

# Annual Governance Statement 2021-2022



## **Scope of Responsibility**

We are responsible for ensuring that our business is conducted in accordance with the law and that proper standards and public money are upheld and safeguarded and accountability properly demonstrated. We have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which our functions are exercised, whilst having regard to a combination of economy, efficiency, and effectiveness.

We are responsible for putting in place proper arrangements for the governance of our affairs and facilitating effective exercise of our functions (which includes arrangements for the management of risk).

Regulation 6 of the Accounts and Audit Regulations 2015 requires the Council to conduct a review at least once a year of the effectiveness of its system of internal control and to publish an Annual Governance Statement (AGS). This report therefore serves as a review of the year from 1 April 2021 to 31 March 2022. The country was still facing restrictions at the start of 2021/22 as a result of the Covid-19 pandemic. As the year progressed, restrictions were lifted and services that had been paused restarted. The Council has continued to respond to the pandemic through supporting residents, the community and local businesses. This is reflected in this Annual Governance Statement 2021/22.

We have prepared this AGS to comply with the requirements of the Accounts and Audit regulations 2015, and in accordance with the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and its seven principles.

In line with the CIPFA/SOLACE Framework this statement is 'an open and honest self-assessment' of the Council's performance for 2021/22.

### **The purpose of the Governance Framework**

The Governance Framework comprises the systems, policies, processes, culture and values by which we direct and control, and the activities through which we are accountable to, and engage with, the community. It enables the Council to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate, cost-effective services.

Our system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. However, 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 Council has a Code of Corporate Governance that sets out the governance arrangements at the Council. This is reviewed and updated annually.

## **Assurance Opinion**

Internal Audit is responsible for objectively assessing the adequacy of governance and the management of risk and providing an objective and evidenced based opinion on governance, risk management and internal control. A risk assessment methodology is used to formulate a three-year internal audit plan which details all the auditable areas across the Council. Using the risk assessment, the Chief Internal Auditor (Acting) can determine the frequency of audit review and presents an Annual Internal Audit Plan to the Audit & Resources Committee for approval in March each year. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant service lead and/or Executive Head, Corporate Director, Chief Financial Officer, and Chief Executive. The report includes recommendations for improvements that are included within an action plan and requires agreement by service leads, Chief Financial Officer and/or Executive Heads, Corporate Directors, and the Chief Executive. The process includes follow-up reviews of high priority recommendations to ensure that they are acted upon, usually within six months.

The following opinion is based on the audit activity undertaken during 2021/22. The Chief Internal Auditor (Acting) is satisfied that sufficient assurance work has been carried out to allow the formation of a reasonable conclusion on the adequacy and effectiveness of Eastleigh Borough Council's internal control environment.

The Chief Internal Auditor (Acting) confirms that the Council's framework of governance, risk management and control is adequate in most areas. On occasions, audit testing found that not all controls are operating in practice and recommendations to enhance governance, risk management and internal controls were highlighted within the appropriate audit report. The Chief Internal Auditor (Acting) is of the opinion that work completed in the past year has shown that revised systems and processes are in the main operating well with findings moving towards more recommendations around compliance and enhancements/improvements rather than there being missing key controls.

*Lisa Smy – Chief Internal Auditor (Acting)*

**Sign off by CEO and Leader:**

Good governance is the foundation of local democracy and public services. Eastleigh Borough Council has put in place strong governance arrangements, which we are confident protect its interests and provide necessary assurances to our customers and stakeholders. We intend over the coming year to further strengthen our governance arrangements by addressing Internal Audit recommendations and the matters identified and noted in this Annual Governance Statement. Governance arrangements will continue to be monitored by the Executive Head of Governance and the Corporate Governance Group. Updates on progress will be provided within the next Annual Governance Statement.



Councillor Keith House  
Leader of the Council

A handwritten signature in black ink, appearing to read 'Keith House'.



James Strachan  
Chief Executive

A handwritten signature in black ink, appearing to read 'James Strachan'.

## **Covid-19 Pandemic**

In March 2020, a national public health emergency was declared by the Government in response to the global coronavirus pandemic. Eastleigh Borough Council was prepared through its detailed business continuity arrangements, which were quickly activated to ensure that critical services continued to operate across the Borough.

The Council quickly adapted to changing circumstances and implemented several innovations. During the year, the Future Ways of Working Group trialed new ways of working. These arrangements were paused in December 2021 in response to restrictions, and will be further trialed and monitored as restrictions are lifted.

The pandemic has provided reassurance over our resilience, governance, and decision-making arrangements as we have been able to maintain and deliver most of our services in this challenging environment, adapting our methods of working and decision-making as necessary.

Legislation to allow authorities to conduct the majority of its meetings and take decisions in ways other than in person expired on 6 May 2021 and Council, Local Area Committees and Policy and Performance Scrutiny Panel meetings returned to being held face-to-face. Audit and Resources Committee meetings have continued to be held virtually unless a decision is taken when the Committee meets face-to-face. The Council recognises the benefits that virtual meetings provided, particularly around accessibility for stakeholders and members of the public, and is reviewing the potential for hybrid meetings whilst ensuring that good governance continues.

The impact of the pandemic is likely to continue to affect governance arrangements, and changes to working practices are continually being assessed to ensure appropriate controls exist. It is also apparent that the pandemic has had, and will continue to have, an impact upon the Council's resources, financial resilience, potential pausing of certain projects and long-term flexible working. This will remain a key governance issue as the Council recovers.

Throughout the pandemic, the health and wellbeing of our residents, people who work in the Borough and our staff, have been the Council's top priority. We have worked hard to continue to provide as many services as possible while ensuring residents safety, in line with the latest advice from the government. We have regularly provided information and advice about our services in relation to coronavirus and provided updates for the Borough's businesses via our Covid-19 page on the website and weekly updates by email that residents were invited to sign up to.

## **Key Elements of the governance framework and an assessment of its effectiveness for 2021/22**

The Council has an overarching vision for the Borough: To lead and support Eastleigh Borough and its communities: developing a strong and sustainable economy that supports improved standards of living for residents; promoting thriving and healthy communities; and maintaining an attractive and sustainable environment that residents value.

We will do this by:

- Having a vision and a plan for the future of our Borough
- Engaging with customers to continually improve our services
- Meeting the needs of our residents, businesses, and other key stakeholders
- Strengthening our relationships with partners
- Operating in a business-like, commercially focused way
- Having a skilled, high performing workforce
- Making the best use of technology
- Ensuring our services are well planned and efficient

We also believe that success is achieved not just by ‘what we do,’ but by the ‘way we do it.’ Having staff who demonstrate the right behaviours for our organisation is just as important as having the right skills, experience, and knowledge for our roles. Defining and demonstrating those behaviours is essential if we are to deliver on our mission of ‘Supporting Communities, Improving Lives.’ Our ‘Way We Work’ framework is based on our core values: Fairness, Ambition and Empowerment.

The following table provides detail of how the Council can demonstrate compliance with the principles of Good Governance in accordance with the CIPFA/SOLACE Framework ‘Delivering Good Governance in Local Government’ (2016) and its seven principles:

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

*Principle B – Ensuring openness and comprehensive stakeholder engagement.*

*Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits.*

*Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes.*

*Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it.*

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

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

Governance Principle	Assurance on Compliance
<b>Acting in the public interest requires a commitment to effective arrangements for:</b>	
<p>Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law.</p>	<ul style="list-style-type: none"> <li>• The roles and responsibilities of our Councillors and staff and the processes we use to govern Council business are defined in the Council’s Constitution. Our <a href="#">Constitution</a> sets out how we operate and how we make decisions. The Council must make decisions efficiently, transparently, and accountable.</li> <li>• We have codes of conduct in place for Councillors and staff to make sure that public business is conducted with fairness and integrity and that we define high ethical values and the standards of behavior we expect.</li> <li>• The Council reviewed the Code of Conduct in November 2020 to include the Code of Ethics. Working in an ethical and principled manner should act as a guide to employees when undertaking their role, and the seven principles included in the Code are from a central set of standards (The Nolan Standards) which inform public office holders.</li> <li>• We publish a register of interests to ensure that any conflict of interest remains open and transparent.</li> <li>• The register of gifts and hospitality for Councillors is maintained by the Monitoring Officer.</li> <li>• The Constitution has been reviewed and updated and was adopted by Council in November 2021.</li> <li>• We maintain a staff register of gifts and hospitality which was reviewed in March 2021.</li> <li>• The Local Authorities (<a href="#">Members’ Allowances</a>) Regulations 2003 require that every authority publicises, within its area, the sum paid by it in that year under the scheme to each Councillor and co-opted member in respect of basic allowance, special responsibility allowance, travelling and subsistence allowance; we comply with this requirement</li> <li>• Eastleigh Borough Council carried out a <a href="#">Community Governance Review</a> in accordance with the provisions of the Local Government and Public Involvement in Health Act 2007, and other relevant statutory provisions. The review concluded that two new Parish Councils would be created in the unparished area of Eastleigh Borough with elections taking place in May 2022.</li> </ul>

<p>Principle B – Ensuring openness and comprehensive stakeholder engagement</p>	<ul style="list-style-type: none"> <li>• Our Council meetings are open for members of the public to attend.</li> <li>• Our committee agendas, minutes, and decisions, (including Cabinet decisions) are made publicly available on the Council's website to ensure transparency and openness. All our public meetings are also held in accessible venues around the Borough. A limited number of reports are considered in private session only when the subject meets the prescribed criteria. A summary of these is published and the rationale for non-disclosure made available.</li> <li>• Councillors are appointed to outside bodies which are external organisations, including formal or informal partnerships, to which the Borough Council is a party, which have requested that the Borough Council appoint an Elected Councillor or a representative to them or to which the Council expects to make appointments.</li> <li>• The draft budget and statement of accounts are published for public scrutiny and as part of the budget setting process the Council writes to partners.</li> <li>• We communicate our work, purpose, aims and vision regularly through several different communications channels. The Borough News is delivered to 55,000 plus homes and we have a range of social media channels through which we communicate updates.</li> <li>• We publish and regularly update a range of content and open data on our Freedom of Information, Publication Scheme and Transparency Code pages on our website.</li> <li>• We offer a <a href="#">Primary authority</a> partnership for businesses as a single point of contact for Environmental Health matters.</li> <li>• We publish a <a href="#">contracts register</a> on a quarterly basis and are currently reviewing the procurement strategy.</li> </ul>
<p><b>(In addition to the overarching requirements for acting in the public interest found in principles A &amp; B, achieving good governance also requires a commitment to, and effective arrangements for:</b></p>	



<p>Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p>	<ul style="list-style-type: none"> <li>• The <a href="#">Corporate Plan</a> 2015-2025 is at the heart of our programme for the future. Through our three Corporate themes, green borough, healthy community, and prosperous place, there it provides clear direction enabling us to manage our resources to deliver excellent services for local people in the future. The Plan supports our vision to lead and support Eastleigh Borough and its communities: developing a strong and sustainable economy that supports improved standards of living for residents; promoting thriving and healthy communities; and maintaining an attractive and sustainable environment that residents value.</li> <li>• The <a href="#">Corporate Action Plan</a> (CAP) reflects the ambition of the Council to deliver for residents and businesses in the Borough, and now incorporates measures to support response and recovery in relation to the Covid19 pandemic.</li> <li>• The Local Plan 2016-2036 was adopted in May 2022.</li> <li>• The Council developed a new process for monitoring performance which commenced at the start of 2021/22. Each Executive Area produces a quarterly Executive Summary report which looks at performance, risk, spend, income and resources.</li> <li>• The templates for Council and Committee reports includes specific paragraphs detailing the implications the decision being recommended has on finances, equalities and diversity and climate change and environment.</li> </ul>
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Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes.

- We produce a Medium-Term Financial Plan (MTFP) annually, considering known issues and applying a number of assumptions to the Council's finances. The MTFP provides, on a rolling basis, a projection of the Council's finances over a four-year period and in doing so establishes the broad financial principles around which Councillors can develop portfolio plans and consider, at a high level, the Council's budget strategy. This is updated and reported each quarter.
- At the start of 2021/22 new arrangements for performance monitoring were developed which now includes Quarterly Executive Summary Reports for each Executive Area which are shared with the Policy and Performance Scrutiny Panel and Cabinet. The ESR provides a financial summary and includes an assessment of risk and key performance indicators which details actual performance against targets/standards.
- As the impact of the Covid-19 pandemic began to stabilise, the Council developed its Continuous Improvement Programme. Under-pinned by a strategy, the programme seeks to improve processes, reduce costs, increase income, and overall, secure future delivery of intended outcomes. A Continuous Improvement Plan will be drafted and delivery against actions will be regularly monitored.
- We continue to review and update our corporate policies register on our website.
- Key Performance indicators are regularly monitored and reported to Cabinet with an annual review undertaken.
- We have in place a process for monitoring all statutory government returns to ensure completion.

Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it.

- The designated role of Head of Paid Service is accountable to the Council for all aspects of management including sound governance, providing quality information/support to inform decision making and scrutiny, supporting other statutory officers and building relationships with all Councillors. The Chief Executive is designated as Head of Paid Service. In December 2021, the Chief Executive announced his intention to retire in May 2022 and a new Chief Executive has been successfully appointed.
- We continue to review and update the Councillor training, development, and induction programme as necessary and encourage attendance. Training is delivered either face to face or virtually.
- Review of the Constitution was completed and the updated Constitution including a revised Councillor Code of Conduct was adopted in November 2021.
- Regular monitoring and management of the Council’s performance, including financial performance is key to ensuring delivery against strategic objectives set out in the Council’s corporate plan 2015-2025, and contributes to the management of corporate risk. Performance Indicators are reviewed monthly Cabinet Members with quarterly and annual performance reports by way of Executive Summary Reports are scrutinised by Policy & Performance Scrutiny Panel.
- The Executive Leadership Team continues to work collaboratively and provide cohesive leadership which aims to clarify accountability and responsibility. More empowerment is encouraged and decision making is made at the right level promoting more clarity of how this happens and creates a senior structure that aligns specialisms more closely with our Corporate Plan.
- A development programme for the Leadership Team was delivered throughout 2021/22.
- Coaching Training was delivered to the Leadership Team and Senior Managers to help support the management and development of staff.

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

- We have a Risk Management approach which includes robust systems of identification, evaluation and control of risks which threaten the Council's ability to meet its objectives to deliver services to the public.
- The Corporate Risk Register is managed by the Council's Executive Leadership Team and updated for newly stated risks and ongoing matters on a quarterly basis. The register is also reviewed by the Strategic Risk Management Group (SRMG). The Audit and Resources Committee and Cabinet annually appoint a Councillor to this group.
- Senior Managers are responsible for maintaining operational risk registers and for escalating matters for inclusion on the Corporate Risk Register.
- Our Chief Finance Officer (Section 151 officer) is responsible for the proper administration of all aspects of the Council's financial affairs including ensuring appropriate advice is given to the Council on all financial matters.
- There is regular financial monitoring and quarterly reports are produced for presentation to the Policy and Performance Scrutiny Committee and Cabinet.
- We continue to review and update all our obligations under GDPR (General Data Protection Regulations) legislation.
- The Audit and Resource Committee act as the Council's Audit Committee for internal and external audit, overseeing and reviewing the Council's internal audit plan, risk management arrangements and ensure effective relationships between internal and external audit. The Committee also receives and considers the work of external audit and approves our governance and assurance statements, statement of accounts, and anti- fraud and anti-corruption arrangements.
- We continually review the effectiveness of our complaints and compliments procedure including the outcome from complaints referred to the Local Government and Social Care Ombudsman to identify lessons learnt and take appropriate action.
- We ensure effective anti-fraud and corruption arrangements are in place.
- The Monitoring Officer is responsible for ensuring the Council acts in accordance with the law and the Constitution.
- Legal Services undertook a comprehensive review of the Council's RIPA Policy, resulting in redrafting the Policy to incorporate the statutory framework and processes required to permit the council's lawful use of both Covert Surveillance and the acquisition of Communications Data. The draft Policy was externally assessed in February 2022 by the Chief Inspector of the Investigatory Powers Commissioner's Office. This Policy review is in its final stage, following which the new RIPA & Communications Data Policy will be submitted to the Audit & Resources Committee for approval. The review also encompassed Legal Services providing bespoke RIPA and Communications Data training in three phases for all its Designated Officers, officers, and lawyers.

Principle G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

- The views of Internal and external audit are reported regularly to the Audit and Resources Committee.
- The Chief Internal Auditor’s Annual Internal Audit Report and Opinion forms part of the review of effectiveness along with the Annual Governance Statement.
- We are committed to being open, accountable, and transparent by making information available to our customers on our website. This includes the Freedom of Information Model Publication Scheme and the Transparency Code 2015 pages which are regularly reviewed and updated.
- Our Freedom of Information (FOI) and Environmental Information Regulation (EIR) processes have been reviewed and are regularly updated to comply with the Information Commissioners Office (ICO) guidelines.
- We continue to embed GDPR requirements and monitor the effectiveness of this legislation which has led to a reduction in reports of data breaches.
- Transparency arrangements are continuously reviewed.

**Progress on Improvement of Areas requiring focus identified in the 2020/2021 Annual Governance Statement**

<b>Governance Issues</b>	<b>Planned completion date</b>	<b>Status</b>
<b>Actions identified from 2020/21 governance review to be addressed in 2021/22</b>		
Development and approval of the recovery programme for the Town Centre (Guiding Regeneration Principles)	August 2021	Town Centre Guiding Regeneration Principles in place since summer 2021. This also includes an action plan that is monitored monthly through the Town Centre Working Group
Review of Constitution	November 2021	Completed
Development of Procurement Strategy (incorporating procurement principles to address climate change, environment emergency and sustainability priorities)	Spring 2022	Work to develop a new Responsible Procurement Policy continues with target date of adoption in December 2022.
Development of hybrid working arrangements under Future Ways of Working programme	March 2022	Further 6-month trial (June 2022 – December 2022).
Formation of two new Parish Councils	May 2022	Complete – Eastleigh Town Council and Boyatt Wood Parish Council operating following elections in May 2022.

## New issues identified during 2021/22

In the review and preparation for this Annual Governance Statement, the following key areas were identified as meriting attention over the next 12 months. Implementation is monitored by the Corporate Governance Group on a quarterly basis.

<b>2021/22 Governance issues identified (for action in 2022/23)</b>	<b>Deadline</b>	<b>Responsibility</b>
Review of People Strategy with a focus on 4 key areas; namely job advertising; salary review; recruitment and performance	July 2022 – March 2023	Executive Head of Organisational Development
One Horton Heath Board – review of membership following retirement of 2 members.	September 2022	Corporate Leadership Board & Leader of the Council
Hybrid meetings - to review options for providing hybrid Council and Local Area Committee meetings	December 2022	Democratic Services Manager
Procurement Policy – to finalise Responsible Procurement Policy	March 2023	Executive Head of Governance
Review of decision-making arrangements and clarity over processes for staff and Councillors	November 2023	Executive Head of Governance, Legal Services Manager and Democratic Services Manager
Continuous Improvement – Delivery of a clear Continuous Improvement Plan in order to achieve ambitions	March 2023 (Ongoing)	Executive Head of Organisational Development and Resource Manager
Key Performance Indicator (KPI) Review – to finalise agreed changes to corporate KPIs following holistic review.	July 2022	Resource Manager
Partnership Review – to review governance arrangements for partnerships.	March 2023	Executive Head of Governance and Strategic Planning Manager

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