

# **ANNUAL GOVERNANCE STATEMENT**

**DRAFT 2020/21**

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## Annual Governance Statement

### 1. Scope of Responsibility

1.1 As a local authority, the Council is required by law to review its governance arrangements at least once a year. Preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016) (the Framework) fulfils this requirement. The Framework requires local authorities to be responsible for ensuring that:

- their business is conducted in accordance with all relevant laws and regulations;
- public money is safeguarded and properly accounted for;
- resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

1.2 The Framework also expects that local authorities will put in place proper arrangements for the governance of their affairs which facilitate the effective exercise of functions and ensure that the responsibilities set out above are being met.

1.3 The Council has adopted a Local Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE framework '*Delivering Good Governance*' (and any subsequent guidance issued). A copy of the Local Code can be obtained from:-

website: [www.pendle.gov.uk](http://www.pendle.gov.uk)

or by writing to: Chief Finance Officer  
Town Hall  
Market Street  
Nelson  
Lancashire  
BB9 7LG

1.4 This statement explains how the Council has complied with the seven principles set out in the CIPFA/SOLACE Framework during 2020/21. The preparation of this statement also fulfils the requirement under Regulation 6(1b) of the Accounts and Audit Regulations 2015 to produce and publish an Annual Governance Statement.

### 2. The Purpose of the Governance Framework

2.1 The governance framework comprises the systems and processes, and cultures 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 achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and the achievement of 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; **it can, therefore, only provide reasonable and not absolute assurance of effectiveness.**

2.3 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.

2.4 **The governance framework has been in place at the Council for the year ended 31<sup>st</sup> March 2021 and up to the date of approval of the Statement of Accounts for the 2020/21 financial year.**

2.5 During this period the Council has been dealing with the COVID-19 pandemic. This has resulted in changes to the Council's governance arrangements and the impact on these arrangements in relation to decision-making and the holding of council meetings. These are considered in this Annual Governance Statement.

## 3. The Council's Governance Framework

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

- 3.1 The Council has a formal Constitution which is reviewed at least annually, amended as required and made publicly available on our website at [www.pendle.gov.uk](http://www.pendle.gov.uk). The Constitution sets out how we operate, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for us to choose.
- 3.2 The Constitution includes the following documents which provide guidance for officers and Councillors on the standards of behaviour expected to ensure integrity:
- Code of Conduct for Members (Councillors)
  - Code of Conduct for Employees
  - Guidance on the role of a Councillor
- 3.3 The Council's Monitoring Officer maintains the Codes of Conduct and investigates any suspected breaches. Alleged breaches of the Members Code of Conduct are investigated in accordance with an agreed protocol and may involve the Independent Person appointed for this purpose with some matters considered by a Standards Hearing Committee. Councillors sign a formal declaration agreeing to abide by the Code of Conduct. For staff, the Employee Handbook sets out the requirements and standards expected and this forms part of the staff induction process.
- 3.4 The Council also has established a set of core values which are intended to underpin all that we do. These are published annually as part of our Strategic Plan and include the following ethical values:-

<b>PRIDE</b>	<b>Take pride in all you do</b> <b>Believe in Pendle and be an ambassador for the Council</b> Don't forget your customers
<b>ENTERPRISING</b>	<b>Be open to doing things differently</b> <b>Ensure public money is spent in the smartest way</b> Don't ignore new ways of working
<b>NO BLAME</b>	<b>Don't be afraid to fail. Together we achieve more</b> <b>Act in an open, honest and friendly manner</b> Don't ignore the impact your behaviour has on others
<b>DETERMINED</b>	<b>Face challenges in a positive way</b> <b>Make the effort to find information for yourself</b> Don't limit your opportunities to learn and grow
<b>LISTEN</b>	<b>Listen to and support others</b> <b>Value alternative views</b> Don't forget to thank others for their contribution
<b>EQUALITY</b>	<b>Value differences and celebrate diversity</b> <b>Ask for help and support when needed</b> Don't make assumptions about people

- 3.5 Staff and Councillors are also made aware of other policies relevant to this principle of the framework including the Council's Anti-Fraud, Theft and Corruption, Anti-Bribery and Whistleblowing Policies. These arrangements are reviewed and reported on via the Council's Accounts and Audit Committee being the Committee charged with oversight of the governance arrangements at the Council. At the heart of these policies is the requirement for all relevant parties to act with integrity.
- 3.6 All Councillors have to register and declare certain pecuniary interests such as employment, land holdings and contracts with the Council. The register of interests is available on our website at [www.pendle.gov.uk](http://www.pendle.gov.uk). Councillors must declare such interests at meetings which they attend. There are also procedures laid down for staff and councillors relating to the receipt of gifts and hospitality.

- 3.7 All Council decisions have to consider legal implications. These are set out in reports to Councillors which are published on the Council's website. The Council's Constitution sets out the responsibility for decision-making. Certain decisions are reserved to the full Council with others delegated to the Policy and Resources Committee or other Committees each acting in accordance with parameters set out in the Constitution.
- 3.8 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. The Council's legal team will advise on the legal implications of proposed decisions and where necessary will engage external legal advisors. The Council's Monitoring Officer and Section 151 Officer have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to councillors.

**PRINCIPLE B** - Ensuring openness and comprehensive stakeholder engagement.

- 3.9 One of the Council's 5 strategic objectives is "working with partners, the community and volunteers to provide services of good value" – included within this objective is reference to the operation of decision-making structures that are open, transparent and accountable. It is an important principle for how the Council conducts itself.
- 3.10 All decisions of the Council are made in accordance with principles laid down in the Constitution and include the following:-
- A presumption in favour of openness;
  - With due explanation as to what options were considered and giving clear reasons for the decision.
- 3.11 All meetings of the Council, Policy and Resources Committee and other Committees are open to the public, with meetings during 2020/21 being conducted via the use of Microsoft Teams. Recordings of these meetings have been published on the Pendle Council YouTube Channel.
- 3.12 Agenda papers and reports together with the Minutes of all meetings are publicly available on the Council's website unless they are exempt from publication. Examples of the latter are rare at Pendle Council. All Council meetings have an opening section which includes public participation with an opportunity to raise questions at the meeting. Guidance on this is also available on our website.
- 3.13 The Council has Area Committees covering all parts of the Borough with defined terms of reference and the ability generally to determine local matters. These meet monthly and provide a valuable tool in promoting engagement with the local community.
- 3.14 The Council's guidance on 'The role of a Councillor' contains the following which reinforces the importance of openness requiring Councillors to:

***...contribute constructively to open government and democratic renewal through actively encouraging the community to participate in the Council's decision making processes; and, to this end, seek to involve the community in decisions that affect them by ensuring they have full information and then by helping them make their views known...***

- 3.15 The Code of Conduct for Councillors also outlines the following requirements:-

*You must act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for yourself, your family, a friend or close associate.*

*You are accountable for your decisions to the public and you must co-operate fully with whatever scrutiny is appropriate to your office.*

*You must be as open as possible about your decisions and actions and the decisions and actions of your authority and should be prepared to give reasons for those decisions and actions.*

- 3.16 The Council undertakes consultation on specific topics as and when it is considered necessary to do so. The Council also makes use of social media via Facebook and Twitter.
- 3.17 The Council is committed to publishing information freely and to develop further our culture of openness and transparency and publishes information 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.
- 3.18 Partnership working is important and the Council has in place a wide range of arrangements, ranging from small scale local groups (e.g. Parks Friends Groups, Pick up for Pendle) to larger and more formal partnerships (e.g. public/private partnership with Liberata and joint venture arrangements with Barnfield Investment Properties).

**PRINCIPLES C & D** – *Defining outcomes in terms of sustainable benefits (economic, social and environmental) and determining the interventions necessary to achieve them.*

- 3.19 The Council's strategic vision for the Borough is set out in our Strategic Plan. Our vision is to work with our partners to ensure that:
- Pendle is a place where quality of life continues to improve and where people respect one another and their neighbourhoods;
  - Pendle is a place where everyone aspires to reach their full potential;
  - Pendle is recognised locally, regionally and nationally as a great area to live, learn, work, play and visit.
- 3.20 Underpinning the Council's Strategic Plan are a number of other strategic plans and documents that outline their contributions to achieving the Council's vision and objectives. Examples include, but are not limited to:
- Core Strategy (Planning)
  - Jobs and Growth Strategy (currently being updated)
  - Housing Strategy
  - Financial Strategy (and Medium Term Financial Plan)
  - Human Resources, Information Technology/Security.
- 3.21 Each service area of the Council prepares an annual service plan setting out its contributions to the delivery of strategic objectives and outcomes. Services are required to set and monitor agreed targets for performance. Performance against and achievement of expected outcomes is monitored regularly via the Council's corporate performance management system and reported quarterly to Councillors and the Management Team. Where the expected performance is not being met then potential intervention measures are considered and implemented where appropriate.
- 3.22 In relation to the buying of goods and services, staff must comply with the Council's Contract Procedure Rules. These set out relevant considerations when reaching decisions on award of contracts and include relevant environmental and sustainability aspects including the achievement of 'social value' in addition to cost.
- 3.23 Decisions on the overall level of resources allocated are taken by the Council following recommendations from the Policy and Resources Committee. Resources and spending plans are critically reviewed to optimise their use and level of fit with the Council's objectives. Financial planning arrangements are well established and underpinned by a three year forward projection as part of the Council's medium term financial planning arrangements. This includes both capital and revenue budgets.

**PRINCIPLE E – Developing the Council's capacity including the capability of council leadership and staff.**

- 3.24 At the heart of this principle is the Council's fourth strategic objective which is "Maintaining a sustainable, resilient and efficient organisation which is Digital by Default". The aim is to ensure that, as an organisation, we are suitably placed to deliver the priorities identified for Pendle and its residents. To do this we will employ the right people with the right skills in the right job. We will maintain robust financial processes, standards and systems optimising the technology and resources we have available to us, making us more efficient and effective in our service delivery and becoming Digital by Default.
- 3.25 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. All staff take part in annual performance management reviews which include consideration of their individual training and development needs. A range of training methods and resources are applied and feedback is actively encouraged to assess the benefit of investment in training. The Council has developed a workforce plan, organisational development strategy and a learning and development strategy. Training is available for Councillors including induction and topic specific matters in addition to what is available from organisations such as the Local Government Association.
- 3.26 Capacity is enhanced via a range of partnerships and collaborative arrangements, as well as our commissioning and procurement processes through which the Council operates a mixed economy approach to delivering services in the most effective and efficient way. Service delivery models include, in-house, external outsourced, transfers to external parties and joint venture arrangements, such as PEARL, PEARL2, PEARL (Brierfield Mill) and PEARL Together. On a regional and sub-regional basis the Council works closely with the Lancashire Enterprise Partnership and Pennine Lancashire bodies notably in areas such as economic development, regeneration and skills/training. It also works closely with Nelson & Colne College and Lancashire Adult Learning on training provision and the Council is the lead district on the Pennine Lancashire Integrated Care Partnership.
- 3.27 Wider partnership working and engagement across Lancashire has also been evident during the COVID-19 pandemic via the Councils collaboration with the Lancashire Resilience Forum (LRF) and the creation of the Pendle Community Support Hub.
- 3.28 Leadership roles are well defined at the Council for staff and Councillors, distinguishing for example the role of Council Leader and the officer being the Head of Paid Service (i.e. the Chief Executive). 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 object of these codes is to enhance and maintain the integrity of local government and therefore, demands high standards of personal conduct.
- 3.29 The Council is committed to a culture of continuous improvement and has a focus on service delivery and effective performance management. Peer learning is encouraged and the Council has undertaken a Peer Challenge review led by the Local Government Association to provide an assessment and feedback on, amongst other things, our organisational capacity and capability from best practice in the local government sector. To further this commitment the Council has a Workforce Development Strategy.
- 3.30 The Workforce Development Strategy acknowledges the essential role staff play in the Council's ability to deliver effective services; thus wanting to ensure that every employee fulfils their potential and takes advantage of the development opportunities available to them.
- 3.31 Sustaining organisational resilience is increasingly challenging at a time when headcount is reducing in response to ongoing resource constraints. Set against this, the importance of supporting staff health and well-being is acknowledged and a suite of policies and procedures are in place to help staff maintain their own physical and mental well-being. Examples include the annual health and well-being programme, work/life balance policy and the operation of flexible working for most staff.



**PRINCIPLE F** – *Managing risks and performance through robust internal control and strong public financial management.*

- 3.32 The maintenance of systems and processes to identify and manage the key strategic and operational risks to the achievement of the Council's objectives. The Council's **risk management framework** continues to evolve and presently includes the following arrangements:-
- Risk Management Policy and Strategy;
  - Arrangements for the Strategic Risk Register comprising corporate risks assigned to designated officers, with appropriate counter-measures and an action plan established for each key risk;
  - Officer Working Groups (the Corporate Governance Working Group and the Risk Management Working Group) dedicated to maintaining risk management arrangements under review;
  - periodic review of risks in-year with reports to the Council's Management Team, Policy and Resources Committee and the Accounts and Audit Committee;
  - the use by Internal Audit of a risk based approach in the preparation and delivery of the internal audit plan;
  - the requirement for Officers of the Council to consider risk management issues when submitting reports to Committee for consideration by Councillors;
  - a suite of policies and procedures in relation to Whistleblowing, Anti-Fraud Theft and Corruption, Anti-Bribery and Anti-Money Laundering;
  - a suite of Business Continuity Plans are in place, i.e. Business Continuity Policy and Strategy, Strategic Crisis Management Plan, a Local Crisis Management Plan for each main office location and Fleet Street Depot; and a Business Recovery Plan for critical services
- 3.33 Councillors and officers have previously been trained in risk management and the Leader of the Council is briefed on the strategic risks faced by the Council. Managers have the responsibility for the effective control of risk, and all service plans have a section on risk management.
- 3.34 Corporate Governance including risk management, incorporating the key strategic risks for the Council, are the subject of periodic reports to Policy and Resources Committee and the Accounts and Audit Committee.
- 3.35 The Corporate Governance Working Group reviews the Strategic Risk Register to ensure that risks are being actively monitored and managed and target risk scores have been introduced for all identified strategic risks as a means of providing much greater focus on those areas where risk management can be effective. Details of changes are reported to Management Team and the Accounts and Audit Committee.
- 3.36 The Chief Executive, as the Council's Head of Paid Service, is responsible for the corporate management of the Council, taking an active role in the corporate governance arrangements, including the organisation of the Council's staff and ensuring that appropriate internal control mechanisms are in place to achieve the Council's objectives in the most economical, efficient and effective way.
- 3.37 The Corporate Director is appointed the Council's Monitoring Officer. The appointment of a Monitoring Officer is required in accordance with Section 5 of the Local Government and Housing Act 1989. It is the function of the Monitoring Officer to report to Members upon any contravention of any enactment or rule of law or any maladministration by the Authority. The Monitoring Officer also has responsibilities under the Council's Ethical Framework relating to the Members' Code of Conduct and the Standards Regime.
- 3.38 The Chief Finance Officer is designated as the officer with statutory responsibility for the proper administration of the Council's financial affairs, in accordance with Section 151 of the Local Government Act 1972.
- 3.39 The three statutory officers referred to above have unfettered access to information and to Councillors on the Council so that 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 Finance Officer at the Council accords with the principles set out in CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

3.40 An established **financial management framework** comprising the following:-

- Financial and Contract Procedure Rules as part of the Constitution;
- Medium term financial planning using a three-year cycle, updated annually, to align resources to corporate priorities;
- 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 Management Team and Policy and Resources Committee;
- Annual reports to councillors on both the final revenue and capital out-turns compared to the approved budget;
- Continuous challenge of the scope for securing efficiencies and service improvements;
- 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.

3.41 A **performance management framework** which provides an explicit link between the corporate priorities and personal objectives of staff and their training and development needs. Performance is reported to Councillors and the Management Team on a systematic basis with areas of poor performance investigated proactively. Key features of the Performance Management Framework include:-

- A regular review of the Strategic Plan to ensure that priorities are reviewed, remain relevant and reflect the aims of the Council;
- Service Plans produced with explicit goals and associated performance targets in order to ensure that achievement of performance is measurable;
- The Council's staff appraisal system – Performance Management Reviews against a competency framework - links personal objectives directly to Service Plans;
- Regular reports on the performance of key indicators which are presented to Councillors and Officers;

3.42 An **Information Governance Framework** which sets out the way we handle and process information, in particular, the personal and sensitive data relating to residents, suppliers and employees. Key features of the information governance framework include:-

- 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 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.
- Formation of the Information Governance Working Group in 2018/19.

3.43 The provision of an Internal Audit Service, which operates in accordance with the statements, standards and guidelines published by the Auditing Practices Board, CIPFA (particularly the Public Sector Internal Audit Standards) and the Institute of Internal Auditors. The Internal Audit Service examines and evaluates the adequacy of the Council's system of internal control.



- 3.44 Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. This is in compliance 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. This work is delivered by way of a Strategic Audit Plan developed using a risk-based approach. The Internal Audit plan is agreed and monitored by the Accounts and Audit Committee. The Head of the Internal Audit Service is required to give an opinion on the adequacy of the Council's system of internal control each year.
- 3.45 In compliance with the Accounts and Audit Regulations 2015, a review of the effectiveness of the system of internal audit is undertaken annually with the results of the review reported to the Accounts and Audit Committee. This Committee can make recommendations or highlight any matters requiring attention to the Policy and Resources Committee and Council.
- 3.46 Lastly, each member of Management Team is required to sign an Assurance Statement in relation to a range of key controls operating in their area of work. This specifically seeks assurance from Senior Managers 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.

**PRINCIPLE G** – *Implementing good practice in transparency, reporting and audit to deliver effective accountability.*

- 3.47 All reports to meetings of Council, Policy and Resources Committee and other 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, the Council's Annual Report and in year financial and performance monitoring reports. Reports from External Audit 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.
- 3.48 The Council reports performance against qualitative and quantitative targets and financial targets on a regular basis. Progress updates on the implementation status of audit recommendations are also reported quarterly to the Accounts and Audit Committee. The Internal Audit service complies with the requirements of the Public Sector Internal Audit Standards and has direct access to Councillors and all staff in order to discharge its responsibilities.
- 3.49 The Council publishes information in accordance with the Local Government Transparency Code. The Council's website includes a section on Open Data. Open Data is about being transparent, sharing our information with the wider community, and giving them the opportunity to use that data to build useful applications. The data must be in open and machine readable formats that are easy to reuse where possible.
- 3.50 The Council welcomes peer challenge reviews and inspections from regulatory bodies and will act on any recommendations arising as appropriate.

#### **4. Review of Effectiveness**

- 4.1 The Council has a responsibility for conducting, at least annually, a review of the effectiveness of its Governance Framework including the system of internal control. This review of effectiveness is informed by the work of the Council's Management Team who have a responsibility for the development and maintenance of the governance environment, the Annual Report on Internal Audit from the Head of the Internal Audit Service and also reports from the External Auditor and any other review agencies and inspectorates.
- 4.2 The purpose of a review is to identify and evaluate the key controls in place to manage principal risks. It also requires an evaluation of the assurances received, identifies gaps in controls and assurances and should result in an action plan to address significant internal control issues.

## Impact of COVID-19 on our Governance Arrangements

- 4.3 Any review of the Council's Governance Arrangements as they operated in 2020/21 must take into consideration the impact of the Covid-19 Pandemic.
- 4.4 In March 2020 the Government implemented stringent lockdown measures in response to the evolving Covid-19 crisis. The Council as a local authority has a range of duties under the Civil Contingences Act 2004. Part 1 of the Act outlines local arrangements for civil protection and establishes a clear set of roles and responsibilities for those involved in emergency preparation and response at the local level. The Act divides local responders into two categories, imposing a different set of duties on each. Those in Category 1 are organisations at the core of the response to most emergencies (e.g. emergency services, local authorities, NHS bodies). Category 1 responders are subject to the full set of civil protection duties.
- 4.5 As a local authority, the Council is a Category 1 responder and amongst other duties is required to:
- assess the risk of emergencies occurring and use this to inform contingency planning;
  - put in place emergency plans;
  - put in place Business Continuity Management (BCM) arrangements;
  - put in place arrangements to make information available to the public about civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency;
  - share information with other local responders to enhance co-ordination;
  - co-operate with other local responders to enhance co-ordination and efficiency; and
  - provide advice and assistance to businesses and voluntary organisations about business continuity management.
- 4.6 As part of its response to the evolving Pandemic and the Government's lockdown measures, in mid-March 2020 the Council invoked its Emergency Planning and Business Continuity arrangements. The Council's initial response was mainly focussed on ensuring the continued delivery of critical services on behalf of the local community. These included Refuse Collection, Bereavement Services, Benefits and Payments (including hardship payments and the provision of business grants), Homelessness, Communications and Environmental Health.
- 4.7 In support of this, the Chief Executive convened the Strategic Crisis Management Team (SCMT), which met regularly throughout the year to coordinate the Council's response activities, and also represented Pendle on the relevant response and recovery groups of the Lancashire Resilience Forum.
- 4.8 The Council's normal governance arrangements were also affected during 2020/21. Key matters arising from the impact of the Pandemic were:-
- the cancellation of face-to-face Committee and Council meetings in line with Government regulation and guidance on gatherings/meetings;
  - the introduction of virtual Committee and Council meetings using Microsoft Teams (meetings were also live-streamed) in line with emergency legal powers made by the Secretary of State for the Ministry of Housing, Communities and Local Government;
  - the use of the Exercise of Urgent Powers Protocol, as set out in the Council's Constitution, so that urgent decisions could be taken thereby ensuring the Council's business continued. Details of decisions taken under this Protocol were published on the Council's website as required.
- 4.9 In accordance with Government guidance, the majority of the Council's staff were asked to work from home and continue to do so. Some staff, particularly those in front-line services, continued to attend work to ensure that critical service delivery were being maintained. A range of Human Resources Policies were amended to reflect these arrangements, not least the suspension of the Flexitime Scheme and, latterly, the development of Agile Working Policy.
- 4.10 As a result of the reduction in rates of infection in Summer 2020, the Council had moved into the business recovery stage with the development and delivery of the Business Recovery Plan for Pendle and the standing down of SCMT in July 2020. However, the increasing infection rate throughout August 2020 and introduction of further local and national restrictions resulted in SCMT being reconvened on a weekly basis from the beginning of October 2020 and the recovery planning paused.

- 4.11 The Business Recovery Plan continues to be regularly reviewed with updates being reported to Management Team and Policy & Resources Committee and amendments being made in response to the ever evolving situation.
- 4.12 In summary, the Council's COVID Response effort comprises work on the following matters:-
- providing business grants to eligible business under the various business grant programmes funded by the Government;
  - processing Track and Trace payments to those who are required to self-isolate;
  - localised tracking and tracing of positive cases and their contacts;
  - ensuring business compliance with COVID regulations through a business inspection programme. In late 2020 this focused on essential retail outlets;
  - working with partners and Local Resilience Forum colleagues to identify and prepare secure sites for storing and administering the COVID vaccines as they became available;
  - working with the Army and Ministry of Defence to identify and set-up additional localised community testing sites and lateral flow testing alongside the Pendle Leisure Trust;
- 4.13 Other consequences of the pandemic include the following, and whilst the effects in some cases were mainly be felt during the 2020/21 financial year there will likely be longer lasting consequences depending on the scale and pace of the wider economic and social recovery:
- Financial impacts for the Council arising from:
    - additional costs (e.g. increased funding to Pendle Leisure Trust due to facility closures)
    - reduced income from certain sales, fees, charges, rents
    - reduced collection of council tax and business rates
    - increased housing benefit and council tax support payments
    - increased levels of bad debts and associated provisions
  - Revised ways of working; whilst this represented a major challenge in the early stages of the crisis the way the Council and its staff have responded presents an opportunity moving forward to re-assess ways of working, the use made of office accommodation; the use of technology particularly as a way of replacing some face to face meetings with the benefit of reduced travel time/costs and increased productivity;
  - Recovery of debt – the Council adopted a passive rather than an active approach to debt recovery, recognising the difficulties for both businesses and residents as a result of the crisis;
  - Legal Processes – during the year the Courts were only dealing with the most urgent and serious cases. The Council has only been able to participate in telephone hearings in the County Court and conducted no business at all with the Magistrates Court. This has an impact on enforcement proceedings, including the recovery of debt and other enforcement activity;
  - Site Visits / Visits to properties – we stopped property visits for matters such as private rented disrepair complaints, domestic nuisance and immigration inspections because of restrictions on entering private households. We continued to do visits for Disabled Facilities Grants for some properties, where these were necessary for emergency inspections and Pest Control visits were made where they are external visits only. Site visits in planning have taken place but can take longer due to social distancing and the need for risk assessments;
  - Face-to-face meetings/visits – these were discouraged due to social distancing requirements. Microsoft Teams is now widely used across the Council and provides an effective internal means of communication as well as facilitating meetings externally. Consideration is also being given to how the Council's walk-in Customer Contact Centre will operate in the future;
  - Food Inspections – these recommenced from the 17th July 2020 having been suspended by the Food Standard Agency at the start of lockdown (given the closure of most food businesses). This activity coincides with our role in the Test, Track and Trace process at a local level and requires careful resource management working with our partners, Public Health England and Lancashire County Council;
  - Planning Enforcement – This was largely suspended during the lockdown to provide some additional resource capacity to the Development Management Service.

4.14 The information above outlines how the Council's governance arrangements were impacted by the Covid-19 Pandemic. Despite the impact of the Pandemic, and its effect on the overall operation of the Council, work has been undertaken to maintain and review the effectiveness of the Council's Governance Framework. This includes the followings matters:-

- The Constitution was most recently reviewed in May 2018 at the Annual General Meeting of Council. The Council's Monitoring Officer and the Council in general oversee the operation of the Constitution to ensure its aims and principles are given full effect. The process to update the Council's Constitution in May 2020 to reflect any changes in governance arrangements following the move to reduce the number of Councillors (from 49 to 33) was delayed as a consequence of the Covid-19 Pandemic which resulted in the cancellation of elections in 2020. The elections have since been held in May 2021 and a review of the Constitution has since taken place;
- The Council's decision making arrangements operated according to the Constitution, either through the Council, Committees or the Scheme of Delegation. Decisions arising from these arrangements have been published on the Council's website as required. As indicated above, some decisions were taken by the Chief Executive under the Exercise of Urgent Powers Protocol due to the Covid-19 Pandemic and these are documented as appropriate;
- As it was not possible to hold public meetings in person due to Covid-19 regulations and guidance, the Council made arrangements for those wishing to speak at Council meetings (where such provisions exist in the Council's Constitution) to join meetings virtually and participate as required. Council and Committee meetings were also live-streamed so that the public and other interested parties could listen to and watch proceedings. Following the expiry of the legislation supporting virtual meetings, the Council has returned for formal face-to-face Council meetings;
- Despite the impact of Covid-19 on the capacity of the Council and its ability to respond to Freedom of Information requests, the Council continues to respond where possible in a timely manner to legitimate FOI requests as required;
- As a result of the cancellation of the elections in 2020, all Councillor appointments were rolled forward for one year until May 2021. As with any other Municipal Year, Councillors were required to register and declare certain pecuniary interests and, where this was the case, details of these were published on the Council's website;
- The arrangements for scrutiny under the committee system operate via a Task and Finish Committee as required allowing for the review of key policy areas and providing opportunities for public involvement in specific matters of business. Given the impact of Covid-19, during 2020/21 no Task & Finish Reviews were requested;
- Further scrutiny of Policy and Resources Committee decisions is also provided by the Council's Call-In procedures. This is where any three members of the Council (representing at least two of the political groups) may sign and deliver to the Corporate Director a 'call-in notice' stating why they feel that the decisions should be considered further. Group Leaders will then be consulted to obtain each of their views, potentially resulting in referral back to Policy & Resources Committee for re-consideration. No such Call-Ins were instigated during 2020/21;
- The Council has operated a Standards regime consistent with the requirements of the Localism Act 2011 during the year. That said, there was no requirement to use the Standards arrangements during 2020/21;
- The Council continued to participate in a range of partnership arrangements during 2020/21 including a range of formal and informal partnerships. In particular, with the emergence of the Covid-19 Pandemic, the Chief Executive represented the Council on the Lancashire Resilience Forum (LRF) and a number of Council Officers were involved in the various groups and sub-groups established by the LRF;
- A review of the Headline Actions in the Strategic Plan 2020/23 was undertaken during the year and these were approved by the Council and the Policy and Resources Committee. As part of this process, a further strategic objective setting out how the Council will support the recovery of the Borough from the Covid-19 Pandemic was also agreed;



- The Performance Management Framework has operated effectively during the year with the exception of the performance framework for the Liberata contract, which was suspended (as notified to the Partnership Board) due to the Covid-19 Pandemic. Monitoring information on key areas of performance has been provided to Management Team for review and action where this has been considered necessary. Performance Management information has also been reviewed by the Policy and Resources Committee;
- The Council has embedded people management processes and procedures. In support of this, there is a Workforce Strategy in place. Work started on an update to the Workforce Strategy during the year although, due to the impact of Covid-19, this was only concluded during May 2021;
- Reflecting the impact of the Covid-19 Pandemic, and the need to respond rapidly to the emerging regulations and guidance affecting the working practices of the Council and its staff, during 2020 a number of Human Resources policies were reviewed and actions taken to provide staff with the necessary support to undertake their work duties, whether in work or at home;
- Because of the impact of Covid-19 on the Council's working arrangements and its overall capacity, it was not possible to conduct Performance Management Reviews as would normally be the case. PMRs will be reinstated during 2021/22 subject to review of the procedures for conducting such reviews which has been commissioned from North West Employers Organisation;
- The Council published its annual Pay Policy in line with the statutory requirements of the Localism Act 2011, following approval by Council on 25th March 2021.
- During 2020/21, an Interim Chief Finance Officer was brought in to assist with capacity and take on the role of Section 151 Officer during the Council's response to and recovery from the Covid-19 Pandemic. This arrangement was in place until September 2020 when the Council's Chief Executive assumed the s151 responsibilities following the departure of the previous post holder. A permanent appointment to the post of Chief Finance Officer was made in February 2021 but the postholder subsequently resigned in March 2021 for personal reasons with the Council's Chief Executive again assuming S151 responsibilities. A process to recruit a new Chief Finance Officer started in June 2021.
- In addition to this the Finance Team has been the subject to staff turnover which has posed a risk in terms of the resilience of the team and the delivery of the service. However, a restructuring and major recruitment programme was undertaken to address these issues, with suitably qualified interims being appointed to provide capacity to ensure continued delivery of the service. All substantive posts have now been filled;
- Organisational resilience has been challenging during 2020 given the impact of Covid-19 Pandemic. A number of staff contracted the disease and were either required to take sick leave to recover or to self-isolate to prevent the spread of the disease. To support the Council's staffing resource with their physical and mental health well-being, a range of health and well-being advice, guidance and services was made available during the year. This was supplemented by health and safety training which was delivered via an online solution by Praxis42 called SHINE which is now in use at Pendle.
- Regular reports on the Council's Corporate Governance arrangements, as required by the Local Code of Corporate Governance, have been submitted to both the Policy and Resources Committee and the Accounts and Audit Committee during the year as appropriate. Indeed, the Council's corporate governance arrangements have been under regular review by the Corporate Governance Working Group which has reported regularly to the Council's Management Team;
- The Council's Strategic Risk Register has been maintained under review during the year and updated periodically. Risk management matters have been considered by the Management Team, the Corporate Governance Working Group and by Policy and Resources Committee. To ensure Councillors are aware of the Council's key risks details of the key risks are periodically reported to Policy and Resources Committee and the Accounts and Audit Committee.



- The Accounts and Audit Committee continued to meet throughout the year and received various reports on the progress by External and Internal Audit against their respective work plans. The Committee also received a report in November 2020 on the outcome of a review of the effectiveness of the system of internal audit in 2019/20, (for 2020/21 the equivalent report is due to be submitted to the Accounts and Audit Committee in July 2021);
- The Accounts and Audit Committee and Council were provided with details of the Redmond Review of Audit which has looked at the arrangement for the audit of public bodies and made a series of recommendations to improve these arrangements. These included establishing a new regulator, simplification of public body accounts, changes in deadlines for producing accounts and so on. In the main, most of the recommendations made have been accepted by Government and will be implemented in due course;
- As described in last year's Annual Governance Statement, during the latter part of 2019/20 the Internal Audit Manager left the Council. To ensure the continued delivery of the Internal Audit Plan and that effective governance arrangements remained in place, Mersey Internal Audit Agency (MIAA) were procured to discharge the Council's Internal Audit responsibilities for 2020/21 pending the outcome of a procurement process for the provision of Internal Audit Services (see below);
- Internal Audit completed 9 scheduled audits in the year. All high risk and key financial systems were audited with all being subject to a 'Substantial Assurance' or 'Moderate Assurance' opinion. Internal Audit will work with Management to address the weaknesses identified in these audits and progress will be reported to the Accounts and Audit Committee.
- MIAA were appointed to provide the overall opinion on adequacy of internal controls of the Council. The overall opinion expressed by MIAA for 2020/21 stated:-

"The overall opinion for the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021 provides **Substantial Assurance**; that there is a good system of internal control designed to meet the organisation's objectives, and that controls are generally being applied consistently."
- During the year, the Accounts and Audit Committee agreed an Internal Audit Charter. This is a mandated requirement of the Public Sector Internal Audit Standards and is a formal document that defines internal audit activity, authority and responsibility.
- In March 2020, a decision was taken by the Policy and Resources Committee to outsource the provision of the Council's Internal Audit function. A procurement exercise was undertaken during the year and MIAA were the successful tenderer and have been awarded the contract to provide Internal Audit Services to the Council at least until 31<sup>st</sup> March 2024;
- In accordance with the Accounts and Audit Regulations 2015, the Chief Finance Officer undertakes an annual review of the effectiveness of the Council's system of Internal Audit. This review will be undertaken in the near future with the outcome reported to the Accounts and Audit Committee in July 2021.
- The Accounts and Audit Committee approved updates to the Anti-Fraud, Theft and Corruption Policy, the Anti-Money Laundering Policy, the Anti-Bribery Policy and the Whistleblowing Policy during the year. Details of these updated Policies were made available to all staff via a Message of the Day. Regular reports are presented to the Accounts and Audit Committee on the Council's work to manage fraud, theft and corruptions. Amongst other matters, these reports provide details of benefit fraud and action taken in response to this, investigations undertaken by Internal Audit and the results of the Council's work on the National Fraud Initiative;
- No internal frauds were reported during the year. One investigation took place relating to the theft of equipment. This was an internal matter and procedures were reviewed to mitigate risk, demonstrating the effectiveness of the Council's arrangements.
- The Information Governance Working Group (IGWG) meets frequently to consider issues such as: Subject Access Request procedures; Data Retention Policy; review and consolidation of IT Policies; Data Privacy Impact Assessments (DPIAs); GDPR Staff Training; Internal Audit findings; monitoring reports from the Data Protection Officer (DPO) and Information Governance arrangements within key partner organisations. The Group will continue to meet to oversee the Council's information governance arrangements, to review and update the Action Plan and, where necessary, report back to Management Team and CGWG. In

particular, reflecting the impact of Covid-19, the IGWG supported the issue of updated IT security advice on the commencement of home working arrangements and regular employee briefings.

- During the year, the Council continued to provide online IT Security training ensuring regular updates on information security and governance for all staff using ICT. The training programme used is designed specifically for the public sector and is called 'Dojo'.
  - The Council's external auditor, Grant Thornton, audited the year-end Statement of Accounts and assessed our arrangements for securing value for money. Their Audit Findings report in November 2020, identified no material errors in the accounts for 2019/20 and concluded that the Council has proper arrangements in place to secure economy, efficiency and effectiveness in its use of resources. As with the Statement of Accounts for 2019/20, the audit of the accounts for 2020/21 has been delayed due to the pandemic, with amendments having been made to the Accounts and Audit Regulations 2015 to permit this;
  - The Council has in place robust reporting arrangements on the financial affairs of the Council. Regular Strategic Monitoring reports were submitted to both Management Team and the Policy and Resources Committee during the year. Reports were also produced on the Council's Medium Term Financial Plan and Financial Strategy and these were used to inform the budget and Council Tax setting process;
  - The Council's Business Continuity Plans are in place and were updated during 2020/21 reflecting the changes to the Council's response to the COVID-19 pandemic. These plans consist of:-
    - a Business Continuity Policy and Strategy;
    - a Strategic Crises Management Plan;
    - a Local Crisis Management Plan for each main office location and Fleet Street Depot;
    - a Business Recovery Plan for critical services.
  - The Council's Business Continuity arrangements were due to be subject to a scheduled desktop test in 2020; however, this was postponed due to the Coronavirus emergency which resulted in the Council's Business Continuity Plan being invoked.
- 4.15 As in previous years, each Member of the Council's Management Team has completed an Assurance Statement in relation to a range of key controls that operated in their Service Area during 2020/21. Issues arising from these Statements are either reflected in this Statement or are not considered material.
- 4.16 There have been no formal reports during the year from either the Council's Monitoring Officer or Section 151 Officer on matters of legality or financial related concerns. There were also no objections from local electors in respect of the financial statements and supporting information for the previous financial year.
- 4.17 Finally, acknowledging that this statement refers to the governance arrangements as they operated in 2020/21 but should take into account significant governance issues post the Balance Sheet date, it should be noted that the Council's Chief Executive (and Head of Paid Service) resigned during May 2021. In response to this, a recruitment process for a new Chief Executive commenced in June 2021. In the meantime, the Corporate Director will become Interim Chief Executive until the new appointment takes up post and the Council's Head of Legal Services will become the Monitoring Officer.

### 5. Significant Governance Issues

- 5.1 It is stressed that no system of control can provide absolute assurance against material misstatement or loss. This Statement is intended to provide reasonable assurance.
- 5.2 Last year's Annual Governance Statement highlighted the following areas for improvement. The narrative below sets out the action has been taken to address these issues in the current year:

***The scale of savings required over the medium term represents a significant challenge for the Council. There is a need to prioritise resources effectively and identify detailed savings options for the Council to consider as part of a strategy to achieve a balanced budget over the medium term.***

***The outcome of the 2019 Spending and Fair Funding Review are unknown, therefore there is no certainty within the funding forecasts across the whole of the 2020/21 to 2022/23 MTFP.***

The Council agreed a balanced budget for 2021/22 at its meeting in February 2021. A report on the Council's medium term financial position has been presented to the Policy and Resources Committee in June 2021 and continues to highlight a significant funding gap. Further work will be required by the Council to bridge this funding gap and it was agreed that a Budget Working Group will be established to take this work forward.

In view of the scale of the funding gap, this action remains as a matter of significance for the Council.

***Embedding the Information Governance Framework into the Council's normal governance arrangements.***

The Information Governance Working Group was formed in 2018/19 and continues to meet on a monthly basis. The Action Plan is actively reviewed, monitored and updated, with future actions being agreed and delivered as resources allow. Updates on progress and identified issues are reported to Management Team and the Corporate Governance Working Group as required.

A review of the GDPR External Audit Report and agreed recommendations was undertaken in early 2021 and a 'moderate assurance' assessment being achieved. The Action Plan continues to be monitored and delivered by the IGWG. Whilst a great deal of work has been undertaken it is felt that this remains an issue to be continued into 2021/22 as reflected in the schedule below.

***Disaster Recovery – review and testing of local arrangements including designated recovery site***

The Disaster Recovery site was relocated from Colne Town Hall to the Fleet Street Depot in Nelson during early 2019/20, with the DR site going 'live' in July 2019. The replication of virtual servers to Fleet Street site was tested prior to 'go live' and permanent replication is now operational. The physical testing of the new DR site was planned for March 2020 but was postponed due to the COVID19 pandemic, with the expectation that this be rescheduled as appropriate during 2020/21. However, due to the continuing impacts of the pandemic and the implementation of home working arrangements, the testing of the physical arrangements for the new DR site have been further put on hold until such time as staff are able to return to the workplace. The testing will be scheduled after the review of requirements given the proposed move to more mobile / agile working arrangements. As a result of this, this will remain in the schedule of actions for 2021/22 below.

***Interim Chief Finance Officer (CFO) in post to assist with capacity in relation to the Council's response to and recovery from the COVID19 pandemic***

The Council has undertaken recruitment for the post of Chief Finance Officer (on two occasions) with limited success. An interim Chief Finance Officer remains in post whilst a further recruitment exercise is being conducted.

***No Internal Audit Manager currently in post, with MIAA procured to discharge the Council's responsibilities in the interim.***

The Council employed MIAA during 2020/21 to deliver the Internal Audit plan. Despite the impact of the Covid-19 Pandemic, this has been achieved.

***Continue to ensure effective and informed decision making arrangements are in place following all-out Election in May 2021***

Despite the impact of the Covid-19 Pandemic, the Council continues to operate with robust governance arrangements.

## **Consider how we consult the public more on provision and quality of services**

A Community Engagement Framework has been developed and agreed by Policy & Resources Committee on 17<sup>th</sup> December 2020 which will further inform how the Council can better engage with its citizens and service users. A review of the Consultation and Research Work Plan for 2021/22 is currently underway. Also, following a report being presented to Management Team in March 2021 presenting options from Pearson Insight (now changed to PS Research) into how can reach the right people in our communities, with the aim of ensuring balanced feedback and views from our communities, this research project is now underway.

## **COVID19 Response and Recovery. Review the response, objectively look back and assess how did, lessons to learn, and how effective the recovery was.**

The Council continues to respond to the Covid-19 Pandemic with rates of infection in the Borough amongst some of the highest in the Country. At the time of writing, the National Roadmap will see Step 4 of the relaxation of restrictions implemented from 19<sup>th</sup> July 2021. The Council will therefore manage both the ongoing impact of the Pandemic in Pendle with a need to review its Business Recovery Plan. As a result of this, this will remain in the schedule of actions for 2021/22 below.

- 5.3 In concluding this year's review of the Council's governance arrangements a small number of improvements have been identified to strengthen our governance framework. These are listed in the table below. An action plan to address these matters will be produced and this will be subject to regular monitoring by the Council's Accounts and Audit Committee as appropriate. The aim is to conclude these matters during the 2021/22 financial year.

Issue No.	Issue Identified	Source of Evidence	Summary of Action Proposed
1	COVID19 Response and Recovery.	Business Continuity Plans  Emergency Planning Procedures  Impact Assessment  Post-incident review in liaison with the LRF	Assess the impact both internally and externally, e.g. how face-to-face operations / services resume, if indeed they do; economic impact locally on residents and businesses; hold virtual Council, Policy & Resources Committee and other Committees to maintain decision making processes; existing project and programmes that may have been put on hold / can no longer be delivered as planned.
2	The scale of savings required over the medium term continues to represent a significant challenge for the Council. There is a need to prioritise resources effectively and identify detailed savings options for the Council to consider as part of a strategy to achieve a balanced budget over the medium term. The outcomes of the 2020 Spending and Fair Funding Reviews are unknown, therefore there is no certainty within the funding forecasts across the whole of the 2021/22 to 2023/24 MTFP	Review of the Council's Medium Term Financial Plan (MTFP) – identified as a key strategic risk for the Council	Work has already begun to develop savings proposal for the period 2022/23 to 2024/25 as part of the development of the Council's Financial Strategy and Medium Term Financial Plan  This work will also consider arrangements for prioritising resources and maintaining organisational resilience  Reports will be considered by the Policy and Resources Committee

## Appendix B

Issue No.	Issue Identified	Source of Evidence	Summary of Action Proposed
3	Embedding the Information Governance Framework into the Council's normal governance arrangements	Information Governance Working Group	The Information Governance Working Group will review and continue to deliver the action plan and work programme which reflects key information governance issues to be addressed during the year.
4	Disaster Recovery – review and testing of local arrangements including designated recovery site	The transfer of the Council's recovery site featured in the 2017/18 AGS and work is ongoing. Testing of the site has been affected by the Covid-19 Pandemic.	Implement testing of specific recovery plans and the physical arrangements for the new Disaster Recovery site at the Fleet Street Depot
4	Performance Management Framework for Liberata Contract Services	Suspension of framework during 2020/21	Reinstate the Performance Management Framework during 2021/22
5	Performance Management Reviews (PMRs) will need to be reinstated during 2021/22	Due to capacity issues, PMRs were not conducted during 2020/21	A review of the PMR process is currently being undertaken with support from NWE0. It is anticipated that a new process for conducting reviews will be implemented during 2021/22.
6	Recruitment of Chief Executive and Chief Finance Officer	Albeit after the Balance Sheet date, both posts will become vacant in the early part of 2021/22.	Recruitment to both posts to be concluded as soon as possible.

- 5.4 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that have been identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Philip Mousdale**  
Interim Chief Executive

**Councillor Nadeem Ahmed**  
Leader of the Council

August 2021