

## **Executive Summary**

Based on the work carried out, which has been reviewed by the former Audit and Standards Committee throughout the year, we are satisfied that the Governance Framework is generally effective. 2022/23 saw the council's operations continuing to normalise post pandemic. During the coming year we will look to embed revised governance arrangements post local elections. 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 2023/24, 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>
Succession Planning Strategy to be approved and implemented	Gemma Broadley (Head of Corporate Services)	Business critical posts, career aspirations of employees and identification of skills gaps need to be identified to address areas which have skills shortages and plan accordingly for the future	In-progress	31 <sup>st</sup> October 2023
UK GDPR – awareness raising to assist managers in meeting their compliance obligations	Ian Curtis (DPO) and Ben McCabe (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 the autumn	In-progress	On-going
Scrutiny	Ian Curtis (Head of Governance)	Support and awareness raising regarding the new scrutiny function will be on-going. There is a need to develop protocols and procedures for scrutiny working with the elected members appointed to serve on these committees.	In-progress	31 <sup>st</sup> March 2024
Support for new elected members	Ian Curtis (Head of Governance)	Training programme to support newly elected members including bespoke internal and external training, and a buddy scheme where new members are provided with an officer who can help them to navigate both the organisation and its processes.	In-progress	31 <sup>st</sup> March 2024
Planning Service	Mark Evans (Head of Planning)	Implementation of Planning Advisory Service Improvement Plan actions	In-progress	31 <sup>st</sup> March 2024

## 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:

 <b>Principle A: Integrity and values</b> <ul style="list-style-type: none"><li>• Staying true to our strong ethical values and standards of conduct</li><li>• Respecting the rule of law</li><li>• Creating a culture where statutory officers and other key post holders are able to fulfil their responsibilities</li><li>• Ensuring fraud, corruption and abuse of position are dealt with effectively</li><li>• Ensuring a safe environment to raise concerns and learning from our mistakes</li></ul>	 <b>Principle D: Making a difference</b> <ul style="list-style-type: none"><li>• Having a clear vision and strategy setting out our intended outcome for citizens and service users</li></ul>
 <b>Principle B: Openness and engagement</b> <ul style="list-style-type: none"><li>• Keeping relevant information open to the public and continuing their involvement</li><li>• Consultation feedback from the public is used to support service and budget decision</li><li>• Providing clear rationale for decision making - being explicit about risk, impact and benefits</li><li>• Constructively challenging what we do and the decisions made</li></ul>	 <b>Principle E: Capability</b> <ul style="list-style-type: none"><li>• Clear roles and responsibilities for council leadership</li><li>• Maintaining a development programme that allows councillors and officers to gain the skills and knowledge they need to perform well in their roles</li><li>• Evaluating councillor and officers' performance</li><li>• Regular oversight of performance, compliments and complaints to enable results (outcomes) to be measured and enable learning</li></ul>
 <b>Principle C: Working together</b> <ul style="list-style-type: none"><li>• Having a clear vision and strategy to achieve intended outcomes - making the best use of resources and providing value for money</li><li>• Being clear about expectations - working effectively together within the resources available</li><li>• Developing constructive relationships with stakeholders</li><li>• Having strong priority planning and performance management processes in place</li><li>• Taking an active and planned approach to consult with the public</li><li>• Regularly consult with employees and their representatives</li></ul>	 <b>Principle F: Managing risk and performance</b> <ul style="list-style-type: none"><li>• Ensuring that effective risk management and performance systems are in place, and that these are integrated in our business systems / service units</li><li>• Having well developed assurance arrangements in place - including any commercial activities</li><li>• Having an effective Audit &amp; Standards Committee</li><li>• Effective counter fraud commitments in place</li></ul>
	 <b>Principle G: Transparency &amp; accountability</b> <ul style="list-style-type: none"><li>• Having rigorous and transparent decision making processes in place</li><li>• Maintaining an effective scrutiny process</li><li>• Publishing up to date and good quality information on our activities and decisions</li><li>• Maintaining an effective internal and external audit function</li></ul>

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 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 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 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 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 Standards Committee. The involvement of the Audit and Standards 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 which would otherwise be taken by programme committees to be referred instead to the council. This can be activated by any ten councillors.

The council's programme committees comprise Finance and Democracy, Tourism and Leisure, Environment Health and Housing and Operational Management. The council's regulatory committees are Planning, Licensing, Public Protection and a combined Audit and 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. The cross-party Member Development Steering Group considers and recommends personal development and training opportunities for councillors, as well as their general wellbeing. This includes a strong focus on putting in place an induction process for new and returning councillors following the May 2023 elections.

The council is engaged in other partnerships and these arrangements are subject to review on an on-going basis, for example, the Community Safety Partnership. The Partnership appointed a new Chairman elect during the 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 Programme 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.

The council had no scrutiny committee/committees in place for 2022/23. However, during the year, the council endorsed arrangements for a revised governance system post 2023 local elections. These will see the implementation of an Executive Committee in 2023/24 which will subsume the work of the four programme committees and re-introduce scrutiny in the guise of two scrutiny committees.

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 four priorities: economy; environment; efficiency and tourism.

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. There were three investigations with respect to standards issues during the year, with breaches of the Code of Conduct found with respect to the respective three members. Decision Notices summarising the circumstances of the three matters have been posted on the council's website.

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.

### **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 2022/23 financial year. Blackpool Council's Monitoring Officer acts as a Deputy Monitoring Officer for the council, supporting the Monitoring Officer in her role. During the year, the council's Head of Governance was also appointed as a Deputy to the Monitoring Officer providing additional capacity to support this 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 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 Finance and Democracy, and other Committees as appropriate, 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. 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 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 2022/23, 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 2022/23 were Deloitte. They have been the council's external auditors since 2019/20, and continue for 2023/24. Deloitte is one of the leading international and national audit practices and as such, the council can be satisfied that its external audit arrangements continue to provide robust assurance.

### **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 also 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 2022/23**

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 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 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.



2022/23 was the second year of the present Internal Audit arrangements through MIAA. An internal audit plan was developed, and delivered against, and nine audits have been successfully completed.

The overall opinion for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023 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.

*In considering the overall opinion, 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 were in compliance with 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 2022/23, the council received 598 information requests (made under either the Freedom of Information Act 2000 or the Environmental Information Regulations 2004). Of these over 80 per cent were responded to within prescribed timeframes.

The council takes its data protection responsibilities seriously. Its data protection officer has complete operational independence 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, eleven personal data breaches were reported to the data protection officer. Of these, two were reported to the Information Commissioner with no further action by the ICO on either.

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 Standards 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 2022/23, the Audit and Standards 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 although delivery has been good on governance improvements despite resources being diverted elsewhere to respond to the pandemic.

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 Standards 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.



© Fylde Borough Council copyright 2016

You may re-use this document/publication (not including logos) free of charge in any format or medium. You must re-use it accurately and not in a misleading context. The material must be acknowledged as Fylde Borough Council copyright and you must give the title of the source document/publication.

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

This document/publication is also available on our website at [www.fylde.gov.uk](http://www.fylde.gov.uk).

Any enquiries regarding this document/publication should be sent to us at the Town Hall, St Annes Road West, St Annes FY8 1LW, or to [listening@fylde.gov.uk](mailto:listening@fylde.gov.uk).

Date: May 2023

Review Date: July 2023