



Annual Governance Statement 2022-2023



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 arrange continuous improvements in how our functions are exercised, whilst considering 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 2022 to 31 March 2023. The country was still facing restrictions at the start of 2022/23 due to the Covid-19 pandemic. As the year progressed, restrictions were lifted and services that had been paused restarted. The Council has continued to respond through supporting residents, the community, and local businesses.

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 2022/23.

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 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 Service Director, Corporate Director, Chief Financial Officer, and Chief Executive. The report includes recommendations for improvements included in an action plan and requires agreement by service leads, Service Directors, 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 2022/23. The Chief Internal Auditor 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 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 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.

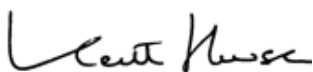
Lisa Smy – Chief Internal Auditor

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 will continue 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 Service Director for Governance and Support and the Corporate Governance Group. Updates on progress will be provided within the next Annual Governance Statement.



Councillor Keith House
Leader of the Council



James Strachan
Chief Executive



Key Elements of the governance framework and an assessment of its effectiveness for 2022/23

The Council's [Corporate Plan](#) vision is clear; to lead and support the Borough of Eastleigh and its communities enabling improved quality of life for local residents promoting thriving and healthy people and places, supporting the local economy, 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
- Having a Financial Plan that will deliver the right balance of cost reductions and income generation through 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 behaviors for our organisation is just as important as having the right skills, experience, and knowledge for our roles. Defining and demonstrating those behaviors 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: Ambition, Fairness 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.

Acting in the public interest requires a commitment to effective arrangements for:

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

- 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 [Constitution](#) sets out how we operate and how we make decisions. The Council must make decisions efficiently, transparently, and be accountable
- 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
- We annually review the Code of Conduct. The revised Code of Conduct Complaints Procedure and Independent Persons Protocol were reviewed and approved by the [Administration Committee](#) in June 2022
- We have appointed two independent persons. The Monitoring Officer and Deputy Monitoring Officer meet annually with the Independent Persons to review Councillors' conduct for the previous year. The Monitoring Officer provides an [Annual Report](#) to the Administration Committee
- To comply with legislative requirements, the Council must appoint an Independent Remuneration Panel to provide advice on the Councillors' Allowance Scheme and formally conduct a review every four years. The Administration Committee appointed an Independent Remuneration Panel on 27 June 2022 and the Panel has conducted a review of Councillor Allowances for Eastleigh Borough Council. The outcome of the review was reported to [Council](#) in November 2022
- We publish a register of interests to ensure that any conflict of interest remains open and transparent
- The register of gifts and hospitality for Councillors is maintained by the Monitoring Officer
- We annually review the Constitution, the latest of which was carried out in November 2022
- We maintain a staff register of gifts and hospitality
- The Local Authorities ([Members' Allowances](#)) 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
- We carried out community governance review for [Hedge End Town Council](#) during 2022/23. Following the Community Governance Review four wards are now represented by 18 Town Councillors who were elected in May 2023

Principle B – Ensuring openness and comprehensive stakeholder engagement

- Our Council meetings are open for members of the public to attend
- 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
- 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
- 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
- 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
- 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
- We offer a [Primary authority](#) partnership for businesses as a single point of contact for Environmental Health matters
- We publish a [contracts register](#) on a quarterly basis

In addition to the overarching requirements for acting in the public interest found in principles A & B, achieving good governance also requires a commitment to, and effective arrangements for:

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

- The Council recently adopted a new Corporate Plan 2023-26. The Plan sets out five priority themes for our work for the medium term, reflecting our core purpose to shape our places and improve people’s lives, and our ambitions on housing and the environment
- We have updated our Procurement Policy to recognise carbon neutrality as one of the primary considerations as part of the Council’s response to the Climate Change and Environmental Emergency declaration. The policy is subject to a consultation period with suppliers and subsequent further Cabinet approval will seek for the final document to be adopted by 1 October 2023
- We reviewed the Local Area arrangements at the end of 2022 and made some changes to how Local Areas will work. Key changes include ensuring more engagement with residents and our communities, and a focus on more strategic planning and alignment with the Corporate Centre
- In 2022, the Council created two new Parish Councils, through a Community Governance Review, which indicated that householders in Eastleigh town centre and surrounding neighbourhoods were strongly in favour of more locally focused decision-making
- Corporate performance reporting monitors a suite of Corporate Performance Indicators (CPIs) which are reported internally monthly and quarterly to Policy and Performance Scrutiny Panel and Cabinet. The CPIs are reviewed on an annual basis to ensure that they still reflect the Council’s strategic priorities with the most recent review concluded in September 2022
- The Eastleigh Borough Local Plan 2016-2036 was adopted in April 2022. It sets out the policies and plans to guide future development for a twenty-year period and will be used to determine planning applications in the borough. The Council is undertaking an early review of the plan. We are at the start of this process looking at the timetable for the Local Plan Review and how we will involve the community

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
- Due to the financial challenges facing the Council throughout 2022, a minimum savings requirement was set alongside the updated Medium Term Financial Plan to ensure the Council can continue to set a balanced budget into the future. The Continuous Improvement programme and requirement was outlined within the [Council Budget meeting in February 2023](#)
- A review of Key Performance Indicators (KPIs) was undertaken in line with the Council's current ambitions. Service Reports are collated quarterly into "Executive Summary Reports" and shared with Service Directors and the Corporate Leadership Board to generate the Corporate Performance Report for Policy and Performance Scrutiny Panel and Cabinet. The performance report draws together both financial and qualitative performance, including progress against Corporate Performance Indicators
- Following recent changes to structures across the Council, and the adoption of the revised Corporate Plan 2023-26, changes to Executive Summary Reports are being developed to better align the reporting with the priorities and developing actions
- We continue to review and update our corporate policies register on our website [Council Policies](#)
- We have in place a process for monitoring all statutory government returns to ensure completion
- Due to the political and financial global and national events of 2022, the Council has less resource to provide the wide range of services and as such, the Council was required to undertake an efficiencies and staffing restructure programme which required and achieved a revenue saving of £3.5m from April 2023
- A forum of statutory officers was created comprising of the Chief Executive Officer, Chief Financial Officer and Monitoring Officer to seek, support and advise on issues within their own portfolios, agree collective position on issues that cut across portfolios and consider, and if necessary, collectively intervene on any issue presenting material, legal, financial or reputational risk to the Council
- We have agreed to undertake a Corporate Peer Challenge (CPC) review during 2023/24. CPC, run by the Local Government Association (LGA) is a tried and trusted voluntary method of reviewing the workings of a Council, undertaken by officers from other Local Authorities

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 reviewed the structure of the Executive Team in 2022/23 as part of our Continuous Improvement Programme and introduced a leaner but still effective leadership team
- The Corporate Leadership Board 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 creating a senior structure that aligns specialisms more closely with our Corporate Plan
- The updated and refreshed People Strategy 2023-26 is being launched at the Staff Annual Conference in April 2023. We want to attract and retain good people and recognize that this is not just achieved through pay, but also through outstanding professional performance and being the leading council in the country for flexible working, career development and job satisfaction. As part of the Strategy our current Performance Management process has been reviewed and briefing sessions arranged for staff
- We have a Professional Qualification Policy and Career Grade Policy to enable staff to develop their career and support our ‘grow our own’ strategy
- 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 2023-2026, 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
- Financial monitoring is treated as a continuous process throughout the year, with a business partnering service supporting service managers to understand their financial position and set forecasts and generate live management information between formal reporting periods
- 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
- Annual review of the [Constitution](#) was completed in November 2022

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 Corporate Leadership Board and updated quarterly for newly stated risks and ongoing matters. 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

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 reduced reports of data breaches.
- Transparency arrangements are continuously reviewed.

Progress on Improvement of Areas requiring focus identified in the 2021 /22 Annual Governance Statement

Governance Issues	Planned completion date	Status
Update on progress with actions identified from 2021 /22 governance		
Review of People Strategy with a focus on 4 key areas; namely job advertising; salary review; recruitment and performance	July 2022 – March 2023	Completed and being launched at staff conference 27 April 2023
One Horton Heath Board – review of membership following retirement of 2 members	September 2022	Project governance has been improved on the One Horton heath scheme by implementing the Council’s standardised project governance process coordinated by the PMO (Project Management Office) A review of the success of this implementation will continue throughout. 2023-24 and be improved as appropriate
Procurement Policy – to finalise Procurement Policy	March 2023	Complete – Final adoption of policy due October 2023 after consultation period
Hybrid meetings - to review options for providing hybrid Council and Local Area Committee meetings	December 2022	Complete
Review of decision-making arrangements and clarity over processes for staff and Councillors	November 2023	Review has commenced and will be concluded in early 2023/24 to reflect new structure and reporting lines
Continuous Improvement – Delivery of a clear Continuous Improvement Plan in order to achieve ambitions	March 2023	Complete

Governance Issues	Planned completion date	Status
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Update on progress with actions identified from 2021/22 governance

Corporate Performance Indicators (CPI) Review – to finalise agreed changes to corporate CPIs following holistic review	July 2022	Complete
Partnership Review – to review governance arrangements for partnerships	March 2023	<p>Complete</p> <p>Partnership agreements in place for key partnerships</p> <p>Data sharing arrangements have been reviewed and where necessary data sharing agreements are in place with partners</p>

Priorities identified in the 2022/23 review of governance arrangements

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 quarterly.

Governance Issues for action in 2023/24	Proposed deadline	Responsibility
<p>Delivery of a clear Continuous Improvement Plan in order to achieve ambitions</p> <p>The programme of work is currently being developed to become an integral part of both the financial and corporate strategy of the Council and a governance framework is currently being established to regularly monitor and scrutinise progress towards the savings</p>	March 2024	Service Director – Finance, Improvement and Housing Strategy & Corporate Leadership Board
<p>Review of decision-making arrangements and clarity over processes for staff and Councillors</p>	November 2023	Service Director - Governance and Support (Monitoring Officer)
<p>Corporate Peer Challenge - an outcome report will be published following the Corporate Peer Challenge detailing the strengths of the Council, the issues considered, areas for further improvement and key recommendations. We will develop an Action Plan and will arrange further check-in meetings with the LGA to monitor progress</p>	March 2024	Corporate Strategy Manager
<p>Review and update the Corporate Action Plan 2022-23 to produce a 'rolling' 3-year action plan to support the updated Corporate Plan 2023-26</p>	July 2023	Corporate Strategy Manager
<p>Local Plan Review -following the adoption of the Local Plan 2016-2036 in April 2022 the Council will undertake an early review of the plan</p>	July 2023 (Cabinet paper to commence the process)	Planning Policy Manager