

## ANNUAL GOVERNANCE STATEMENT 2023/24

### **Executive Summary**

Based on the work carried out, which has been reviewed by the Audit and Governance Committee, we are satisfied that the Governance Framework is generally effective. 2023/24 saw the council embark on a new four-year term with a reduced number of elected members. The council's governance arrangements were also re-shaped to accommodate this change and will continue to be reviewed as necessary. We are satisfied that the actions shown in the Action Plan below will address the need for improvements that were identified in our review of the Governance Framework and the Audit and Governance Committee will monitor their implementation during the course of the forthcoming year.

### **Signed on behalf of Fylde Borough Council**

**Councillor K Buckley**  
**Leader of the Council**

**Allan Oldfield**  
**Chief Executive**

## **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 and risk management exists within the Authority. Commentary on internal control is captured within the Statement,

Following the assessment of the effectiveness of governance, during 2024/25, the Corporate Governance Group recommends that governance work should focus on the following:

<b>Area Requiring Action</b>	<b>Senior Responsible Officer</b>	<b>Commentary</b>	<b>Status</b>	<b>Completion Date</b>
Capacity and prioritisation	Allan Oldfield (Head of Paid Service)	Recruitment, retention and capacity challenges, will require further collaborative working with other councils and prioritisation of workstreams	In progress	31 <sup>st</sup> March 2025
UK GDPR – awareness raising to assist managers in meeting their compliance obligations	Ian Curtis (DPO) and Lyndsey Lacey-Simone (Deputy DPO)	Support and awareness raising is ongoing. This is a continuing commitment to maintain awareness levels of the existing framework whilst waiting for forthcoming data protection legislative changes to pass through parliament.	In progress	31 <sup>st</sup> March 2025
Scrutiny	Ian Curtis (Head of Governance)	Work to support and embed the new scrutiny function is ongoing. Current practice requires evaluation against revised statutory guidance for overview and scrutiny which was published by the government on 22 April 2024. Any adjustments required to procedures as a result need to be taken through the council's decision-making process.	Outstanding	7 October 2024 Council
Review of governance system one year from implementation	Ian Curtis (Head of Governance)	The new governance system will be reviewed one-year into its introduction. The council's Local Government Association Corporate Peer Challenge will focus on this as a part of its improvement recommendations.	Outstanding	30 June 2024
Updating & re-launch the Counter Fraud & Whistleblowing policies	Tracy Manning (Monitoring Officer)	Periodic review of both policies and awareness raising	In progress	30 November 2024

Improvement actions identified because of LGA Corporate Peer Challenge	Tracy Manning (Deputy Chief Executive and Monitoring Officer)	To prepare action plan following LGA Peer Challenge	Outstanding	31 <sup>st</sup> August 2024
Equality Impact Assessment Awareness training	Alex Scrivens (Corporate Performance and Engagement Manager)	To organise training for managers on equality impact assessments (EIA) to ensure evidence-based approach to policy and decision-making	Outstanding	31 <sup>st</sup> March 2025

### **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 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 2022/23 financial year.

## **The purpose of the governance framework**

This statement is an acknowledgement 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 comprises several processes which together seek 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 as outlined has been in place at the Fylde Borough Council for the municipal year ended 31 March 2023.

## **The governance environment**

### **Principles**

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 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 some of 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 several years ago.

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. She has delegated authority to make consequential changes to the constitution made necessary by, for example changes in legislation. Substantive changes to the constitution must be agreed by councillors at a full council meeting, normally following a recommendation by the Audit and Governance Committee. The involvement of the Audit and Governance Committee and the Monitoring Officer as the guardians of the constitution ensures that the constitution receives appropriate councillor oversight and remains fit for purpose.

### **Political structure**

The council operates a committee system. Councillors are divided into political groups, with the Conservative group having an overall majority of councillors. The political groups nominate councillors to committees in accordance with the statutory rules of political balance. A small number of councillors are not members of any political group.

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.

Other decision-making powers are delegated to the council's committees or to officers. All such delegated powers, except for ad-hoc short-term delegations, are set out in the constitution. There is a mechanism in place for decisions made by the Executive Committee to be called in.

The council's programme committee is named the Executive Committee and is a politically balanced committee comprising lead members together with other members of the committee. Within the

constitution lead members have a role in ensuring that corporate priorities are delivered working under the direction of the Chairman of the Executive Committee. They act as an advisor for lead officers and monitor and report regularly at both meetings of the Executive Committee and the Council, on the progress of each of their priority areas. They have a lead role in developing council policy and making recommendations thereon. They also provide guidance to member forums on budget priorities and performance. Their additional responsibilities include contributing to debate and decision-making; working with the overview and scrutiny committees to ensure that the overview and scrutiny process works correctly; appearing before and responding to scrutiny committees and representing the council at a national and local level. The council's regulatory committees are Planning, Licensing, Public Protection, Audit and Governance and a Standards Committee. There is also a joint committee established with Blackpool and Wyre Councils to discharge economic development functions, within the context of the council's overall policy framework.

Scrutiny was re-introduced during the year with two committees created. The committees are the Internal Affairs and Community Focus Scrutiny Committees. The Community Focus Scrutiny Committee is the crime and disorder committee for the purposes of the Police and Justice Act 2006. All overview and scrutiny functions are within the remit of both the committees, but each committee has several work areas on which it normally focuses which are set out within the constitution.

The council is engaged in other partnerships and these arrangements are subject to review on an ongoing basis, for example, the Community Safety Partnership. The Partnership appoints a new Chairman each year.

The council operates on a presumption of openness, with nearly all items of business being considered in public at council and committee meetings. Public attendance is only excluded where legislation allows exempt or confidential matters to be discussed in private.

Public platform allows members of the public to make a point or raise a question during Executive Committee meetings, together with the Planning Committee. Members of the public also have the facility to ask a question at council meetings by pre-registering to do so. Any councillor can ask questions at committee meetings, even if they are not a member of the committee. This helps ensure robust accountability of decisions.

All the council's work is aligned to its corporate priorities with reports identifying how they align to one of the four priorities: economy, environment, efficiency and tourism.

The council's Standards Committee deals with conduct, ethics, propriety, and declarations of interest. It oversees and determines complaints made against members under the Code of Conduct. There were three investigations in respect to standards issues in parishes during the year, with the investigations not concluded at the time of writing this statement. Two hearings also took place in late April 2023 where two Borough councillors were found to be in breach of the Code of Conduct.

The monitoring and performance of the council's assurance and governance framework is led by the council's Audit and Governance 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.

### **Officer structure**

As well as the council and committees, 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 council's statutory officers have specific legal responsibilities for ensuring probity and good governance in the way the council manages its affairs. The statutory officers are the Head of Paid Service, the Monitoring Officer and the Chief Financial Officer.

The Chief Executive is designated as the council's **Head of 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.

The council's **Monitoring Officer** was appointed to a dual role of Deputy Chief Executive on the 1<sup>st</sup> April 2022. The Monitoring Officer must ensure compliance with established policies, procedures, laws, and regulations. She must report to the full council 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 2023/24 financial year. Blackpool Council's Monitoring Officer acts as a Deputy Monitoring Officer for the council, as does the Head of Governance, supporting the Monitoring Officer in her role. There are reciprocal arrangements for investigating standards matters across both Blackpool and Fylde councils. The Head of Governance also supports ethical framework arrangements as a deputy monitoring 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 Executive Committee throughout the course of the year.

Both the Monitoring Officer and Chief Financial Officer 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. 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 in Local Government. A protocol supports the statutory role of the Monitoring Officer.

Each of the three statutory officers has been in post for several years, bringing stability, experience, and corporate knowledge to their key governance functions.

In addition to the three statutory officers, the Management Team collectively and individually is responsible for managing the council and 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.

During 2023/24 the Management Team consisted of the three statutory officers, together with seven Heads of Service.

## **Governance framework**

### **External Audit**

The Council's external auditors are appointed and managed by Public Sector Audit Appointments Ltd via the appointing person route under the Local Audit and Accountability Act 2014. The council's external auditors for 2023/24 were Deloitte. They have been the council's external auditors since 2019/20.

### **Internal Audit**

The council does not maintain an in-house Internal Audit Service, but instead buys in internal audit services from Mersey Internal Audit Agency ('MIAA'). MIAA is an agency of the NHS, which provides internal audit services for a range of health and local government bodies. MIAA complies with the Public Sector Internal Audit Standards (PSIAS) and all other relevant regulatory and practice standards. Internal audit services provided through MIAA are of at least the same professional standard as those previously provided in-house, while ensuring an additional level of resilience.

### **Corporate Governance Group**

The Corporate Governance Group (CGG), on behalf of the Management Team, co-ordinates corporate governance workstreams, including the receipt and actioning of reports from the various sources of audit and inspection, maintaining and monitoring the Annual Governance Statement. CGG consists of the Monitoring Officer, Chief Financial Officer, Head of Governance and the MIAA audit lead for Fylde. It meets frequently, and receives regular reports from the corporate fraud service.

### **Strategic Risk Management Group**

The council has adopted a Strategic 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 Strategic Risk Register is in place and is monitored and reviewed, combined with action planning for risks identified. A Strategic Risk Management Group ('SRMG') 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.

## **Governance in 2023/24**

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 council's four-year corporate plan 2020/2024 ended at the end of March 2024. A new four-year corporate plan was begun to be developed following the May 2023 borough elections to coincide with the electoral term of office of the new administration which is common practice amongst many local authorities. The Internal Affairs Scrutiny Committee revised the new corporate plan in February 2024 and endorsed its aspirations which focused on the following five strategic commitments: quality services; clean and green environment; vibrant and healthy economy; safe and caring community; and great place to visit.



The financial management of the Authority is conducted in accordance with the Financial Procedure Rules set out in Appendix 4 of the Constitution. The council has in place a Medium-Term Financial Strategy, updated at least twice per annum, to support the aims of the Corporate Plan.

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 Procedure Rules.

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 December 2019, CIPFA introduced a Financial Management Code (the Code). A key objective of the Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. The Code was implemented in local government bodies effective from 2021/22. The former Audit and Standards Committee considered a report during 2022 on Fylde Council's compliance with the Code which concluded that the council is fundamentally compliant in all significant respects with the Code requirements. In early 2024 the Audit and Governance Committee considered a further report on continuing compliance with the code requirements which similarly concluded that the council is fundamentally compliant in all significant respects.

2023/24 was the third year of the present Internal Audit arrangements through MIAA. An internal audit plan was developed, and delivered against, and 11 audits have been successfully completed.

The overall opinion for the period 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2024 provides Moderate Assurance, that there is an adequate system of internal control, however, in some areas weaknesses in design and/or inconsistent application of controls puts the achievement of some of the organisation's objectives at risk.

*"Whilst overall, the opinion for 23/24 remains at Moderate, we acknowledge that the organisation has continued to strengthen its internal control framework. In particular, there has been a focus by the council on prior year internal audit recommendations, together with the targeted and effective use of Internal Audit as part of the system of internal control has been considered. Internal Audit resource has been directed into known risk areas by the Council. The risk-based approach adopted by the Council supports the overall opinion of Moderate Assurance".*

This opinion is provided in the context that the council like other organisations across the public sector is facing several challenging issues and wider organisational factors particularly with regards to financial challenges and increasing collaboration across organisations and systems.

The council's Service Heads completed questionnaires about compliance with corporate policies and other governance matters within their service areas. The questionnaire responses indicated that the respective service areas followed corporate policies and the principles of good governance during the year.

### **Other governance matters**

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 partners Preston City Council and Lancaster City Council and regular service reporting on the outcomes of its work were presented to elected members during the year. The Corporate Fraud Team also joined meetings of the Corporate Governance Group during the year and reported on anti-fraud matters.

The council is committed to openness and transparency. It published a suite of transparency resources on its website, including collections of material required to be published by government regulation and guidance. Additionally, the council maintains a comprehensive and fully searchable index of agendas and decision records from for committee meetings from 2005 onwards. During the year 2023/24 the council continued to receive high levels of freedom of information requests. From 23 July 2023 to 31 March 2024 there were 487 requests, with an average response rate of 7.97 days.

The council takes its data protection responsibilities seriously. Its data protection officer has completed operational independence training in data protection matters and is one of the council's most senior officers. There is a standing item on the corporate management team regarding information governance.

During the year, 6 personal data breaches were reported to the data protection officer. Of these, no further action was required by the Information Commissioner.

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.

### **Review of effectiveness**

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 has been given the responsibility to annually review the corporate governance framework and to report to Audit and Governance Committee on the adequacy and effectiveness of the Code and the extent of compliance with it and its work is referenced within this statement.

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. This is evaluated each year by each Head of Service completing a self-assessment against these 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...

During 2023/24, the Audit and Governance Committee kept under review how issues identified in the previous annual governance statement had been resolved. Any outstanding actions have translated into this year's action plan as some actions are ongoing.

The review of effectiveness is also informed by the Head of Internal Audit's opinion, and by comments made by the external auditors and other review agencies and inspectorates.

The Strategic Risk Management Group has continued to meet during the year to review achievement of control measures in relation to strategic risks identified. The Audit and Governance Committee has also been kept abreast of strategic risk issues and their management.

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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