

# Annual Governance Statement

## 2020/21

This Annual Governance Statement is presented as a joint statement of Babergh District Council (BDC) and Mid Suffolk District Council (MSDC)

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## **Introduction**

Good governance is important in ensuring good decision making and leadership in local authorities. Weakness in governance can have far reaching implications for individual councils and the people they serve.

It is therefore important for councils to have a way to work through what good governance looks like for them, to understand how the risk of weak governance can be minimised and be fully aware of the attitude and behaviours that underpin this.

The Leaders of each Council and the Chief Executive all recognise the importance of having good rules, systems and information available to guide the Councils when managing and delivering services to the communities of Babergh and Mid Suffolk.

Each year the Councils are required to produce an Annual Governance Statement which describes how its corporate governance arrangements have been working.

## **What is Corporate Governance?**

Corporate governance is both the policies and procedures in place and the values and behaviours that are needed to help ensure the Councils run effectively, can be held to account for its actions and delivers the best possible outcomes for the communities it serves with the resources available.

Babergh and Mid Suffolk District Councils have adopted a Local Code of Corporate Governance that sets out a commitment to corporate governance and summarises the governance arrangements and activities in place to which it is accountable to and engages with its communities.

The Local Code reflects the core and sub-principles outlined in the 2016 CIPFA/SOLACE\* Framework, 'Delivering Good Governance in Local Government'.

*(\* CIPFA – Chartered Institute of Public Finance and Accountancy, SOLACE – Society of Local Authority Chief Executives)*

## **The Councils' responsibility in relation to Corporate Governance**

Babergh and Mid Suffolk District Councils are responsible for ensuring that its business is conducted in accordance with the law and to proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Councils also have 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, Babergh and Mid Suffolk District Councils are also responsible for putting in place proper arrangements for the governance of its

affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

This Statement explains how the Councils have complied with the Local Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government'.

### **What is a Governance Assurance Framework?**

Assurance provides confidence. Based on sufficient evidence, that internal controls are in place and are operating effectively and that priorities/objectives are being achieved. An Assurance Framework is a structure within which Councillors and Senior Management identify the principal risks to the Council meeting its key priorities, and through which they map out both the key controls to manage them and how they have gained sufficient assurance about the effectiveness of those controls. The assurance framework underpins the statements made within the Annual Governance Statement.

An assurance process is in place to provide a framework for the annual assessment of the effectiveness of the governance arrangements operating within the Councils. The key elements of the systems and processes that comprise the Councils' governance arrangements are:

- a) Members exercising strategic leadership by developing and keeping under review the corporate priorities of the Councils;
- b) An established integrated planning process which ensures that services are delivered in accordance with the Councils' objectives and represents the best use of resources;
- c) Measuring performance in achieving objectives through the Councils' performance management;
- d) Having a written Constitution which specifies the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- e) Having developed and embedded Codes of Conduct which define the standards of behaviour for members and employees;
- f) Setting out, within the Constitution, Schemes of Delegation to members and officers, Financial Procedure Rules and other supporting procedures which clearly define how decisions are taken and the processes and controls required to manage risks. Also, having in place arrangements to ensure these are reviewed regularly;
- g) Having a Joint Audit and Standards Committee which promotes and maintains high standards in relation to the operation of the Councils' Code of Corporate Governance, and ensures that the Councils operate within the law, in accordance with the Councils'

internal procedures. The Committee is also responsible for overseeing risk management and the associated control environment and ensuring that the Councils' financial performance is properly monitored;

h) Appointing statutory officers to support and monitor the Councils' governance arrangements, ensure expenditure is lawful and guarantee compliance with relevant laws and regulations, internal policies and procedures;

i) Having embedded arrangements for whistleblowing and for receiving and investigating complaints from the public, supporting the measurement of the quality of services for users; and

j) Having a programme of actions which aims to keep communities informed; support people to be involved in their local communities; promote local democracy; support communities in shaping places and services; improve the Councils' understanding of how communities work and coordinate community engagement activity.

### **Review of Effectiveness**

The Councils have responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including its internal control system. The review of effectiveness is informed by the three lines of defence (i.e. from senior management within the Councils who have responsibility for the development and maintenance of the governance environment; the Corporate Manager responsible for Internal Audit; inspections made by external auditors and other review agencies and inspectorates).

### **Introduction from the Strategic Director**

This statement sets out the management arrangement and opinions from key officers regarding the governance of Babergh and Mid Suffolk District Councils. Governance and Assurance has taken on an increased importance over the years. The Councils face a particularly difficult financial landscape and the report identifies the importance of appropriate arrangements for setting and managing budgets and the necessary control mechanisms to ensure compliance with the law and good practice.

### **Opinion of the Assistant Director – Law and Governance and Monitoring Officer**

#### **Overall Assurance Statement**

The Monitoring Officer's overall assessment is that the Councils have complied with their Constitutions, governance arrangements and statutory obligations. The governance framework is sound and the Councils have adequate arrangements for making urgent, delegated decisions as demonstrated by the response to the Covid-19 pandemic. Councillors and Officers have access to adequate support and training to

assist them with fulfilling their duties and ensuring the highest standards of conduct. The Councils have complied with the requirements for openness and transparency.

### **Governance Framework**

The Councils have each adopted Constitutions which are based on the Model Constitution. A cross-party joint working group undertook an extensive review of the Constitutions in 2019, supported by the Monitoring Officer, with revised Constitutions being effective from 7 May 2019. The Councils have effectively adopted a joint Constitution with a few minor variations between the Councils. The Constitutions provide the ethical framework for lawful and transparent decision-making, including those decisions made by officers under delegation. The Constitutions also set out the conduct frameworks for Officers and Councillors.

Decisions are undertaken by the Full Council, Committees of the Council, the Cabinet (Executive functions) and Officers. All decisions are supported by formal written reports which include legal, financial, risk, equalities and environmental impact considerations. Formal minutes of the meetings are produced and published promptly after each meeting. In respect of Cabinet decisions, a decisions notice is produced within 24 hours of the meeting.

### **Statutory Officers**

The Statutory Officers; Monitoring Officer, Head of Paid Service and S.151 Officer, meet bi-monthly to consider any issues relating to governance matters. This enables us to proactively identify any potential issues and share recent legislative and best practice updates.

### **Employee Induction**

The Monitoring Officer runs a workshop on Political Awareness and Decision-Making as part of the Employee Induction Programme. This includes information about the constitution, the decision-making structure of the Councils, the employee code of ethics and working within a political environment.

### **Councillor Development**

A Councillor development working group has been established including Councillors from both Councils and representing a range of political groups to oversee the year-round Councillor Development Programme. This programme includes a blend of internal and external training, e-learning, face to face training sessions and virtual training sessions.

Councillors that sit on regulatory (planning and licensing) committees are required to complete technical training at least every 2 years. We also hold regular Joint Councillor Briefings to help keep Councillors up to date with information to support them in their roles as decision makers and community leaders.

## **Transparency**

The Councils are committed to the highest levels of openness and transparency in all their activities. The Forthcoming Decisions List is published weekly and includes not just Cabinet business but also upcoming Council decisions. Wherever possible meetings are held in the Council Chamber which enables the meeting to be recorded and audio-visual footage to be live streamed to the Councils' YouTube channel. This footage is available to be viewed again after the meetings. Live streaming has made the formal meetings of the Council, Cabinet and Committees much more accessible to the public. See paragraph below about virtual meetings under Covid-19.

## **Standards**

The Councils promote the highest levels of ethical behaviour and conduct. In 2019 the Councils adopted a set of behavioural values for employees which have been incorporated into the Councils' annual performance reviews. The Constitution sets out a code of conduct for employees which includes requirements in respect of registering interests and gifts and hospitality.

The Councils have adopted a Suffolk-wide Code of Conduct which is upheld to its highest degree. The Monitoring Officer has appointed two deputies to assist with responding to code of conduct complaints and to provide advice and guidance to District Councillors and Town and Parish Councils about conduct matters.

In November 2020 the Councils' Joint Audit and Standards Committee approved a revised Code of Conduct Complaints procedure. This has made the complaints process clearer for complainants and for Councillors who are the subjects of complaints. It has also provided further clarification and guidance on aspects of the code of conduct such as bullying and harassment and has aided the Councils in complying with the Committee on Standards in Public Life's best practice recommendations.

## **Covid-19**

In response to the Covid-19 pandemic the Councils have had to quickly adapt to a system of virtual meetings. All meetings have been held online using the MS Teams platform, enabling live streaming to the Councils' YouTube channel and allowing the public to participate in meetings. We have evolved from initially voting by roll call to now using an electronic voting app. Both Councils subsequently resolved to publish the results of all electronic votes on the Councils' websites.

The Constitution has required some minor amendments to accommodate virtual meetings and electronic voting, which have been made by the Monitoring Officer. The existing delegations contained within the Constitutions were used to make officer decisions wherever it was not possible to convene a meeting of councillors. All officer decisions have been published as required.

## **Opinion of the Assistant Directorate – Corporate Resources (S151 Officer)**

The statutory role of the Chief Finance Officer (CFO) in relation to financial administration and stewardship of the Council and their role in the organisation are both key to ensuring that financial discipline and strong public financial management is maintained. Financial management arrangements conform to the governance requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the Chief Financial Officer in Local Government (2016).

Local authorities are subject to a range of safeguards to ensure they do not over-commit themselves financially. These safeguards include the statutory duties of the CFO which are set out in the Financial Regulations that form part of the Councils' Constitution. The statutory duties include the requirement to report to Council if there is, or is likely to be, unlawful expenditure or an unbalanced budget (under Section 114 of the Local Government Act 1988).

Alongside the statutory role of the CFO, the Councils have in place several financial management policies and controls which are set out in the Financial Regulations. Internal financial controls include separation of duties, management supervision, relevant staffing structures including appropriately skilled, trained, or qualified staff, and a system of delegation and accountability.

Other safeguards which ensure that strong public financial management is in place include:

- a) the statutory requirement for each local authority to set and arrange their affairs to remain within prudential limits for borrowing and capital investment;
- b) the balanced budget requirement of the Local Government Finance Act 1992 (Sections 32, 43 and 93); and
- c) the external auditor's consideration of whether the authority has made proper arrangements to secure economy, efficiency, and effectiveness in its use of resources (the value for money conclusion).

The Joint Audit and Standards Committee is responsible for undertaking the Councils' responsibilities in relation to financial governance issues, they support the CFO in their statutory role in connection with financial probity and they review and approve the Annual Statement of Accounts.

The published Annual Statement of Accounts is the statutory summary of each Councils' financial affairs for the financial year. Its purpose is to give clear information on the income and expenditure of the Councils and to demonstrate the Councils' stewardship of public money for the year.

The most recent Annual Audit Letter from Ernst & Young (EY) dated September 2020 gave the Councils an unqualified opinion on their 2018/19 statement of accounts and

issued an unqualified value for money conclusion. The auditors were satisfied that the accounts had been prepared properly in accordance with the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. There was a delay in getting the 2018/19 statement of accounts signed off by EY, but this resulted from resourcing issues within EY as opposed to any governance issues within the councils.

The delay with the 2018/19 audit had a knock-on impact to the audit of the 2019/20 accounts. An interim report was presented to the Joint Audit and Standards Committee on 29<sup>th</sup> March 2021. It is anticipated that the final report will be issued before the end of May 2021 and that an unqualified opinion on the accounts and value for money conclusion will again be the outcome.

The work to date on the audit of the 2019/20 accounts has identified some areas where there is scope for improvement in the preparation of the 2020/21 accounts. These relate to property valuations, Community Infrastructure Levy accounting and exit package disclosures. These will be addressed as part of the 2020/21 work along with any further recommendations coming from the remaining audit work.

The initial audit results report also outlined a challenge that was received from another local authority about the legality of the Councils' financing arrangements for an out of area purchase by the property investment company. The Councils provided full supporting information to the auditors who concluded that by using legal advice and making the appropriate disclosures in the Treasury Management Strategy that there was no evidence to suggest that the Councils had acted unlawfully.

## **Covid-19**

The most significant impact on the Councils' financial governance arrangements for 2020/21 came from managing and responding to the Covid-19 pandemic. Making assumptions on which to base the impact on income and expenditure was challenging as nothing similar had been experienced before. The Suffolk CFO network has been used extensively as a place to share information and test theories, resulting in a degree of consistency of approach, which has strengthened governance arrangements both internally and across the County.

A Covid-19 reserve was established under CFO delegation for each Council in early May 2020 to enable critical unbudgeted expenditure to be made in the Councils' response to the pandemic.

Responding to requests for financial information from the Ministry for Housing, Communities and Local Government (MHCLG) meant that regular updates were provided to the Senior Leadership Team and the Cabinets, to monitor the financial impact and take any necessary action. From the combination of additional funding being provided to local government from MHCLG and savings identified across the Councils' operations during 2020/21, it is anticipated that both Councils will have a budget surplus at the end of the financial year.

The CFO was mindful that a Section 114 notice might have to be issued during 2020/21 resulting from the exceptional circumstances, but in the end, this was never a serious consideration due to the position shown in the regular financial reporting. The Councils also had to undertake a going concern assessment for the auditors, as part of finalising the audit of the 2018/19 and 2019/20 accounts, which demonstrated financial resilience during the pandemic.

The longer-term impact was also considered, with an assessment of how the Councils' finances would be impacted in 2021/22 and beyond. These assumptions were refined as more information became available during the budget setting process for 2021/22 and revision of the medium-term figures.

During the pandemic, each Council has administered over £30m of grants to date, which the Government has made available to local businesses. This has been through a combination of payments following Government guidance or the development of new discretionary policies. All discretionary policies have been approved in accordance with the Councils' Constitutions. On top of this, 100% business rates relief was also administered for the retail, hospitality and leisure sectors following a Government policy announcement. New arrangements have been put in place during the year to manage, monitor and report upon the range of grant schemes and business rates relief.

Internal Audit has maintained a financial governance assurance framework, to gain sufficient assurance on governance, risk management and control arrangements. The work of Internal Audit was reviewed during the year because of the pandemic and some resources re-assigned on a risk-based approach, ensuring that high risk areas continued to be reviewed. Some additional work was undertaken, resulting from the administration of the business grants, to minimise the risk of fraudulent claims being paid; and a further piece of work was commissioned to assess whether the Councils were maintaining robust financial governance in relation to the new Covid-19 arrangements. The report concluded that changes in financial processes due to Covid-19 were properly communicated, Covid costs were separately identified and accounted for, and testing confirmed that invoices and purchase orders were correctly approved. Internal Audit will be undertaking a budgetary control review in 2021/22 to provide further assurance of the budgetary management arrangements in place.

The Councils take an annual approach to business planning, allowing a close link between business and financial planning. The Joint Medium Financial Term Plan is used to align resources to key priorities and forms the basis of the annual budgeting process.

The Councils have a record of setting balanced budgets, no history of overspending, modest increases in council tax and no significant reductions in service levels during reductions in government funding. Further cost reductions or additional income was identified respectively for the 2021/22 budgets without again having any significant

impact on the level of services provided to the public. This built on the process established in previous years, to identify cost savings and additional income from investing in commercial opportunities and to review, remodel and reinvent the way the Councils operate and was particularly challenging considering the impact and uncertainties arising from the Covid-19 pandemic.

Robust budget management arrangements are in place including regular monitoring and reporting to the Senior Leadership Team (SLT) and Cabinet. Within operational service Directorates, monthly forecasts are discussed, and with the support of the Finance Business Partners variances are challenged with the budget holder. Quarterly financial performance is also discussed with Assistant Directors, Portfolio Holder's, and Finance Business Partners.

During the budget preparation work for 2021/22, several briefings were held for councillors. This was to give them an opportunity to shape the proposals, but also to aid their understanding of the financial position of the two Councils before they undertook their key role in the financial governance of the two councils at the annual budget-setting Council meeting or via the budget scrutiny process.

In October 2019, CIPFA issued a new Financial Management Code, which includes principles of good financial management including several associated standards the Councils need to achieve. These are the benchmarks against which all financial management will be judged in future. Work to assess the Councils' current position against the standards during 2020/21 was impacted by the need to respond to the Covid-19 pandemic but will be assessed and an action plan put in place to ensure that all standards are being complied with during 2021/22, the effective date of the new Code.

The opinion of the Chief Finance Officer is that the Councils continue to operate robust internal controls and good public financial management, which has been especially important in this exceptional year. Action is being taken to manage the financial pressures and develop strategies to meet the immediate and long-term financial challenges that face the Councils because of the Covid-19 pandemic. This is evidenced by both internal and external audit reports, together with regular reporting on budgetary control. There has been no re-course for the CFO to exercise her statutory powers and the Councils comply with their financial regulations and procedures together with relevant codes of practice and guidance. The Finance Function continues to provide an effective and efficient service whilst enabling the Councils to meet their priorities within a robust financial framework.

## **Opinion of the Corporate Manager – Internal Audit and Data Protection**

### **Internal Audit**

Internal Audit is an independent and objective function with all audit work carried out in this capacity and in accordance with the Audit Charter, Code of Ethics and Public Sector Internal Audit Standards.

The work of Internal Audit is resourced from existing staff and from an external audit partner reporting directly to the Corporate Manager for Internal Audit and Data Protection. This arrangement still allows a direct internal provision plus the commissioning of external skills and capacity and provides a blend of resources from within the Councils and from an external partner of services.

The option of working with an external partner currently makes good sense in that management still retains control over the internal audit function while at the same time leveraging the internal audit resource of the third-party service provider. It provides access to valuable and diverse specialised skills as needed and achieves a level of flexibility which can be critical in effectively dealing with a range of operational issues.

The Corporate Manager for Internal Audit and Data Protection is required to provide an independent opinion on the overall adequacy and effectiveness of the Councils' governance, risk and control framework and therefore the extent to which the Councils can rely on it.

An internal audit review of the Councils' compliance to the seven core principles of good governance, underpinned by the risk management arrangements, assurance & governance audits, has shown that there are sound governance arrangements in place.

90% of internal audit work completed during 2020/21 has yielded either a 'Substantial' or (Sufficient) 'Reasonable Assurance' opinion over the design and operation of the services, systems and processes audited. For the one audit review that was assessed as having 'Limited Assurance', actions have been agreed with management to improve controls and are closely monitored until such a time they are addressed. This work will be followed up in early 2021/22. Any outstanding weaknesses in the governance, risk and control framework will continue to be followed up by Internal Audit.

The Corporate Manager – Internal Audit and Data Protection is responsible for the delivery of an audit opinion and report that can be used by the Councils to inform its governance statement. The annual opinion concludes on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

Although the Councils' response to the Covid19 emergency and reprioritisation of workloads has had a significant impact on the Internal Audit resource and its ability to

deliver normal audit work during the course of the year the Corporate Manager for Internal Audit and Data Protection is satisfied that sufficient assurance work has been carried out to allow to form a reasonable conclusion.

The Corporate Manager for Internal and Data Protection has performed his duties in accordance with CIPFA's guidance on the Role of the Head of Internal Audit. In giving the audit opinion, it should be noted that assurance can never be absolute. The most that can be provided is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

In assessing the level of assurance to be given, the Corporate Manager – Internal Audit and Data Protection has based his opinion on:

- Written reports on all internal audits completed during the course of the year, both assurance and consultancy;
- Results of any follow up exercises undertaken in respect of previous years' internal audit work;
- The results of work of other review bodies where appropriate;
- The extent of resources available to deliver the internal audit work; and
- The quality and performance of the internal audit service and the extent of compliance with the Public Sector Internal Audit Standards (PSIAS).
- The impact of Covid-19 and the approach taken by management to evaluate the key governance processes that enable front line Services to operate within a framework of control.
- Looking at our Business Continuity arrangements and resilience generally.

In undertaking this assessment, a number of questions were directed at service managers to establish the extent of the impact COVID-19 has had on their service area. This assessment helped Internal Audit determine the key risk areas and direct their resources accordingly. As a result of the reviews and discussions with service managers Internal Audit were able to draw the following conclusions:

- 1) There have not had to be significant variations to controls, and the control framework has transferred well to aspects such as remote working. This would indicate that the Council has a robust control framework that can adapt at a time of crisis.
- 2) Changes to working practices undoubtedly have occurred but these have not reduced control and, in some instances, have improved the efficiency of processes with automation often replacing previous manual / physical activity.

3) Where changes have been enforced, staff have maintained a clear understanding of the basis of control and, in most instances, created solutions which have maintained the integrity of the process. Resulting efficiency gains need to be recognised and maintained.

As the Head of Internal Audit I can, in principle, provide reasonable assurance that the general governance controls across the Councils have not been overly weakened because of the changes made to adjust to COVID19. There are areas that have been identified where the Council is potentially at a greater risk as a result of the pandemic and these have been included in the work undertaken and within the Audit Plan next year.

Audit Opinion – the Corporate Manager – Internal Audit and Data Protection is satisfied the sufficient assurance work has been carried out to allow him to form a reasonable conclusion on the adequacy and effectiveness of each Council’s internal control environment.

It is the Corporate Manager – Internal Audit and Data Protection’s opinion that the Councils’ framework of governance, risk management and internal control is ‘(Sufficient) – Reasonable Assurance’ – the system, process or activity should achieve its objectives safely and effectively. However, whilst there are some control weaknesses most key controls are in place and operating effectively. Where weaknesses have been identified through internal audit review, Internal Audit have worked with management to agree appropriate corrective actions and a timescale for improvement.

### **Anti-Fraud and Corruption**

The Joint Audit and Standards Committee receive an annual report entitled ‘Managing the Risk of Fraud and Corruption’. This report explains the current arrangements in place across both Councils to ensure there is a pro-active corporate approach to preventing fraud and corruption and creating a culture where fraud and corruption will not be tolerated. It also provides details of proactive work undertaken by Internal Audit to deter, prevent and detect fraud and corruption.

Internal Audit has an important role to play in ensuring that management has effective systems in place to detect and prevent corrupt practices within an organisation. This is part of its normal role of supporting Management and the Joint Audit and Standards Committee oversight of risk management. However, it is not the job of Internal Audit directly to detect or prevent corrupt practices - this is the responsibility of management. Internal Audit’s role includes promoting anti-fraud and anti-bribery best practice, testing and monitoring systems and advising on change where it is needed.

The Corporate Manager – Internal Audit and Data Protection is responsible for the development and maintenance of a Prevention of Financial Crime Policy and ensuring that Councillors and staff are aware of its content and ensuring that there is a pro-

active approach to fraud prevention, detection and investigation and promotes a council wide anti-fraud culture across both Councils.

Part of delivering good governance as defined by CIPFA/SOLACE is ensuring counter fraud arrangements are in place and operating effectively.

Internal Audit has produced a Fraud Risk Register, which contains a list of areas where Internal Audit and Corporate Managers believe the Councils are susceptible to fraud. The register enables the Councils to focus on suitable internal controls to mitigate any subsequent risk. The register also influences the audit planning process.

The Financial Regulations and Procedures within each Council's Constitution state that the Corporate Manager – Internal Audit and Data Protection is responsible for:

- the development and maintenance of a Prevention of Financial Crime Policy and ensuring that Councillors and staff are aware of its contents. Due to the variety of activities that can take place under the heading of financial crime the Councils have produced separate sections to support this policy, which include:

- Anti-Fraud and Corruption Policy
  - Anti-Bribery Policy
  - Anti-Money Laundering Policy
  - Whistleblowing Policy (reporting suspicions)
  - Financial Crime Response Plan
  - Prevention of Financial Crime – roles and responsibilities

- ensuring that there is a pro-active approach to fraud prevention, detection and investigation and promote a council-wide anti-fraud culture across both organisations.

All officers are responsible for giving immediate notification to the Corporate Manager – Internal Audit and Data Protection on fraud matters where there are grounds to suggest that fraud or corruption have occurred.

The Corporate Manager – Internal Audit and Data Protection is the Money Laundering Reporting Officer (MLRO) and is responsible for ensuring that proper procedures are in place to combat the possibility of the Councils being used for money laundering purposes.

CIPFA's Code of Practice for Managing the Risk of Fraud and Corruption (the Code) sets out the principles that define the governance and operational arrangements necessary for an effective counter fraud response. The Councils use the Code annually to assess the adequacy of arrangements which are reported annually to the Joint Audit and Standards Committee and action is taken where weaknesses have been identified.

To help fight fraud and corruption locally each Council across Suffolk has nominated a representative to sit on the Suffolk Counter Fraud Group. This group meets every 3 to 4 months.

The objectives of the group are:

- Keep up to date with national developments in relation to fraud, e.g. Strategies, Counter Fraud Profession, what other Local Authorities are doing;
- Identify and share emerging national and local fraud risks;
- Explore possibility of sharing and matching data held by Local Authorities to identify possible fraud or error;
- Explore possibility of joint working and sharing resources for proactive exercises utilising limited resources across Suffolk Local Authorities;
- Share material/resources/ideas of promoting fraud awareness amongst staff and Councillors;
- Joint training of staff where appropriate and beneficial;
- Share best practice in relation to working arrangements, investigations and case management; and
- Investigate cases jointly where appropriate.

The National Fraud Initiative (NFI) is an exercise that matches electronic data held within, and between public and private sector bodies to prevent and detect fraud. All mandatory participants, including Councils, must provide data for matching with other organisations.

The NFI exercise takes place every two years, with the latest main data extraction being completed in October 2020, as part of the 2019/20 exercise. The Election and Single Discount Council tax data upload was completed in December 2020.

Internal Audit take a leading role in co-ordinating this exercise across both Councils and with the Shared Revenues Partnership (SRP) working across service areas to support staff in providing data and subsequently investigating and recording the results of matches. Resource levels do not allow all NFI matches to be investigated and an assessment of those that appear to be of a higher risk for examination are carried out.

Matches are due to be released shortly. Tenancy and Payroll matches were released early in February 2021 although have not yet been reviewed due to the COVID-19 Emergency and management's directive to reprioritise work during the last quarter 2020/21. Only High-Risk matches will be reviewed initially. Note: High Risk is defined

as having a strong for match that identifies an individual, e.g. same Date of Birth and National Insurance number.

Business grants data has been added to this year's upload to NFI to assist in the detection of fraudulent applications. All matches are due in Quarter 1, 2021/22. In order to support the detection of fraud even further, NFI is proposing a consultation, ending in March 2021, on providing them with additional powers in terms of obtaining and analysing data within the private and public sector. If this proposal is accepted, it will become a mandatory exercise.

Although both Councils have traditionally encountered low levels of fraud and corruption, the risk of such losses both internally and externally is fully recognised as part of each Council's operations that need to be managed proactively and effectively.

## **Coronavirus**

The UK Government is responding with measures to mitigate the economic and social impact of the COVID-19 pandemic. Sadly, fraudsters will try to take advantage of these emergency measures and as a result Government have issued guidance to local authorities that are administering emergency payments on behalf of the Government.

Local authorities are committed to understanding these risks and taking action to reduce them, whilst dealing with the fraud that occurs where it can.

The fraud threat posed during emergency situations is higher than at other times, and all public bodies should be attuned to the risks facing their organisations and the public sector. Public bodies can reduce the threat of widespread fraud by integrating low-friction controls into payments where possible and carrying out post-event assurance work.

In response to the Government's commitment to financially support small businesses, including businesses which are in the retail, hospitality and leisure sectors Internal Audit have provided resources to the Councils' Business Cell to help ensure that adequate and robust internal controls are in place to prevent and detect potential fraudulent applications. Our review will focus on the end-to-end process of the business grant funding from receipt of application to issue of payment and any post-event assurance undertaken.

The opinion of the Corporate Manager – Internal Audit and Data Protection is that there are adequate arrangements in place to manage the risks of fraud and corruption, and further work is planned to strengthen these through the work of Internal Audit. This will be monitored, and progress reported.

## Looking ahead/Future developments

Some areas where a focus can be expected for 2021/22 are as follows:

- Continue ongoing NFI exercise;
- Ongoing COVID-19 support work around business grants;
- Supporting both Councils to improve levels of awareness of fraud risks amongst staff; and
- Continue working with neighbouring councils to share knowledge and expertise on anti-fraud and corruption measures through the newly formed Suffolk Fraud Group.

## Risk Management

Babergh and Mid Suffolk District Councils are committed to adopting good practice in their management of risk to ensure retained risk is of an acceptable and tolerable level in order to maximise opportunities and demonstrate it has made full consideration of the implications of risk to the delivery and achievement of outcomes.

The Councils are clear that the responsibility for managing risk belongs to everyone and that there needs to be an appropriate level of understanding of the nature of risk by all stakeholders and in particular the risk owners.

The Councils consider and counter risk across a broad range of areas supported by an approved Risk Management Strategy. As part of good governance, the Councils manage and maintain a register of its Significant risks which are linked to the Councils' priorities and reviewed and monitored regularly by the Senior Leadership Team and reported annually to the Joint Audit and Standards Committee. Operational and Project risk registers are in place and managed by the appropriate Corporate Manager. The relevant Assistant Director has oversight of these.

The risk registers are a critical tool for the service in capturing and reporting on risk activity and the organisations' risk profile. The risk registers are a working spreadsheet where new risks are captured, others are managed to extinction and some require close and regular monitoring.

The data within the registers is used to inform the business of the threats it faces in delivering outcomes and services to the Councils. It is part of the Councils' internal governance and performance frameworks and is used to ensure the organisation operates effectively.

The importance of establishing roles and responsibilities within the risk management framework is pivotal to successful delivery. The focus is on ensuring that consideration

of risks is embedded into policy approval (Strategic) and into service delivery (Operational).

Babergh & Mid Suffolk District Councils operate 2 Holding Companies (BDC (Suffolk Holdings) Ltd and MSDC (Suffolk Holdings) Ltd) and 5 trading companies. Each company is responsible for the management of their risks and the Holding Companies review these on a quarterly basis with the Councils' Corporate Manager for Internal Audit and Data Protection and the Assistant Director for Assets & Investments. The Holding companies also maintain a risk register to oversee and manage the cumulative risks of the trading companies.

It is the role of the Audit and Risk Management Services team within the Councils to provide support, guidance, professional advice and the necessary tools and techniques to enable the organisations to take control of the risks that threaten delivery. The role of the team is also to provide a level of challenge and scrutiny to the risk owners. The work of the team will be directed to affect the achievement of the following risk management objectives:

- Align the organisations' culture with the risk management framework.
- Integrate and embed the risk management framework across the organisations.
- Enable the organisations to recognise and manage the risks they face.
- Minimise the cost of risk.
- Anticipate and respond to emerging risks, internal & external influences and a changing operating environment.
- Implement a consistent method of measuring risk.

The Risk Management Strategy, guidance and training materials are under regular review to ensure they reflect the needs of the organisation and are compatible with the organisations' structure; having the flexibility to adapt to new and changing structures.

Guidance and support on risk management is available on the Councils' intranet (Connect).

Reporting to the Assistant Director – Law and Governance and Monitoring Officer the Councils' external internal audit provider has been tasked with undertaking a review of the Councils' risk management process. The broad objective of the audit is to evaluate whether there is a Risk Management Framework (RMF) in place which can enable the risk management process to be carried out and developed in a comprehensive manner, whereby all significant risks are identified, evaluated, controlled, monitored, and reported in accordance with best practice.

## **Coronavirus**

The scale of the challenge that Councils are currently facing requires strong, responsive and resilient leadership.

The costs, both in terms of additional expenditure and loss of income, associated with the Coronavirus pandemic are putting Councils under extreme financial pressure while trying to support communities through these unprecedented times.

Whilst resources have been mobilised to produce organisational risk assessments at both a strategic and operational level the full impact of the pandemic is not yet fully understood and will require constant monitoring and reporting.

The opinion of the Corporate Manager – Internal Audit and Data Protection is that the Councils' arrangements for the management of risks at this current time are effective.

### **Opinion of the Corporate Manager – Finance (Procurement)**

Both Councils total annual supplier spend is approximately £34m, of this 47.5% is with 10 suppliers and there are 86 contracts stored on the Councils central online contract register.

Effective contract management is crucial to the future success and stability of the Councils. Contract management is a delegated function undertaken within Service Directorates across the Councils, with the Commissioning and Procurement Team providing an overview and professional support.

During 2020/21 virtual training via Microsoft Teams in contract management and purchase to pay has been provided for any staff new to the organisation or who need refresher training in these areas.

The Commissioning and Procurement Business Partners (BPs) have brought an enhanced professional focus on the higher value and higher risk contract activities and several complex tenders have been awarded throughout the year. During 2020/21, the Business Partners have provided support to services undertaking quotations and tenders below the EU tender threshold. A range of guidance materials, templates and training via Microsoft Teams is available to help anyone undertaking their own procurement. This is backed up by professional advice and support from the Business Partners as required.

The Commissioning and Procurement (C&P) Team have now migrated all paper contracts to Suffolk Sourcing which is the software the Councils have opted to use for contract management. The system is now used to record and manage the tender process and capture the relevant documents predominantly by the C&P Team. The next phase is to roll out access to this system across the organisation so managers can obtain reminders well in advance of contract renewals to allow them time to plan for this, and to assist them with the tender process and contract management with support from the BPs on more complex contracts. This was planned for 2020/21 but was put on hold due to the Covid-19 emergency, where most of the team were partially redeployed for several months playing a vital role in distributing over £30m worth of Business Support Grants for each Council as well as playing a key role in sourcing a number of emergency purchases including personal protective equipment (PPE).

The team has set up over 400 new suppliers during 2020/21 after completing the necessary due diligence checks.

During 2020/21 the East of England Local Government Association concluded their review of the entire commissioning and procurement function of the Councils and issued their report and findings in the Autumn. An action plan will be developed as a result of this and will include a training programme for managers on effective contract management and establishing their responsibilities.

Other activities that have commenced in this area is a piece of work to establish and embed a social value policy and including climate change proposals within our supply chain and with our contractors, as well as establishing a procurement safeguarding policy.

Work is underway on reviewing the Councils annual spend data to ensure we have contracts in place for all areas of significant spend and looking for synergies across services. This will also involve working closely with Corporate Managers to review their plans for pipeline spend.

The Commissioning and Procurement Board is now well-established and consists of members from the Senior Leadership Team as well as the Corporate Manager for Finance and Commissioning and Procurement and the C&P BPs who meet every two months with the focus on:

- Making recommendations on requests over £150k;
- Review high value contracts (goods and services greater than £150k per year and works greater than £1m) at the end of stage 5 and at stage 9 of the Commissioning and Procurement Cycle;
- Oversee the development of the organisations' commissioning plan; and
- Oversee the development of revised procedures.

Covid-19 continued throughout 2020/21 and the Government issued a number of Procurement Policy Notes setting out guidance for public bodies to follow regarding payment to suppliers to ensure service continuity during and after the outbreak.

The key areas of the guidance were as follows:

- Urgently review their contract portfolio and inform suppliers who they believe are at risk that they will continue to be paid as normal (even if service delivery is disrupted or temporarily suspended).
- Put in place the most appropriate payment measures to support supplier cash flow; this might include a range of approaches such as forward ordering, payment in advance/pre-payment, interim payments, and payment on order (not receipt).

- If the contract involves payment by results then payment should be based on previous invoices, for example the average monthly payment over the previous three months.
- To qualify, suppliers should agree to act on an open book basis and make cost data available to the contracting authority during this period. They should continue to pay employees and flow down funding to their subcontractors.
- Ensure invoices submitted by suppliers are paid immediately on receipt (reconciliation can take place in slower time) to maintain cash flow in the supply chain and protect jobs.

The guidance was shared and discussed with key contract owners across the Councils and with the Senior Leadership Team to ensure the Councils were compliant and following the guidance. Discussions continued with suppliers as the situation changed and new burdens were placed on building contractors for example who needed to incur additional costs for PPE and social distancing measures to enable them to return to work and deliver their contractual obligations.

The Corporate Manager for Finance and Commissioning and Procurement is satisfied that procurement activities are undertaken effectively within the Council and that appropriate systems and processes are in place to enable contracts to be managed effectively.

### **Opinion of the Assistant Director – Assets and Investments**

Babergh & Mid Suffolk District Councils operate 2 Holding Companies (BDC (Suffolk Holdings) Ltd and MSDC (Suffolk Holdings) Ltd) and 5 trading companies. They are: 1) CIFCO Capital Ltd – a company owned jointly by BDC & MSDC (Suffolk Holdings) Ltd which invests in commercial property for an income return; 2) Gateway 14 Ltd, which is wholly owned by MSDC (Suffolk Holdings) Ltd which has acquired 150 acres of commercial development land on the outskirts of Stowmarket to bring forward a commercial development scheme; 3) Stowmarket Estates Limited, which is a dormant company, wholly owned by Gateway 14 Ltd to manage services for the completed Gateway 14 development in due course; 4) Babergh Growth Ltd, a jointly owned company established with Norse Group Holdings Ltd as the co-owner to deliver residential and commercial development within the district including the redevelopment of the former HQ premises in Hadleigh; 5) Mid Suffolk Growth Ltd, a jointly owned company established with Norse Group Holdings Limited as the co-owner to deliver residential and commercial development within the district including the redevelopment of the former HQ premises in Needham Market.

Each of the companies has a board of directors that are supported by a common Executive Team. The Holding Companies are there to oversee the trading companies' performance against business plans and key performance indicators and to support the growth, synergy opportunities and development of the companies in alignment with the Council Shareholders.

The Council companies trade and operate independently but remain closely linked with the Councils as the Shareholders. They each support key priorities of the Councils and provide income to the Councils by way of interest payments on loans and in due course via dividends. The Companies use Council staff and premises to deliver services, the costs of which are fairly apportioned by the Councils and recharged to the companies. Loan agreements and equity subscriptions between the Council shareholders and companies are documented and managed. During 19/20 the Councils' internal audit team undertook an audit of CIFCO Capital Ltd.'s governance and found it to be resilient. It is proposed that further audits will be undertaken in respect of the other trading companies over the next 2 years to focus on company performance against business plans.

Assurance and governance of the Companies is managed closely ensuring that Articles of Association are followed and robust decision making and recording. A code of conduct for Directors is in place across the company structures and further training provided in respect of directors' responsibilities and financial requirements. The trading companies report quarterly to the Holding Companies with updates and present updated business plans for approval by the holding companies annually. The Holding Companies also approve the appointment of any new directors to the boards of the trading companies and the drawdown of capital. Quarterly Holding Company meetings are attended by members of the Senior Leadership Team including the Chief Executive, Strategic Director, S151 Officer, Monitoring Officer and Assistant Director for Assets & Investments as required.

Cabinet Members for Finance, Asset & Investments and the Leaders of the Council are briefed monthly on Company activities and the Assistant Director for Assets & Investments reports Company performance quarterly to full Councils. The Councils approve the capital budget for each Company either as part of the annual budget setting or through individual Council reports for specific projects.

Each company is responsible for the management of their risks and the Holding Companies review these on a quarterly basis with the Councils Corporate Manager for Audit & Risk and the Assistant Director for Assets & Investments. The Holding companies also maintain a risk register to oversee and manage the cumulative risks of the trading companies.

The Company structure has been established to be agile and flexible and this has continued to be beneficial during COVID 19 where meetings have been held virtually and decisions can be made in writing. Whilst we anticipate the return of face-to-face meetings in due course, the companies will continue with virtual meetings where appropriate and effective to do so. Business as usual has continued for each of the companies with staff and directors able to work remotely.

The Council Companies are an integral part of the Councils' approach to generating income which is of increasing importance as we face the consequences of COVID 19

but also help to deliver a number of the Councils' key priorities such as to increase housing delivery and improve the availability of business premises within the districts. Governance and assurance arrangements continue to be transparent and robust.

### **Opinion of the Head of Human Resources and Organisation Development**

In order to ensure compliance and guidance for our people, we have a comprehensive range of people policies and associated supporting guidance, and procedures. These are all available to staff and line managers through our intranet system, Connect, and are supported by toolkits providing useful information, templates and best practice. All of this information is regularly monitored to ensure that changes in legislation are incorporated and that they reflect and support the Councils' priorities.

Performance against relevant indicators such as absence is monitored and presented at the relevant Cabinet or Senior Leadership Team meetings. A further breakdown of individual departmental performance is shared with the respective Corporate Manager. Examples of areas monitored include days lost, numbers of people, long term and mental health related absence. During the pandemic, absence has been monitored daily to allow for support mechanisms to be put in place where required. Through this routine performance reporting, the Councils can identify areas of interest and concern. This allows for further scrutiny and for steps to be put in place, where appropriate, to mitigate any abnormal variances and to support our people.

We have a robust recruitment process in place and work to keep recruitment costs as low as possible and we regularly monitor spend relating to temporary and contract workers. Our right to work checks and referencing are thorough to ensure that we are working to the required legislation. We are a disability confident employer, and all of our recruitment policies and practices are inclusive to ensure fairness and consistency for all applicants.

We monitor and publish gender pay in line with legislation and have an action plan in place with the aim of reducing the pay gap across the organisation.

Our induction programme for new recruits is a virtual programme compiled of short sessions as a group, e-learning modules and individual meetings. Line Managers are supplied with all of the detail they require to ensure that their new starters are welcomed and inducted into the organisation. Links and modules are provided to ensure that some of the key learning areas around how we operate and our processes and policies, can be accessed and completed online. Our code of conduct and our values and behaviours are readily available to our people and are included in our employee induction process.

There is a People Strategy in place, and this outlines the strategic workforce priorities for the Councils. This includes the people transformation programme and incorporates how the Councils' values and behaviours will be embedded into the organisation. The strategy is underpinned by a 3-year action plan with associated timescales.

We have a performance review process in place that incorporates measurable objectives, with a thread from strategic priorities to service plans and individual objectives, as well as measures around the values and behaviours that have been developed by the Councils' employees. A behavioural framework has been developed for the purpose of providing the required guidance and is available on our intranet, Connect. Spot checks are carried out by the HR Team to ensure that regular 121's and reviews are taking place.

The Staff Survey at the end of 2019/20 showed overall positive results and highlighted increased engagement across the Councils with an engagement score of 65% against a national average of 45%. The survey identified areas of high performance along with areas that require focus, and the HR & OD Team is continuing to work with Directorates to ensure that action plans are in place to address some of the areas that require focus.

In addition to our comprehensive toolkits on our intranet, hands on support for teams to deliver their services is provided by Business Partners and Advisors in HR and Organisational Development and our HR Support Team for recruitment and transactional services. All our people have access to coaching and mentoring through the Suffolk partnership. The Leadership Development Programme commenced in mid-2020 for Cabinet, Senior Leaders and Corporate Managers and as part of the performance process, we agree learning and development plans with our people for the year ahead. The Councils have a Learning and Development Plan in place that sits as part of the People Strategy.

The Councils are working as part of the Suffolk wide apprenticeship group and are welcoming apprentices into the organisation, whilst also taking advantage of apprenticeship levy funds to support internal learning and development of our people. We also work with the partnership to recruit interns and graduates.

During lockdown, the Councils introduced a Wellbeing programme for all of our people with regular support sessions made available virtually with expert external facilitation. Feedback is monitored to understand further key areas of support and to ensure continual improvement. A Wellbeing Hub has been developed, available on our intranet system, Connect, that provides a plethora of support and signposts to relevant external agencies. Our employee assist programme has been developed and a more comprehensive offering has been put in place.

### **Impact of COVID**

The Head of HR & OD is satisfied at this stage that there are sound processes and procedures in place to ensure that the workforce is managed effectively, however, recognises that as a result of COVID, policies and processes, some of which have already been amended to support the virtual working, will require continual review.

Communication and flexible, agile ways of working with policies, processes, tools and people development to support, will be key for the future and the People Strategy action plan is currently under review to ensure that we are prioritising our key pieces of work in order to support the Councils' overall vision and our people.

### **Opinion of the Project and Research Officer – Performance**

Performance management requires a robust approach that is essential to providing efficient and effective services, to ensure the councils deliver services within budget and achieve the best outcomes for residents. Regular monitoring of performance against agreed outcomes and targets is vital, as well as being transparent and providing open and accessible information on performance.

Performance reporting is well-established throughout the councils, with reporting being undertaken at all levels of the organisation.

Quarterly performance reporting has been developed in conjunction with the Senior Leadership Team (SLT), Corporate Managers and Cabinet Members, along with a suite of key performance indicators aligned to the Corporate Plan which allow for the monitoring of progress towards achieving those priorities and performance targets. These reports are also published on the Councils' joint website.

A further suite of reports based on the Councils' priorities and the health of the organisation have also been created to provide a monthly overview of performance for SLT, tracking both long and short term outcomes as well as providing timely insight on specific projects when required. This agile approach to reporting allows for flexibility in dealing with unforeseen events which may arise, as measures reflecting specific events can be tracked for varying timescales.

Each service area has its own performance reporting arrangements aligned to both specific business need and the overall corporate approach. The use of designated software programmes enables detailed benchmarking to be undertaken, with data and information being used to inform various reports.

A number of online benchmarking resources and tools provide comparative statistical data to help local authorities monitor and assess their performance. These include the LGA's 'LG Inform' service, and locally, the Suffolk Observatory holds a wealth of performance and statistical information and reports about Suffolk. Comparative data from such sources are incorporated into relevant performance reports.

The Councils are required to submit a number of statutory data returns to Government, which often support regulatory and inspection processes. The data used in statutory returns provides a reliable source of information that can be benchmarked with other areas.

The Councils publish data and information as part of their obligations under the Local Government Code of Transparency, including information on staff salaries and

structures; councillor allowances; finance, expenditure and contracts; and fraud. Furthermore, the Freedom of Information Act requires every council to produce a publication scheme, approved by the Information Commissioner, and to publish information covered by the scheme.

As part of the wider collaboration agenda across public services in Suffolk, the Council's work in partnership with other district and borough councils, NHS and the Police. A joint approach to information, intelligence and insight is adopted whenever possible through partnership bodies (such as the Suffolk Office for Data Analytics), and co-ordinated activities are commissioned as required.

### **Opinion of the Corporate Manager – Information and Computer Technology**

The IT Strategy for Babergh and Mid Suffolk District Councils was formally adopted in November 2020 and enables the wider ambitions of the two organisations, but also focusses on delivering the underlying capabilities that will be needed to support staff and residents as a result of the Covid-19 pandemic.

The strategy is aligned with the Information Technology (IT) Strategy of our key provider, Suffolk County Council. As part of our ongoing collaboration with others within the sector, our residents continue to benefit from initiatives such as Better Broadband for Suffolk, and we achieve clarity of system wide information provision through our membership of groups such as the Suffolk Office of Data Analytics, and the work they undertook in regards Covid infection data across Suffolk.

These relationships with key partners are vital to the ongoing success of our organisations. As an example, the ability to rapidly roll out improved online collaboration toolsets such as MS Teams, have enabled our staff and teams to continue to work collaboratively from separate and distinct locations. It is technologies such as these that will continue to support the aspiration of staff in terms of future work styles, whilst ensuring that the organisation remains productive.

A constant and consistent approach to financial rigour around IT provision and asset management has enabled further savings to be made in 2020/21 whilst also remaining a key principle in systems replacement decision making. One example of this is our planned move to a new online payments system, which not only provides greater financial value and will reduce revenue spend in 2021/22 but also further improves the support we are able to afford customers by providing Babergh and Mid Suffolk District Councils with the ability to directly contact customers who appear to need support with the online payments process.

This focus on improving digital access (Better Broadband for Suffolk, Improved Online Payments systems etc) has directly supported the needs of residents during the pandemic and provided firm foundations to continue to support both staff and residents. We have been able to rapidly deliver the online forms that gave residents

and business owners the ability to apply for Covid related grants in a safe and secure manner.

An unfortunate effect of the pandemic, as more people have worked from home, has been a global increase in cyber-attacks which can be evidenced locally by an increase in the number of phishing and spam emails stopped by our cybersecurity defences. We continue to take cyber security very seriously and gained our latest Public Services Network Accreditation (PSN) in December 2020. In addition to our PSN compliance, our ongoing NHS Digital and Data Security & Protection compliance continues to enable us to share data that supports our response to the pandemic.

It is the opinion of the Corporate Manager for IT that technology assets of the Councils' are run effectively, efficiently and economically.

### **Opinion of the Information Governance Officer**

Information governance in Babergh and Mid Suffolk District Councils is overseen by the Councils' Statutory Officers Group which meet every two months. The primary purpose of the meeting is to drive and oversee the ongoing development of strategies to ensure the Council has effective information governance and assurance arrangements in place. The forum for this reporting is now in a state of transition which will entail in future the IGO presenting to the Senior Leadership Team (SLT).

The Council has key individuals who have specific roles and responsibilities with regard to information governance, including:

- Corporate Manager - Internal Audit and Data Protection who leads the Information Governance team that develops the overall information policy and assurance framework, provides advice, guidance and training for staff, and monitors compliance.
- Senior Information Risk Owner – Assistant Director – Corporate Resources with overall responsibility for the organisation's information risk policy
- Data Protection Officer – responsible for overseeing data protection strategy and ensuring compliance with legislative requirements.
- Information Governance Officer - Provides a comprehensive advice service to Babergh and Mid Suffolk District Councils in respect of Data Management, Freedom of Information, Environmental Information Regulations and Data Protection issues

The Councils also have an informal network of representatives across the organisation who promote and encourage best practice within their service areas on information management. They also act as the liaison officers for their service areas for the processing of Freedom of Information (FOI), Environmental Information Regulations (EIR) requests and maintaining and updating their datasets in the Information Asset Register. Training for them is provided on an ongoing basis.

Advice and guidance relating to different aspects of information governance is available on the Councils' intranet and internet, and bespoke advice is available for members and staff from the Information Governance Officer.

The Information Governance Officer also works closely with colleagues from other Suffolk local authorities and partners via the Suffolk Information Governance Group and the Suffolk Office of Data Analytics (SODA) to ensure that information can be shared safely and appropriately between organisations with a consistent approach to data protection being followed across the Suffolk Local Authorities.

Information governance continues to hold a higher profile than ever before since the implementation of new data protection legislation which came into force in May 2018, the Councils continue to drive improvements to data security, handling and information requests.

Examples of specific activities undertaken throughout the year are;

- Continuing mandatory e-learning training on information management and security for all staff and Members - the first implementation of a two-yearly compulsory online training refresher for all staff.
- Ongoing data protection guidance for all staff and District Councillors.
- Joint working with SODA and all Suffolk public authorities (SIGG) to provide an ongoing joined up approach to data driven service improvements, projects and latterly Covid-19 data sharing models between all Suffolk Local Authorities.
- New automated information request system introduced by Customer Services to reduce manual handling, improve productivity and provide automated follow up of Freedom of Information (FOI) and Environmental Information (EIR) requests.
- The Information Governance Team has worked closely with the Councils' Health and Safety Business Partner to review the Councils Customer Alert List (CAL) processes and regulatory compliance, as a result the Information Governance team has become the point of contact for resident's notifications and queries.

The increasing awareness of the rights of citizens to access information about themselves or organisations is resulting year on year in an increasing number of Subject Access Requests (SARs) and FOI / EIR requests received by the Councils, in order to maintain performance and productivity a new automated handling system has been deployed.

FOI / EIR, SAR and security incidents compliance has been monitored regularly by the Statutory Officers bi-monthly review although these reviews have been less frequent during the Covid 19 emergency. Information when available has also been reported regularly to the Statutory Officers Group meeting.

During the change over from the manual process to automatic FOI handling there have been some issues with collecting statistical information, consequently a reporting “work around” has been used for the last 6 months although a long-term solution is currently being developed internally to automatically compile the required reports. The new reporting tool is currently forecast to be available during May 2021.

The Information Governance Officer is satisfied that the information governance arrangements in place are effective in protecting the Councils’ information assets.

### **Opinion of the Assistant Communications Manager**

#### **Highlights** - what has happened during 2020/21

The COVID-19 pandemic had a significant impact on the communications and engagement activity planned for, and delivered by, the councils in 2020/21.

In response to the major incident being declared, the councils worked with partners as part of a multi-agency resilience forum communications cell delivering consistent and cohesive communications and campaigning activities at local level. This has included contributing to integrated business to business and business to consumer campaigns to support public health messaging, making use of behavioural insights techniques and all available communications channels.

We have also supported urgent public health messaging in the event of local outbreaks – for example in Hadleigh – using a combination of corporate communication channels and local community ‘voices’ to help issue clear and urgent information to our residents and communities.

These demands absorbed much of the available capacity within the councils’ communications team in 2020/21.

Despite the demands of Covid, the team has also continued to provide communications support to the councils’ priorities during 2020/21 including environmental developments – such as the councils’ biodiversity action plan and carbon reduction management plan; economic developments, such as the progressions of town visions and development of our Virtual High Streets and innovation awards and networks; investment in social housing; customer improvements through use of digital technology; submission of our Joint Local Plan; setting the councils 2021/22 budget and high profile investments; as well as ongoing ‘business as usual’ communications requirements from teams across the councils.

#### **Priorities for coming year / areas for improvement**

We will continue to support the councils through the impact of the pandemic in terms of communicating all changes to our delivery of services, the funding and logistical consequences and new areas of activity as a result.

Our communications priorities will be broadly aligned to our corporate priorities: Economic, Environment, Housing, Communities, Customers, and an increased focus on Wellbeing – to reflect the councils’ desire to address the inequalities exacerbated by the COVID-19 pandemic within our districts.

We will continue to help the councils’ administration to articulate these priorities and demonstrate how they are delivering our vision of *‘building great communities with bright and healthy futures that everyone is proud to call home’*.

This will include a wide range of creative and transparent communications and engagement approaches and activities throughout the year.

The development of our Communications Strategy, delayed last year due to the impact of the pandemic, is now a priority for 2021/22. This will lay out our approach to communication and audience engagement, with opportunity for genuine dialogue fundamental to the councils’ ability to not only speak, but also listen, learn and then lead.

Supporting our districts’ recovery from the impact of the pandemic and helping our communities to live with the longer-term implications of Covid will be an ongoing priority. Our communications will continue to help people in Babergh and Mid Suffolk stay safe and access help when they need it. Alongside this, if the Government’s lockdown easing roadmap goes to plan, we will continue work already started with partners to help the districts to rebuild, with focus on economic recovery, communities and wellbeing.

A key part of this will be the determination of our Joint Local Plan, as well as the ongoing delivery of our visions for our key towns – with further regeneration and development, working with a range of local partners and stakeholders.

We will also continue to support the work in response to the climate emergency and our councils’ work, with partners, to make the county carbon neutral by 2030. This incorporates the roll out of the councils’ biodiversity action plan and carbon reduction management plan – including the conversion of the councils’ waste fleet to Hydrotreated Vegetable Oil (HVO).

**Opinion** – the level of assurance that can be provided.

I am satisfied that Babergh and Mid Suffolk District Council is effective at communicating with a range of audiences, ensuring they are aware of council services and developments, and have the understanding they need, in order to help our communities to thrive.

The councils use a range of channels to engage with audiences, which include residents, community groups, customers, businesses, tenants, partners, councillors and employees.

Examples of channels used include website, press releases, social media, e-newsletters, face-to-face engagement, meetings, printed materials and letters, emails, film and/or community events and exhibitions if and where safe and appropriate.

Considerable thought is given when crafting messages and deciding which channels to use to be most effective to each relevant audience, based wherever possible on audience and behavioural insight. Barriers are considered when designing communications activities – for example, an audience’s capacity for understanding complex information or competing demands for their attention – and steps are taken to ensure effectiveness and maximise engagement levels.

This includes emphasis on clear, concise language, infographics and increasing level of visual content in line with our audiences’ changing preferences to receiving information.

The events of 2020/21 and continued need for change makes clarity and consistency of messages more important than ever.

By continuing to invest in our communications, we can ensure that our communities understand our direction, our vision and the rationale for future proposals, and have awareness of the opportunities available for them to have their say as part of a fully transparent democratic process.

### **Opinion of the Project and Research Officer – Equalities**

As a public authority, the Councils have a duty to comply with our legal duties under Section 149 of the Equality Act 2010, the Public Sector Equality Duty (PSED); and the Equality Act 2010 (Specific Duties) Regulations 2011. The Senior Leadership Team receive and discuss updates and has oversight of the Councils’ activities for this area of work.

In order to ensure the Councils are paying due regard to the PSED, the Equality Impact Assessment (EQIA) process is used to support good decision-making by ensuring the Councils consider how different people will be affected by our activities, helping to deliver policies and services which are efficient and effective; accessible to all; and which meet different people’s needs. EQIAs are reviewed, and advice provided to EQIA authors, by the Equality and Diversity lead officer.

The Equality and Diversity officer monitors the EQIA’s that are submitted. Annual data is provided on training numbers, number of training sessions and type of sessions. The Equality and Diversity Officer and Programme Boards monitor and ensure that the EQIA process is part of planning for service and policy changes. EQIAs are published on our website alongside the Cabinet and Committees papers.

The PSED is non-delegable, so always remains the responsibility of the Councils. Guidance has been provided to commissioners to include the PSED requirements during commissioning, procurement and contract management to ensure that the

service provider has due regard to the obligations contemplated by section 149 of the Equality Act 2010 to eliminate discrimination, advance equality of opportunity and foster good relations, proportionate to the service being delivered as set out in the contract.

The specific duties require the Councils to publish relevant, proportionate information demonstrating compliance with the Equality Duty; and to set specific, measurable equality objectives. The Councils have consulted on three new corporate equality objectives which are detailed below.

- a) Babergh and Mid Suffolk officers and Councillors to understand and ensure that the legal obligations under the public sector Equality Duty are delivered.
- b) To improve services and organisation delivery in order to better facilitate compliance with the public sector Equality Duty in relation to residents, visitors, businesses, and officers.
- c) To ensure that our communities equality needs are met and support community cohesion.

The Workforce Equality Information Report is published in May each year, setting out the profile of the Councils' workforce.

The Assistant Director of Customers, Digital Transformation and Improvement is satisfied that processes are in place to enable the Councils to meet the requirements of the Equality Act 2010.

### **Equalities governance issues reflecting the challenges from Covid 19**

Some governance issues will arise in 2021/22 as a result of Coronavirus. A planned audit of our Equalities and Diversity activity has been delayed due to pandemic related work pressures and is now due during 2021/22. This timing does however provide some benefits in enabling the work to:

- Be informed by information from services and partners about any differential impact and or legacy from Coronavirus on those with protected characteristics.
- Enable the Councils' Equalities action plan refresh to be informed by these broader considerations.
- Be concluded at a point when the Council has recruited a new Corporate Manager Strategic Policy, Performance & Insight, whose remit includes specific responsibility for Equalities.

## **Opinion of the Corporate Manager for Health & Safety, Emergency Planning and Business Continuity**

Governance Arrangements: to meet the requirements of Section 2(7) of the Health & Safety at Work etc. Act 1974, the councils have a Health & Safety Board (H&SB). This is chaired by the Chief Executive Officer and includes members of the Senior Leadership Team, Trades Union representatives and the Health and Safety Team.

The H&SB oversees and reviews the measures taken to ensure the health, safety and wellbeing of staff and those affected by the Councils' activities on behalf of the Senior Leadership Team. In particular it agrees the H&S Service Plan. This sets the strategic direction for H&S along with a more detailed work programme for the next 12 months. The H&SB normally monitors progress of this on a quarterly basis. There has been some disruption to this oversight as a result of the covid-19 pandemic. Any new significant H&S issues are shared with the board along with plans for remedial action. Performance measures are reported to the H&SB and the Senior Leadership Team. This is then summarised in an end of year Annual Report.

In addition to the H&SB, the councils operate a Health and Safety Workgroup. This is a consultative body with the recognised trade unions and with non-union staff. The H&S Workgroup are consulted on major H&S policies and they are advised of the main H&S issues and the H&S Service Plan is also shared with them.

The Health & Safety service provides the competent advice to the Councils as required by Regulation 7 of the Management of Health and Safety at Work Regulations 1999.

The Councils' health and safety management function is subject to Health and Safety Executive (HSE) scrutiny. Any reportable incident including accidents, injuries and near misses are captured and reported via the RIDDOR system. During 2020/21 there has been four RIDDORS submitted by the Councils to the HSE. These related to carpal tunnel symptoms which can be associated with hand arm vibration (HAVs). The HSE followed up on these RIDDOR reports and were satisfied with the councils HAVs arrangements.

The Corporate Manager for Health & Safety is satisfied that governance arrangements for H&S are suitable and sufficient. The H&S work programme highlights the specific aspects which require on-going improvement. A key element of this is the continued development of the H&S culture within the organisation.

This statement focuses on 2020/21 which has been dominated by the organisation's response to the COVID-19 pandemic. As a consequence in the first 6 months of the year the normal governance pattern was disrupted as was much of the planned work programme. Resources within the team were mobilised to produce organisational COVID-19 risk assessments, safe systems of work and to provide support to services to adjust their way of working and to develop new service risk assessments and safe systems of work. Covid secure arrangements have been established at each work site

and at the time of writing support is being provided to assist services in the establishment of new ways of working as some restrictions ease.

One specific consequence of the restrictions and the repositioning of resources has been the reduction in reassurance activity – in particular the site visits and short notice inspections. This will be addressed as restrictions are eased and the draw on the team's time for the pandemic related activity reduces.

The Service Plan has been revised to reflect this repositioning of resources and amended into a rolling 3-year programme.

### **Actions moving forward**

The Corporate Plan (2019-2027) – The Councils' existing "Refreshed Joint Strategic Plan" expired in 2020 and was replaced and agreed by both Cabinets in October 2019. The administrations agreed with the Chief Executive that the Councils need to focus upon providing more confident leadership of our places, through greater place-based working. In doing so the organisations will also need to be more deeply rooted in what we believe in, and common sense - in our values and our sense of public service - genuinely caring about our residents and places, and getting stuff done for people.

The Councils will continue to strive to be recognised as organisations that help make things happen and trusted to do the right thing - delivering outcomes that positively affect people's lives. The Councils will continue to work effectively in partnership with others and be more outward looking - seeking examples of best practice and opportunities beyond Suffolk.

A visualisation of the revised corporate plan (2019 – 2027) to replace the Joint Strategic Plan (2016 – 2020) is presented below:



Our Vision is to build: “Great communities with bright & healthy futures that everyone is proud to call home” Our Mission is to: “Provide strong, proud & inspirational leadership; striving for excellence, and together building great communities for everyone to live, work, visit & invest in” Our Strategic Priorities are the Environment, Economy, Housing, Wellbeing, our Customers and our Communities.

### Covid-19

It is inevitable that there will be some disruption to some of these programmes as a result of the Covid-19 pandemic.

Services across the districts have and continue to adapt speedily to meet the latest Government guidance on the Coronavirus pandemic.

The crisis has had a major impact on the way the Councils deliver services and work with local communities, and every effort is being made to ensure people have access to the latest updates and information.

We are working to support our communities and continue to provide services during the rapidly evolving COVID-19/Coronavirus outbreak. The health and safety of our community and staff is our top priority and we strive to keep everyone informed.

Moving forward the Councils' priorities will be regularly reviewed as the restrictions around the pandemic are eased.

Areas where the Councils will look to focus on and develop more in the next 12 to 24 months include:

- Measuring performance in achieving objectives.
- Having a programme of actions which further help communities to grow and thrive.

### **Approval of the Annual Governance Statement**

The Annual Governance Statement provides an assurance of the effectiveness of each Council's system on internal control. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework. There have been no governance issues identified during the year that are considered significant in relation to each Council's overall governance framework.

We are already addressing the key governance risks and challenges set out in this Annual Governance Statement and will continue to do so over the coming year to further strengthen our governance arrangements. We are satisfied that these steps will continue to address the need for any improvements that are required and that arrangements are in place to monitor the issues raised as part of each Council's annual review.

Signed .....

Arthur Charvonia, Chief Executive

Date .....

Signed .....

John Ward, Leader of Babergh DC

Date .....

Signed .....

Suzie Morley, Leader of Mid Suffolk DC

Date .....