance with the terms of the Risk Management Policy.

We have considered the implications of the result of the review of the effectiveness of the governance framework and system of internal control, and a plan to address weaknesses and ensure continuous improvement of the system is set out in the priorities on page 3 of this statement.



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