

## **DAVENTRY DISTRICT COUNCIL**

### **ANNUAL GOVERNANCE STATEMENT 2020/21**

#### **1. Scope of responsibility**

Daventry District Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for and that funding is used economically, efficiently and effectively. Daventry District Council also has a duty under the Local Government Act 1999 to make arrangements 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 Daventry District Council is responsible for putting in place suitable arrangements for the governance of its affairs, which facilitate the effective exercise of its functions and include arrangements for the management of risk.

Daventry District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government framework.

This statement explains how Daventry District Council has complied with the code. It also meets the requirements of regulation 6 of the Accounts and Audit Regulations (England) 2015 in relation to consideration of the findings of a review of the system of internal control and approval and publication of an annual governance statement.

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

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled, together with the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

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 meet the targets in our policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Daventry District Council for the year ended 31 March 2021.

#### **3. The governance framework**

Some of the key features of the governance framework are set out below.

- **The Corporate Strategic Plan** identifies and communicates the authority's vision, objectives and priorities.
- **The Strategic Risk Register** reflects the objectives of the Corporate Strategic Plan and identifies the implications for the Council's governance arrangements.
- **The Constitution** is the fundamental basis of the authority's arrangements and includes

- Defining and documenting the roles and responsibilities of Council, Strategy Group, Scrutiny and Improvement, Corporate Governance and Appeals and Standards Committees together with officer functions.
  - Defining and documenting details of delegation arrangements, codes of conduct and protocols for member/officer relations.
  - Procedure rules standing orders and financial regulations that define clearly how decisions are taken and where authority lies for decisions.
  - The statutory roles of Head of Paid Service, Monitoring Officer and Chief Financial Officer are described.
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- **Council** is the ultimate decision making body for all matters other than those delegated to the, Planning, Licensing and Appeals and Standards Committees, and operational decision making to specific officers.
  - **Strategy Group** made up of the Leader, Deputy Leader, Portfolio Holders and two opposition Members is a non-executive body. Its role is to formulate strategy and policy and make recommendations to Council.
  - **Scrutiny and Improvement Committee** monitors the recommendations of Strategy Group and has the ability to “call-in” key decisions prior to implementation to consider the appropriateness of the decision.
  - **Corporate Governance Committee** reviews the effectiveness of the internal control environment.
  - **Appeals and Standards Committee** promotes the maintenance of high standards of conduct and has responsibility for overseeing investigations of complaints against Members.
  - **The Chief Executive** as part of the Senior Management Team has delegated authority to take operational decisions within policies and budgets set by Council. The statutory post of the Head of Paid Service is incorporated in the Chief Executive role.
  - **The Monitoring Officer** is responsible for maintaining and advising on the Constitution. This Officer ensures that the Council’s decision making is lawful and fair and they support the promotion of high ethical standards and compliance with Codes of Conduct. The statutory post of Monitoring Officer is incorporated in the Executive Director (Resources) role.
  - **The Chief Financial Officer** – the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government (2016) as set out in the Application Note to Delivering Good Governance in Local Government: Framework sets out the following for the CFO in a public services organisation:
    - is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the organisation’s strategic objectives sustainably and in the public interest
    - must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risk are fully considered, and alignment with the organisation’s financial strategy
    - must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
    - To deliver these responsibilities the CFO:
      - must lead and direct a finance function that is resourced to be fit for purpose
      - must be professionally qualified and suitably experienced.

The Council’s financial management arrangements conform to these governance requirements. The statutory post of Chief Financial Officer is incorporated in the Executive Director (Finance) role.

- **Senior Management Team** comprises the Chief Executive, Executive Director (Business), Executive Director (Community), Executive Director (Resources) and the Executive Director (Finance). The Senior Management Team is responsible for the day to day management of the Council.
- **Public Sector Internal Audit Standards (PSIAS)** are intended to promote further improvement in the professionalism, quality and effectiveness of internal audit. Compliance with PSIAS is reported within the Annual Audit Review.

## 4. Review of effectiveness

It is no longer a requirement for the Council to undertake an annual review of the effectiveness of its internal audit function. The Public Sector Internal Audit Standards (PSIAS) which came into effect on 1st April 2013 require an External Quality Assessment to be undertaken at least once every five years, following adoption of the Standards, by a qualified, independent assessor or assessment team from outside the organisation. To conform with the Standards the most recent review was carried out during 2017/18. The assessment recognised that the Internal Audit Service is highly regarded within the authority and provides useful assurance on the Council's systems and processes. The assessment was reported to Corporate Governance Committee who agreed an action plan covering identified areas for improvement. All actions were satisfactorily implemented.

The Internal Audit Manager produces an annual report providing opinion on the overall adequacy and effectiveness of the control environment. It is his opinion that the overall adequacy and effectiveness of the Council's control environment for 2020/21 continues to provide "Full to Substantial Assurance".

As well as the annual review, the governance and control frameworks are maintained and reviewed by a series of comprehensive processes during the year.

These include:

- A robust Internal Audit function where planned work is based on identified key systems and risk areas. The overall result of the audit work is reviewed by the Internal Audit Manager and reported to Corporate Governance Committee along with his opinion of on the adequacy and effectiveness of the internal control environment.
- Compliance with the Council's Local Code of Corporate Governance is reviewed by an officer governance team headed by the Monitoring Officer and including the Chief Financial Officer, Executive Director (Resources), Governance & HR Manager, Contracts and Performance Manager and Internal Audit Manager. The team meet quarterly to review, highlight progress and identify any further improvements needed for the forthcoming year.
- An embedded reporting system for both internal and external audit issues that management and Members are fully briefed on key issues, which include the requirement to report regularly to Corporate Governance Committee. External Audit presents an Annual Governance Report to Corporate Governance Committee.
- A comprehensive risk management process that ensures key risks across the authority, both operational and strategic, are captured and reported to senior managers and Members. The process is appraised by the officer Risk Management Working Group, with reports to Corporate Governance Committee by Internal Audit as part of the Annual Audit Review.
- Information Security – The Senior Information Owner reports that management continue to take their information security responsibilities seriously and consider as part of the annual service planning process. A Remote Working audit was carried out during March 2021 with a substantial assurance opinion. A Cyber Security audit was scheduled to be carried out, but due to the pandemic and resourcing issues this was not possible and has been taken into consideration when doing the internal audit plan for West Northants Council.

- The reports of the Chief Financial Officer to Members and the Senior Management Team including financial assessments of key projects and decisions.
- The operation of an independent Appeals and Standards Committee that is fully briefed to review the conduct of Members.
- Reporting of key performance issues to the Scrutiny and Improvement Committee.
- A comprehensive budget monitoring process that is reported monthly to senior managers and quarterly to Portfolio Holders.
- A partnership database is maintained recording the details of the partnerships that the Council is involved in. Partnership arrangements are reviewed annually.

## 5. Progress on governance issues identified in the 2019/20 Annual Governance Statement

The following concerns in ensuring that the Council continues to sustain and enhance compliance with the Code were identified

- **Response to the Covid-19 pandemic is a significant concern for the Council and has impacts on many levels. The Council is supporting the national response through multi-agency working at a local level. Covid-19 response is, out of necessity, taking priority over the delivery of day to day services. Service delivery is facing ongoing review and capacity is needed to be found to deliver additional work such as the processing government grants. The majority of Officers are working from home which in itself poses challenges in accessing systems and relevant information as well as providing some cyber security risks. Working from home is likely to continue for significant numbers of Officers for the foreseeable future and requires additional IT support. Governance arrangements, in particular, holding Council and Committee meetings have been reviewed. It is planned to hold virtual/remote meetings, allowed under new regulations, which poses challenges for Members and Officers alike. Maintaining effective scrutiny is a challenge under these arrangements.**

For the entirety of 2020/21 the Council operated in an environment of Covid-19 restrictions. The majority of Officers have continued to work largely from home with a small number of Officers regularly working from the office and many Officers working on a rota system spending some time in the office and some time at home. This has had some impact on accessing equipment and systems though the position has progressively improved during the course of the year.

Cyber security continues to be a concern but there have been no significant incidents during the year.

Council and Committee meetings were cancelled for the period of March 2020 to May 2020 following the introduction of national lockdown in March 2020. From May 2020 to 31 March 2021 virtual Council and Committee meetings have been held as scheduled using the ZOOM platform. The meetings have been successful with Members positively engaging despite some teething problems and intermittent IT issues.

- In light of the impacts of the Covid-19 pandemic on local authority time and resources, the Government has extended the deadline for the publication of 2020/21 and 2021/22 accounts from 31 July to the 30 September following the end of the financial year. As with the 2019/20 accounts there is the risk that the failure to publish audited accounts by the usual deadline may cause some public concern.
- **Arrangements for proposed Local Government Reform (LGR) in Northamptonshire continues to be a concern. Although there is now certainty LGR will go ahead on 1 April 2021 there is concern about the ability of the Northamptonshire Councils to effectively prepare given the impacts of the Covid-19 outbreak. The commitment of the Councils to**

**Covid-19 response has meant that significant resources have been diverted from the LGR programme. The LGR programme has effectively stalled and is now undergoing significant review. The challenge remains to deliver 'business as usual' services through to 31 March 2021 whilst continuing with responsible preparations for unitary governance arrangements.**

Although there was a stall in the LGR Programme early in the year due to Covid-19 response the Programme return to full activity in early summer 2020 through the commitment of the Councils. It has been a significant challenge to make up for lost time whilst still delivering business as usual services. The Programme has been a success with 'safe and legal' services in place for vesting day of West Northamptonshire Council on 1 April 2021.

- **Responsive behaviours. Given the added pressure of dealing with the Covid-19 response and the LGR programme in addition to the business as usual service delivery there is concern that internal and external cultures may be affected. Internally this may be driven by the LGR work and externally this may be driven by the Covid-19 response. Members and Officers will need to retain significant focus on delivering the Council's strategic objectives.**

Despite the pressures of Covid-19 response and the LGR Programme Members and Officers have been able to retain significant focus on delivering the Council's strategic objectives. Although not all the targets in the Corporate Strategic Plan have been achieved for 2020/21 significant progress has been made. Where targets have been missed this is largely down to national restrictions imposed by Government as part of its Covid-19 response. Portfolio Holders have been kept informed during the course of the year through the quarterly Portfolio Holder/Senior management Team meetings.

## 6. Significant governance issues

This is the final Annual Governance Statement for Daventry District Council as it ceased to exist on 31 March 2021. West Northamptonshire Council, from its vesting day on 1 April 2021 will have significant challenges in complying with its newly formed governance arrangements.

Chief Executive

xxth xxxxxx 2021

Councillor

Leader of the Council