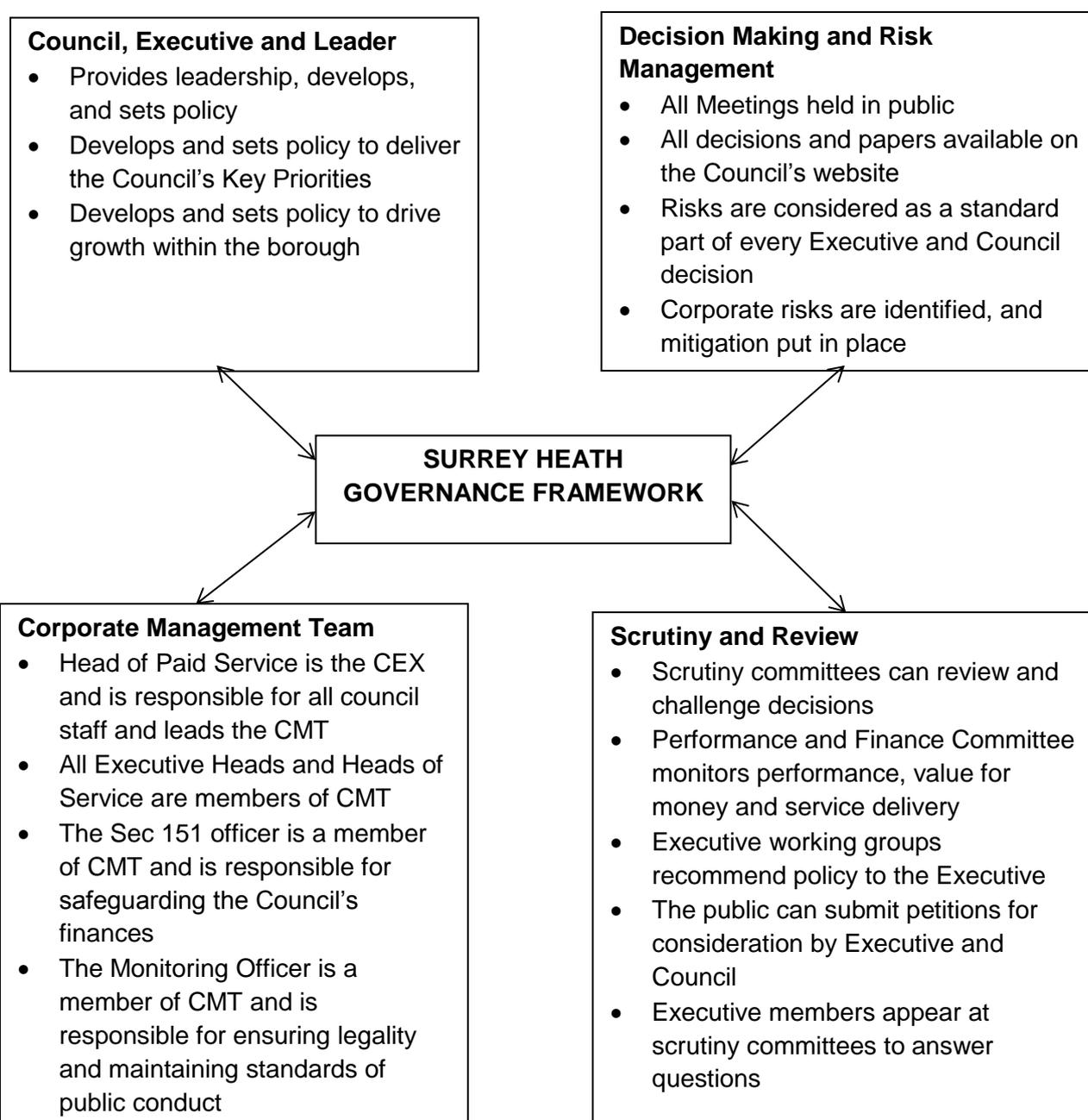


ANNUAL GOVERNANCE STATEMENT 2020/21

INTRODUCTION

Local authorities are statutorily required to review their governance arrangements at least once a year. Preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (the Framework) fulfils this requirement. The Framework requires local authorities to be responsible for ensuring that: their business is conducted in accordance with all relevant laws and regulations; public money is safeguarded and properly accounted for; and resources are used economically, efficiently, and effectively to achieve agreed priorities which benefit local people. The Framework also expects that local authorities will put in place proper arrangements for the governance of their affairs which facilitate the effective exercise of functions and ensure that the responsibilities set out above are being met.

KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK



HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK

The Council has approved and adopted a Code of Corporate Governance together with a number of other strategies and processes, such as financial regulations and codes of conduct which strengthen corporate governance.

The Coronavirus pandemic has had a significant impact on both the Council's finances as well as on how it delivers its services. The Council introduced Covid safe support services to assist with the national response at government level and be able to continue to deliver existing services to residents. This has required the Council to change the way services are delivered and at the same time develop and maintain new services to support those residents affected by the pandemic.

The Council has set up a series of emergency governance measures to monitor and respond to the pandemic. In line with national Emergency Management protocol Surrey Heath established a 'gold-silver-bronze' command structure and set up new roles and responsibilities. A welfare cell was established at short notice to support health and welfare needs of its residents, including vulnerable as well as shielding residents, and at times over 80% of staff were required to be re-deployed into alternative temporary roles.

The pandemic has also had a significant effect on the timing of the review and publication of the Council's set of accounts, draft accounts were deferred to 31 August and the final accounts pushed back to the second quarter of 2021.

Set out below is how the Council has complied with the seven principles set out in the CIPFA/SoLACE Framework during 2020/21.

PRINCIPLE A

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

The Council has a Code of Conduct for elected Members, and a Code of Corporate Governance which provides guidance for officers and Members on expected standards of behaviours to ensure integrity. Members and officers receive training in Code of Conduct and behaviour issues. The Audit and Standards Committee and Monitoring Officer ensure that the Code of Conduct is up to date and investigate any suspected breaches.

All officers and Members must also sign up to the Council's Anti- Fraud and Corruption Policy and declare any interests they may have or gifts they have received which are recorded in the Gifts and Hospitality Register. These are reviewed periodically by Internal Audit. The new Speak Up Policy (formally known as the Whistleblowing Policy) provides protection for individuals to raise concerns in confidence about unusual behaviour and ensures that any concerns raised are properly investigated. The policy is available on the Council website and forms part of the Council's induction process. A Bribery Policy has also been established and adopted. The Council has an internal corporate enforcement team which has the power to investigate any suspected fraud or corruption both internal and external with the support of the police and is able to report directly to HR/Monitoring Officer for action to be taken if required. Several Council officers are PACE trained.

All Council decisions have to consider legal implications which are included as a standard paragraph in the report being considered. Senior officers and other key post holders receive support from Legal Services in this regard and if specialist legal advice is required then the Council will engage external advisers. The Section 151 and Monitoring Officers have specific

responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to members.

The Council has an internal audit team that undertakes audit reviews of the Council's main activities on a regular basis. Findings are reported to the Corporate Management Team and to the Audit and Standards Committee periodically. Audit has a direct reporting line to the Chief Executive as well as the Audit & Standards Chair on matters that may require immediate action.

An officer Equality Action Group champions equalities throughout the organisation, monitors compliance with the Equalities Policy, and reviews service level Impact Assessments. There is also a Member Equality Working Group looking at ways to engage the community.

PRINCIPLE B

Ensuring openness and comprehensive stakeholder engagement

All meetings are open to the public and all agenda papers, reports and decisions made by the Council are published on the Council's website together with details of forthcoming consultation exercises, surveys, and public meetings, except those determined as exempt from publication. Regulations regarding Covid 19 have enabled Councils to hold remote meetings however the Council needs to keep under review the restrictions on holding hybrid meetings and in particular any proposals to extend remote meetings beyond May 2021.

The Council's Constitution sets out how it engages with stakeholders and has representation on the governing bodies of external organisations including the local housing association, CCG, and other joint bodies.

The Council traditionally holds two business breakfasts each year to present the work of the Council and to discuss matters of common interest to local businesses. The Council sends every household a copy of its residents' magazine, Heathscene, three times per year, which includes articles of interest affecting local residents. The Council also posts on social media channels including Twitter, Instagram, Facebook, LinkedIn, and YouTube. More specific e-bulletins and publications are created for various communities of interest, such as businesses, theatre users etc as well as for changes in services. The Council has set up a specific website called Camberley Be Inspired that provides latest news on the town centre regeneration.

PRINCIPLES C AND D

Defining, optimising, and achieving outcomes

The Council has in place a five-year strategy covering 2017 to 2022 based around 4 themes. These are People, Place, Prosperity and Performance. For each of these themes there are high level objectives and underneath are the priorities. A new Annual Plan is approved by Members each year which sets out the key targets which will be delivered for the year to further the priorities. These targets feed through into project plans and individual staff and team objectives to help ensure that specific outcomes in relation to the five-year strategy can be delivered and monitored.

Each service also plans out how it will deliver the outcomes relevant to its area of work in the context of the agreed budget for the year ahead. Services challenge each other through the Corporate Management Team to ensure their budgets deliver value for money.

To ensure that the Council continues to deliver sustainable social and environmental benefits, there is an Economic Development Plan, as well as a series of more specific strategies. These include the Health and Well Being Strategy, Housing Strategy, and the Air Quality Strategy. The Council has created a new role to help tackle climate change at a local level.

All decisions, unless delegated, are made by Executive which include reviews of options and risks by officers and Members. Key performance indicators are in place for all services, and these are reported bi- annually, together with performance against the Annual Plan, to Members for discussion and potential intervention where expected performance is not being achieved.

The Council has been through a programme of rapid technology change and significant transformation and continues to review ways of working in order to increase efficiency, reduce costs, adapt to changing legislative requirements, and simplify its IT estate. It has invested in some of the latest technology and innovation enabling services to move to cloud-based computing to support agile and mobile working. The Council has invested in a new cloud-based telephony solution now implemented for all staff. The old hardware was decommissioned in November 2019. The new system allows staff to access work calls on their personal or work mobiles. Spider (or teleconferencing) technology has also been introduced at several sites across Surrey Heath House, which enables teleconferencing meetings to be held.

The Council's ageing network switch infrastructure has been re designed improving resilience and connection speeds for staff and equipment. A number of computer applications have moved to Box and are no longer stored on the Council's server network. Acolaid has been replaced with Idox Uniform, the CRM system ~~is being~~ has been replaced with a new cloud base system, a cloud-based GIS system has been implemented and the Council's finance system Civica successfully migrated to a cloud-based system to allow users to be able to access it remotely. The HR and ICT Team have jointly implementing a cloud-based HR system to further support agile working. Elsewhere, IoT technology has been implemented at Surrey Heath House which allows legionella compliance to be tested automatically. The roll out of Intune laptops has been progressing and now over 100 Intune laptops have been deployed to staff.

PRINCIPLE E

Developing capacity and capability

A key element of the Council's service planning is to maximise the investment in staff through training to enhance the qualifications and skills to enable them to fulfil their roles and potentially progress within the organisation. Several staff have obtained qualifications through this route and have progressed as a result. The Council has maintained its training budget despite reductions in other areas to ensure that it can develop staff for the future and deal with shortages in key areas such as planning. Training requirements are reviewed for all staff as part of their annual appraisal which highlights areas of development required to enable them to fulfil their objectives for that year. The Council provides mandatory training for all staff where appropriate, examples include information governance training, safeguarding and emergency centre training. The Council is also a member of the Surrey Learn Partnership which offers cost effective personal skills training in areas such as management skills, communication skills and personal effectiveness on a Surrey wide basis. The Council has a full induction programme for staff and Members.

A new Councillor welcome pack was provided to all Members, as well as a quick start guide for IT guidance. An external firm of solicitors were commissioned to train Members on the Licensing Act 2003, South-East Employers provided two training sessions on Chairing Skills as well as on Effective Ward Work. Several Members also attended a South-East Employers new Councillor event with other new Councillors from other authorities in Newbury. A comprehensive training timetable was also rolled out covering sessions on equalities, cyber security, data protection and planning.

During the year, a number of staff were supported through training and experience to gain professional qualifications. This is seen as a major incentive to attract staff to the Council and enable it to address skill shortages and competencies in the future. The organisation has rolled out a new agile working policy for its staff to enable them to achieve a more positive work life balance and provides a basis for working remotely away from the office environment.

The Council works across a broad set of partnerships and collaborative arrangements and uses commissioning and procurement processes to maximise capacity by delivering services in the most effective and efficient way. Under the Joint Waste Partnership Surrey Heath is the lead authority of four authorities to deliver a waste and recycling operation under a single contract. The Council has also extended its joint arrangements with other Councils in areas such as Environmental Health and Community Services.

The Covid-19 pandemic resulted in collaborative working arrangements needing to be established with some of our partners to help support the welfare work, including new arrangements with the voluntary sector such as Surrey Heath Prepared, and Age UK, as well as with the National Shielding Service and Surrey County Council to deliver a welfare response. New governance arrangements as well as data sharing protocols were established.

PRINCIPLE F

Managing risks and performance

The Risk Management Strategy sets out the Council's approach to identifying and controlling risk. A Corporate Risk Register is maintained which identifies the key risks the Council is facing and measured against impact and likelihood. The risk register is reviewed periodically by the Council's risk management group and is reported to CMT and to the Performance and Finance Committee at least annually.

The Corporate Risk Management group have continued to review existing as well as emerging new risks associated with the Covid-19 pandemic, especially in terms of the effects on current and medium to long term Council finances and financial planning. The main risks associated with the pandemic were identified at the onset of Covid-19 and continue to be monitored by CMT.

During 2020/21 the Council has continued to prioritise the health and safety of its workforce and the communities it serves.

The Council regularly reviews and assesses hazards within the workplace and implements control measures to mitigate risk. This is defined in law under the Management of Health and Safety at Work Regulations 1999. The measures are communicated to relevant staff.

The Council also has a written Health and Safety policy (which includes steps on how to deliver the policy) which is kept under constant review to ensure that it remains up-to-date.

As regards the management of the workplace to ensure that services were maintained during the Covid lockdown, the following additional health and safety strategies were implemented:

- Ensuring adequate ventilation to help reduce risk of spreading coronavirus in Council workplaces;
- Supporting and advising staff working from home and those required to work alone on lone without supervision. Regard was also paid to issues such as providing suitable equipment (e.g., laptops) and the management of stress arising from lone working;
- Covid security for workers was added to the Council's Risk Register;
- Guidance was issued to staff to on personal protection, visitor access to buildings, social distancing and the use of on-line technology (e.g., 'Teams' meetings);
- Increased cleaning and other hygiene measures were introduced to the workplace.

The Council is actively supporting staff in to return to their workplace as lockdown restrictions are being lifted.

Progress against the Annual Plan objectives and KPI's are reported bi-annually to Members. The Council has adopted a suite of Financial Regulations together with Contract Standing Orders, which set out expected financial and spending processes and internal controls, which are monitored on a periodic basis.

The internal audit team provide regular reports on the effective operation of these controls together with an annual assessment of the overall control environment. The Council's Information Governance Manager is responsible for overseeing the Council's compliance with UK GDPR and DPA, ensuring effective information governance, information security, information rights and records management processes are in place. The annually reviewed Data Protection Policy and Information Security Policy governs how information should be securely handled, transmitted, stored, and maintained. The Council's Data Security Breaches Policy governs the effective reporting, investigation, and management of breaches of information security. The roll out of the GDPR regulations and associated DPA has resulted in the corporate Privacy Notices being regularly updated on the Council website and new ones for different departments are being added. All staff have completed information security and GDPR training. One of the main risks to information management comes from cyber-attack.

The Council has taken out insurance policies to help manage its risk exposure and has commissioned the services of services providers at the London borough of Sutton, and commercial insurers Zurich and Allianz.

The Council recognises that it does not have the expertise internally in all matters and engages external advisors when required for example in relation to the town centre regeneration, the public realm works, and Council development projects including Ashwood House, the London Road Block and the new leisure centre.

The Council submits reports on its performance in complaints, planning, environmental protection, and a number of other areas to Members each year for discussion and comment.

The Council has purchased the town centre site in order to regenerate the Square and the London Road development site. The Council recognises that this carries a significant level of commercial and financial risk, and it has appointed professional agents and legal advisers to manage and advise on these areas so as to minimise these risks.

A corporate strategy has been developed to help manage the Council's climate change agenda and to reduce emissions. A task group has been established which is charged with a

number of actions including how the Council plans to deliver the carbon reduction target; to declare a Climate Emergency and develop actions to support businesses and all relevant bodies in their work to tackle climate change; and develop a policy for the use of renewable materials and energy across the Council's estate; agree to make Surrey Heath Borough Council and its contractors carbon neutral by 2030.

The Council's corporate enforcement team continues to manage the risks associated with unauthorised traveller sites.

Covid 19 has necessarily resulted in complex and unprecedented negotiations between the Council and tenants regarding rent deferrals and concessions. Due to the urgency, these negotiations have been accelerated and therefore potentially there may be some risk in terms of the overall benefit of the negotiated outcomes.

Covid-19 has had a significant effect on both the Council's short term cash flow and financial situation, but equally on the long-term effect on the level of resources available, together with the uncertainty over its medium-term financial planning. Council fees and charges have fallen dramatically during the lockdown particularly with the temporary closures to both the Council's car parks and the theatre, both of which form a significant source of income for the Council. The Council's property portfolio has also been affected, in terms of offering rent deferrals and tenants not being able to meet their rent due. Council investments will also be affected in terms of interest and dividends expected from money market investments.

Although relatively low value and in the process of being phased out, the Council will not be able to rely upon funding from the New Homes Bonus as property construction has been paused or suspended. The retention of business rates is likely to be affected as the impact of the recession is felt by more businesses, although this is limited to only £1.1m at which point the Council will hit the safety net.

With the ongoing reduction of in-year funding the Council has made the decision to use some of its financial reserves in the short term to help balance its budget and maintain cash flow. Reserves cannot be recovered once spent and so represents a significant risk in the long term.

The government has announced a new comprehensive package of support to help address spending pressures and to cover lost income during the pandemic, the major new support package to help councils respond to the pandemic will assist as part of a comprehensive plan to ensure the Council's financial sustainability for the future. The new scheme will reimburse the Council for lost income and allow council and council tax and business rates tax deficits to be repaid over 3 years instead of one. Where losses are more than 5% of planned income from sales, and fees and charges, the government will cover them for 75p in every pound lost. In the next Spending Review the government will agree an apportionment of irrecoverable council tax and business rates losses between central and local government for 2020 to 2021.

The government has also announced financial support for small businesses, retail, hospitality, and leisure sectors. The Council is receiving support in the form of three grant funding schemes- the Small Businesses Grant Fund, Retail, Hospitality and Leisure Grant Fund and Discretionary Fund Grant. Grant applications have undergone a verification process to ensure they are genuine and valid.

Covid-19 will also have a significant impact on the Council's capital programme. A number of build projects have been delayed or put on hold due to the pandemic, and new timeframes have been developed.

The Covid-19 pandemic has also resulted in a rise of unforeseen and unbudgeted Council expenditure on items such as health and safety equipment, e.g., PPE, office screens and signage, in addition to extra spend on office cleaning, cleaning products and hand sanitizers, to protect both the workforce and visitors to the Council.

The Joint Waste Service has also introduced a variety of service adjustments in response to the pandemic and these have been communicated to staff and to service users.

PRINCIPLE G

Implementing good practices in transparency, reporting, and accountability

All Council agendas and supporting information, unless exempt, set out the reasons for the decisions made. The Council works to provide clear and accurate information and has developed both its website and the format of Council reports to improve transparency and accessibility. The Council reports performance against targets, its Annual Plan objectives, and financial budgets on a regular basis.

Outstanding internal audit recommendations that are essential are periodically reported to CMT and the Audit and Standards Committee as required, to ensure that officers undertake any follow up actions as appropriate.

The Local Government Transparency Code 2015 requires local authorities in England to publish information related to spend including expenditure over £500, government procurement card information and senior salaries. Surrey Heath is committed to providing residents with information that explains how we spend their money. The Government has set down guidelines as to the format of this information to enable residents to compare the performance of one authority against another.

Surrey Heath, as a public body, is also covered by the Freedom of Information Act. This Act gives a general right of access to all types of recorded information held.

REVIEW OF EFFECTIVENESS

The Council uses a number of ways to review and assess the effectiveness of its governance arrangements. These are set out below:

Assurance from Internal and External Audit

The Council receives assurance each year in the form of the annual report from Internal Audit and the opinion of the Section 151 Officer. This is discussed at CMT level and presented to committee each July.

The internal team successfully delivered a number of internal audits from the annual plan in 2020/21. Sixteen individual audits were completed, and action plans were agreed with managers to mitigate risks and improve overall controls. Completed audits included the key finance audits conducted annually such as debtors, creditors, and treasury management. Internal audit also carried out reviews on Council grants, ICT, payroll, and HR. A Joint Waste audit was completed on behalf of the 4 partnering authorities of Woking, Elmbridge, Mole Valley and SHBC. Due to the start of the pandemic in March 2020, a couple of the audits were only finalised, and action plans agreed at the start of the new financial year. It was generally found that controls and procedures were in place and working well for the most part and as a result Internal audit did not issue any 'nil' or 'limited assurance' reports for 20/21.

An annual report was presented to Members at the A&S committee in July 2020 where it was reported that the internal auditors' opinion for 2020/21 was that the Council's internal control environment and systems of internal control in the areas audited were adequate and effective.

Selected audit recommendations reported in 2020/21	Agreed action
<p>Joint Waste Audit:</p> <p>Delays were reported to the settlement and paying of the variable invoices for each of the waste partners, from Nov 2020.</p>	<p>JWS will continue to work with Amey to resolve the backlog of variable invoices to the point of settlement as soon as possible. To minimise this happening in the future Amey are investing in a new cloud-based IT platform in the second half of 2021, as well as reviewing their contingency plans for information management and data protection.</p>
<p>Joint Waste Audit:</p> <p>A mechanism should be introduced by JWS that allows income collected to be compared against garden waste charges that are billed by Amey as per the contract.</p>	<p>Audit agreed with JWS that the mechanism in place is clarified and made easier to understand as the garden waste process continues to evolve.</p>
<p>HR Audit:</p> <p>Several issues were identified with the process of employing consultants for the Council for short term placements, such as employing consultants through Umbrella companies, deciding how it intends to address HMRC assessments that are unable to make a determination as to whether off payroll rules apply or not to a particular engagement, and establishing a mechanism to identify all consultant engagements that may require an IR35 assessment.</p>	<p>The issues were acknowledged, and arrangements are to be set in place to manage manage the consultant process better including the formalisation of IR35 processes by 30 Sept 2021</p>

The Council's External Auditor BDO provides assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of securing and improving value for money. Draft accounts were submitted for audit by the deadline of 31 August 2020 but the final sign-off by BDO is not now expected until July 2021.

Self-assessment and review of key outcome indicators

Internal Audit has undertaken a review to confirm that the arrangements described above have been in place throughout the year.

The key outcome indicators below have been used to assess the quality of governance arrangements in 2020/21:

Issues Identified	Performance for 2020/21
Formal reports by sec 151 or Monitoring officer	There were no formal reports issued by either the S151 or the Monitoring officer.
Outcomes from Standards Committee of Monitoring Officer investigations	There were no outcomes to report.
Proven Frauds carried out by members or officers	There were no frauds to report.
Objections received from local electors	None Received
Local Government Ombudsman referrals upheld exceed national average	There were no such referrals during the year.
Unsatisfactory/limited internal audit reports	There were no such reports during the year.

Follow up of issues identified in the previous financial year 2019/20

The 2019/20 Annual Governance Statement highlighted 5 areas for improvement. The table below sets out the action has been taken to address these issues in the current year:

Issues identified for 2019/20	Action Taken
Brexit Arrangements	Participation in Surrey wide Brexit update. Advice from Council's advisors including Applied Resilience, and treasury/finance Arling Close.
London Road Development	Work is continuing to acquire properties within the LRB, and to make arrangements for developing the site.
IT and Business Continuity	The Council has been through a programme of rapid technology change and significant transformation and continues to review ways of working to increase efficiency, reduce costs, adapt to changing legislative requirements, and simplify its IT estate. The Council's business continuity arrangements have been adapted to address Covid-19 implications.
Provision of new Leisure Centre	The previous leisure centre has been demolished and a new centre, Places Leisure has been constructed, which is due to open to the public in July 2021.
Joint Waste	JWS continue to work with the service provider to deliver the joint waste service in line with the contract.

Any issues identified for 2020/21

Apart from the audit issues above the Council has identified, the following issues are to be addressed during the coming year and any action planned accordingly.

Issues identified for 2020/21	Action to be Taken
Organisational restructure	Following the recruitment of a new Chief Executive early in 2021 a senior restructure is planned for 2021, together with a re alignment and apportionment of services.
London Road Development	Council should continue to work with its professional advisors, eg. planners and architects to develop the LRB.
Property Portfolio and Valuations	Council needs to continue to manage its property portfolio and new acquisitions to ensure income is maximised and new income streams are identified and generated. The Council has begun to on shore the Jersey Property Unit Trust.
Joint Waste Contract	Council needs to continue to work with the service provider to deliver the joint waste service in line with the contract. Delays in settlement of the variable invoices need to be addressed.
Response to the Covid-19 pandemic	New policies and processes introduced. Setting up emergency procedures including gold command chain. Additional spend on health and safety, cleaning contract. Re deployment of staff to work on the national emergency response and the welfare cell. Clinically Extremely Vulnerable and Shielding residents telephoned on weekly basis. Hundreds of food parcels delivered to the borough's most vulnerable, and prescriptions collected and delivered. Close monitoring of Council lost income. Small business grant processing and payments. Increased remote working, increased use of virtual communication platforms such as Microsoft Teams. Remote council meetings with Members.
Issues with the delivery of the Capital Programme	The Council experienced some delays on capital schemes as a result of the pandemic. In addition, one scheme was delayed due to unforeseen and unbudgeted issues. The cost overspends and delays to delivery were the subject of a report to the Executive and measures are being put into place to ensure improved management of the capital programme (e.g., a monthly meeting for all officers that are managing capital schemes to monitor delivery against timeline, budget and agreed specification). A monthly report

	on progress against the capital programme will be considered by the Corporate Management Team and a quarterly report will be reviewed by the Performance & Finance Scrutiny Committee.
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CONCLUSION

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements. The significant changes as a result of the Covid-19 pandemic, in particular to the Council's funding and income receipts and use of reserves will need to continue to be monitored, especially if there are any further waves or local lock downs.

Damian Roberts
Chief Executive

Cllr Alan McClafferty
Leader