

# Annual Governance Statement 2019/20

## Introduction

Ashfield District Council is responsible for ensuring that its business is conducted in accordance with the law and proper accounting standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

As part of the arrangements for preparing the Annual Statement of Accounts, the Council is required by law to undertake an annual review of the effectiveness of its system of internal control and produce an Annual Governance Statement. Good practice requires that such a statement should extend beyond a narrow focus on financial controls to cover the way in which the Council determines what its local community wants and needs; decides how those requirements are to be met; and ensures that it delivers what is required without wasting public money.

## What is Corporate Governance?

Corporate governance is part of the overall control framework and contributes to the Council's robust governance arrangements.

Good corporate governance ensures organisations are doing the right things in the correct manner in an open, honest, inclusive and accountable way. Good governance leads to good management, performance and outcomes. It ensures the Council delivers the visions and priorities set out in its Corporate Plan.

Ashfield District Council is committed to good corporate governance. The Council has a framework of policies and procedures in place which collectively make up its governance arrangements.

The Council has adopted a Local Code of Corporate Governance which sets out the Council's arrangements and is based on the guidance "Delivering Good Governance in Local Government" published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) in 2016. The CIPFA/SOLACE guidance identifies seven core principles and various sub principles. The seven core principles are detailed below and are also used as the framework for assessing the effectiveness of the Council's governance arrangements.

The Council's governance framework aims to ensure that in conducting its business it:

- Operates in a lawful, open, inclusive and honest manner
- Makes sure that public money is safeguarded, properly accounted for and used efficiently, effectively and economically
- Has effective arrangements for the management of risks
- Secures continuous improvements in the way that it operates.

The governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

A key part of the governance framework is the system of internal control: this is designed to manage the risk of failure to achieve policies, aims and objectives to a level which the Council has determined as acceptable. The effectiveness of internal control is subject to regular review by both external and internal audit and the Annual Report of Internal Audit for 2019/20 provides an opinion on the effectiveness of the internal control system over the year ending 31<sup>st</sup> March 2020.

# **The Principles of Good Governance**

## **A summary**

**The Council aims to achieve good standards of governance by:**

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**
- B. Ensuring openness and comprehensive stakeholder engagement**
- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes**
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**
- F. Managing risks and performance through robust control and strong public financial management**
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

# How the Council Works

The Council consists of 35 elected Councillors. The way the Council operates is prescribed by its Constitution which sets out the roles and responsibilities of the Council, Cabinet, Committees, Panels and other Groups and specifies the powers and duties that are delegated to those bodies and to individual Councillors and Officers. The Constitution is subject to regular review and is updated to ensure compliance with legal and regulatory requirements and conformance to recognised good practice.

The Council has determined that a Cabinet made up of the Leader and Portfolio Holders should have the power to discharge all Executive functions. The role of the Council and its regulatory Committees (such as Planning and Licensing Committees) is set out in the Constitution. The Council has also established an Overview and Scrutiny Committee and Scrutiny Panels with the power to review decisions made. The Audit Committee provides assurance as to the adequacy of the Council's risk management framework and control environment and scrutinises the Council's financial performance and reporting. The Standards and Personnel Appeals Committee has been established to promote and maintain high standards of conduct by Members and Officers.

During 2019/2020 the management of the Council was the responsibility of the Chief Executive (Head of Paid Service) and, since September 2019, the Interim Chief Executive (Head of Paid Service), supported by the Corporate Leadership Team (CLT). CLT comprises four Directors (Legal & Governance (Monitoring Officer), Housing & Assets, Resources & Business Transformation and Place & Communities) each reporting directly to the Chief Executive. The recruitment for a new, permanent Chief Executive (Head of Paid Service) had commenced with interviews and appointment scheduled to take place during March and April 2020. However, the impact of COVID19 led to the process being put on hold during the lockdown and the Chief Officers' Employment Committee has decided that recruitment will recommence in early 2021. The Interim Chief Executive will remain in place to ensure consistency and stability during the COVID19 response and recovery processes. The Director of Housing & Assets also carries out the role of Deputy Chief Executive acting in the absence of the Chief Executive. The Corporate Finance Manager has been formally appointed as Chief Financial Officer (Section 151 Officer) and is also a member of the CLT.

The Council's vision and ambition for the District are clearly identified in a set of Corporate Priorities which are presented in the Corporate Plan which supports the development of annual service plans for all individual services. A new Corporate Plan was adopted in 2019 and was revised in July 2020. A robust project management approach is in place to ensure successful delivery of the Corporate Plan through programme and project management. The Council has established a Performance Management Framework: clear performance targets

are set for each Service and performance achieved is subject to regular monitoring using objective performance indicators. Service Performance is monitored regularly by the Chief Executive at Performance Boards. Employees undergo an annual Personal Development Review linked to a competency framework.

A Budget and Policy Framework has been established to ensure that budget and policy decisions are taken in an appropriate manner and the Medium Term Financial Strategy (MTFS) – supported by robust budgeting and budgetary control arrangements - ensures that the Council’s financial position is sustainable and that a balanced budget is set each year. The Council’s Risk Strategy sets the way in which risks are identified, evaluated and managed. Risk Registers are maintained and reviewed by CLT, Cabinet and Audit Committee to ensure that appropriate and timely action is taken to deal with the risks that have been identified. The Central Midlands Audit Partnership (CMAP), on behalf of the Council, carries out a programme of audits annually to provide assurance about the effectiveness of risk management, control and governance processes. A Fraud Risk Register is in place to identify and mitigate against potential fraudulent activities the Council may be the victim of.

## The Role of the Chief Financial Officer in Ashfield District Council

CIPFA published a Statement in 2010 on the ‘Role of the Chief Financial Officer in Local Government’. It identifies the five key principles that define the core activities and behaviours of the role and the organisational arrangements to support them. The table below explains how the Council’s arrangements comply with the statement.

1	The CFO in a public service organisation is a key member of the Leadership Team, helping it to develop and implement strategy and to resource and deliver the organisation’s strategic objectives	<ul style="list-style-type: none"> <li>• The Roles and Responsibilities of the Corporate Leadership Team (CLT) are set out in job descriptions. These were updated as part of the management restructure in May 2017. At that time a new job description was put in place for the Corporate Finance Manager and Section 151 Officer (CFM) role.</li> <li>• The CFM reports to the Director of Resources and Business Transformation, and is also a member of the Corporate Leadership Team. Monthly meetings also take place between the Chief Executive and CFM.</li> <li>• An up to date scheme of delegation exists; this was confirmed by Annual Council (April 2020). The next revision will be submitted to the Annual Council in May 2021.</li> </ul>
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	sustainably and in the public interest.	<ul style="list-style-type: none"> <li>• The authority's governance arrangements allow the CFM to bring influence to bear on all material business decisions, and has direct access to all CLT members, the Audit Committee and External Audit.</li> <li>• The CFM manages the Finance Team (which also includes Treasury Management, Creditors, Rent Accounting and Insurance functions). It is considered that such responsibilities still enable the role to have a clear focus on financial management particularly since the introduction of the Chief Accountant post in March 2018.</li> <li>• CLT receive regular updates on the MTFs, budget monitoring and year end outturn. The CFM ensures that their knowledge and awareness of financial issues is up to date through regular briefings. Three of the four Principal Accountants have each been allocated a Directorate in order to provide direct support and challenge when necessary. One Principal Accountant has responsibility for Capital and Treasury Management. The four Principal Accountants report directly to the Chief Accountant.</li> <li>• By having the above measures in place, the CFM is able to contribute to the effective leadership and corporate management of the Council. The CFM leads the development of the MTFs and annual budget process to ensure financial sustainability.</li> </ul>
2	The CFO in a public service organisation must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy.	<ul style="list-style-type: none"> <li>• The Council has a medium term business and financial planning process to deliver the Council's strategic objectives, including an MTFs, an annual budget process and regular and timely monitoring of budget performance.</li> <li>• Professional advice on decisions which have financial implications is provided by the Finance Team and is included in every report. In addition, accountants work with budget holders in advance of major decisions to ensure that the financial implications are accurate and well understood.</li> <li>• The CFM assesses the adequacy of reserves and a reserves policy was introduced as part of the Financial Regulations update in May 2018. The latest review informed the assurance given in the 2020/21 Annual Budget and Council Tax Setting report to Council on 5 March 2020.</li> <li>• Timely, accurate and impartial information is provided to decision makers, which helps to ensure effective stewardship of public money and that the Council achieves the objectives it has set out in its Corporate Plan.</li> <li>• The Council maintains a prudential financial framework which is reported on three times each year, to ensure that its commitments remain within its available resources.</li> </ul>

		<ul style="list-style-type: none"> <li>An appropriate accounting system is in place although there are opportunities to develop this further. An upgrade to this system was implemented in early March 2019. Through this system regular financial monitoring reports are produced for Officers and Members.</li> </ul>
3	The CFO in a public service organisation must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.	<ul style="list-style-type: none"> <li>The CFM is responsible for ensuring that appropriate advice is given on all financial matters, for keeping financial records, and for maintaining an effective system of financial control.</li> <li>Systems and processes for financial administration, financial control and protection of the Council's resources are well designed. Such arrangements are subject to independent risk based auditing by Internal Audit. The Council's Internal Audit arrangements are provided by Central Midlands Audit Partnership. The Monitoring Officer is responsible for ensuring an effective Internal Audit function is in place.</li> <li>The Annual Governance Statement includes all the Council's significant governance issues.</li> <li>Annual accounts are published on a timely basis and are presented by the CFM to Cabinet, Audit Committee and senior officers.</li> <li>The Council has an Audit Committee. Comprehensive Member training took place following the May 2019 District Council elections.</li> <li>The Council has received positive Value for Money conclusions since 2009/10.</li> <li>Financial competencies are embedded in person specifications and staff appraisals.</li> <li>The Finance Team lead initiatives to improve non-financial managers' understanding of finance.</li> <li>Financial training is provided for Elected Members as required. Financial Management training was rolled out to Members and relevant Officers after the May 2019 elections.</li> </ul>
4	The CFO must lead and direct a finance function that is resourced to be fit for purpose.	<ul style="list-style-type: none"> <li>The Finance function has the resources, expertise and systems to perform its role effectively. A Finance restructure is part-way through implementation with Phase 1 being completed in 2018. Phase 2 will be implemented once the finance system's new functionality has been embedded and efficiencies realised. Ensuring the required expertise is in place will require constant review in light of the innovative projects which are being explored.</li> <li>All the Finance staff within the Council report via the Chief Accountant to the CFM.</li> </ul>
5	The CFO must be professionally	<ul style="list-style-type: none"> <li>The CFM is a CIMA qualified accountant (2002) with over 18 years post-qualification Local Government experience who has previously undertaken the role of Deputy Section 151 Officer at this Council. The CFM has been S151 Officer at this Council for 2 years.</li> </ul>

qualified and suitably experienced.	<ul style="list-style-type: none"> <li>• He has wide ranging senior local government finance experience, gained from employment at two other authorities, including the role of Director of Service Finance for a period of 5 years and Chief Finance Manager for a period of 6 years.</li> <li>• His role is well understood by Members and Officers throughout the Council.</li> </ul>
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## The Role of the Monitoring Officer in Ashfield District Council

The Council is required to ensure it has in place effective arrangements for the discharge of the statutory Monitoring Officer Function.

The Constitution sets out the statutory role and functions of the Monitoring Officer and recognises that the Council must ensure the Monitoring Officer has access to sufficient resources in order to undertake the role.

The Director of Legal and Governance is appointed by Council to be the Monitoring Officer. The Director of Legal and Governance has over 10 years' experience of acting as the Monitoring Officer for the Council and is a qualified solicitor with more than 20 years post-qualification experience. The Monitoring Officer is a member of CLT and directly line managed by the Chief Executive.

The Director of Legal and Governance has sufficient resources available including suitable Deputy Monitoring Officer provision. The Monitoring Officer and Deputies attend appropriate training each year.

The Monitoring Officer is responsible for ensuring an effective internal audit function is in place and is lead Chief Officer for the Audit Committee and Standards and Personnel Appeals Committee.

# How does the Council Review the Effectiveness of its Governance Framework?

The initial review of the effectiveness of the Council's governance framework was conducted by the Council's Director of Legal and Governance (Monitoring Officer) supported by the Assistant Director, Corporate Services and Transformation.

To inform the initial review process:

- The Corporate Leadership Team carried out a Corporate Assurance Assessment
- Each Director provided a Statement of Assurance
- The Council's Chief Financial Officer (S151 Officer) was consulted
- The Constitution review, performance reporting and risk management arrangements were taken into account
- The findings reported by External Audit and other external review bodies were considered
- The work of Internal Audit and other internal assurance providers were also considered.

The results of the review work were formulated into a draft Governance Statement during February and March 2020 and has been reviewed and revised during July and August 2020 as a consequence of the COVID-19 pandemic. The Corporate Leadership Team reviewed the draft Governance Statement and considered whether the improvements proposed represented an appropriate and proportionate response to the significant governance issues identified.

The draft Governance Statement, modified to reflect the views of the Corporate Leadership Team, was then considered by members of the Council's Audit Committee.

The Director of Legal and Governance (Monitoring Officer) then finalised the Annual Governance Statement in readiness for the close of accounts and the Statement will be considered for formal approval by the Council's Audit Committee at its meeting in October 2020.

# How do we know our arrangements are working?

## Review of Effectiveness 2019/20 – Pre-Covid19 Pandemic

- The Council has assessed itself against the key criteria for good corporate governance by undertaking a Corporate Assurance Assessment. A score of 86%, or “good” was recorded. The Council will continue to work on identified areas to ensure further improvements are made. Ongoing improvements and significant issues are recorded later in the statement.
- Key changes, developments and achievements during 2019/2020 have been reviewed against our Corporate Plan and Local Code of Corporate Governance to assess compliance and a brief summary is set out in Appendix 1.
- The current Local Code of Corporate Governance was reviewed and approved by Audit Committee in February 2020 and will be reviewed later in the year.
- The Council has assessed whether the key areas identified in the 2018/2019 Annual Governance Statement have been delivered and an update is set out below.
- **As a result of the review work undertaken the Council’s governance arrangements are deemed to be good and are fit for purpose.**

## Internal Audit Opinion 2019/20

Central Midlands Audit Partnership (CMAP), who provide internal audit services to the Council, has provided its opinion for 2019/20. Based on the work undertaken during the year, CMAP is able to give an opinion that the Council has a “Satisfactory System of Governance, Risk and Internal Control” (the highest level of assurance opinion which can be given).

Their full report was presented to the Council’s Audit Committee on 27 July 2020.

During 2017 CMAP underwent a review by a qualified external assessor to assess the partnership’s conformance with the Public Sector Internal Audit Standards (PSIAS). CMAP currently conforms to the PSIAS.

# Reflecting on Governance and the Challenges of the Covid-19 Pandemic

## Response

Ashfield District Council is a statutory Category One Responder under the Civil Contingencies Act 2004 and works with multi agency partners through the Nottingham and Nottinghamshire LRF (LRF) when dealing with Major Incidents. The Covid-19 Pandemic was declared a Major Incident on 20 March 2020 by the LRF.

The LRF's Strategic Coordinating Group (SCG) ensures the effective co-ordination of the multi-agency response and recovery to the Covid-19 outbreak. The Director of Legal and Governance (Monitoring Officer) has attended the SCG meetings for the Council.

As a consequence of the complexity of the Covid-19 Pandemic, an extensive LRF structure was put in place underneath the SCG to manage and monitor the crisis across the County and City. The operational structure beneath the SCG was made up of numerous groups covering health, humanitarian support, economy, finance, communications and a dedicated Local Authority group was also established; a number of these groups had sub-groups to deal with specific issues. As an early action, the SCG agreed a list of Tier 1, Tier 2 and support services which members confirmed were the minimum essential for delivery by all Local Authorities. At a local level, CLT has had weekly discussions as part of its usual meeting structure with interim information and updates being cascaded on a daily basis through ad hoc meetings, telephone calls, e-mails, all staff messages and blogs. The Leadership Group has received weekly updates and Members have received regular briefings. An internal COVID-19 Incident Management Team (IMT) was established to monitor operational delivery and impacts. Information has been provided to the public on a regular basis across social media and the Council's website.

Council employees have worked tirelessly through these tough few months. Ashfield District Council has delivered **all essential Council services in full**, along with other priority services and the additional COVID-19 responsibilities placed upon it by government such as undertaking thousands of welfare calls and visits to vulnerable people, advising businesses on social distancing requirements, paying grant monies to businesses.

## Recovery

As the Council transitions into the recovery phase of this Major Incident, the Council has started to reflect on how it has responded to the crisis so far. The COVID-19 crisis has had a significant impact nationally and across the District. The focus to date has been on the immediate coordinated response to support the District during the lockdown period as detailed above. Although this work will continue

for some time, preparations are now underway to manage the relaxation of lockdown in accordance with the government phased approach and guidance, and to start looking ahead to the longer term issues and challenges that the District will face.

The recovery phase will see the Council support and coordinate the process of rebuilding, restoring and rehabilitating the emotional, social, economic and physical wellbeing of the community, businesses and the Council's employees.

Cabinet approved the Council's Recovery Strategy in June 2020 and in July 2020 approved a revised Corporate Plan which reflects that Recovery Strategy. The Corporate Risk Register has also been reviewed and accepted by Cabinet in July 2020 to take into account the impacts of COVID-19.

The Council's recovery plan will cover two main strands:

- **Ashfield as a Place – Community and Economic Recovery**

Supporting the community and businesses in achieving stability and a new normality following COVID-19, assisting in rebuilding, restoring and rehabilitating the community's emotional, social, economic and physical wellbeing; and

- **The Council – Organisational Recovery**

Assessing the impact of COVID-19 on Council services, finances and employees and planning for its future financial resilience and how it will need to operate differently.

This work will be undertaken in a way which fully involves all stakeholders in order to develop the best possible forward plans, including our employees, residents, businesses and the voluntary sector.

The Council has established a new COVID-19 Response and Recovery Scrutiny Panel to ensure a dedicated, robust and focused approach to reviewing the Council's approach to COVID-19.

**During the COVID-19 response and initial recovery phases the Council's governance arrangements have been effective and fit for purpose.**

## Progress Regarding Improvement Actions identified in 2018/2019

Improvement Actions 2018/2019	Progress Made During 2019/20
Community Engagement Strategy – monitoring and evaluating engagement	<p>Research and development work was undertaken by Officers and the Working Together Group during 2019/20. Scrutiny Panel A was also consulted.</p> <p>A draft strategy was approved at Cabinet in July 2020 and a period of consultation will now take place before its finalisation and roll out later in 2020.</p>
Digital Transformation Programme	<b>Completed</b> development of Strategy, Blueprint and Roadmaps.
New Corporate Plan with new performance measures	<b>Completed</b>
Consultation with tenants on new resident involvement structure/opportunities	<b>Completed</b>
Development of a system to track and evaluate the outcome and implementation of decisions	The use of Pentana had been trialled with the intention of rolling the system out for the start of the next municipal year, however, this is now delayed due to the consequential resourcing impacts of COVID-19. The action will be rolled over in 2020/21.
Tenants Charter	<b>Completed</b>

<p>Standards and Personnel Appeals Committee – 2019/20 work plan item to consider in detail the report of the Committee on Standards in Public Life and ways the Council may implement best practice recommendations</p>	<p>The Committee members have met on a number of occasions to consider the best practice recommendations. Four reports have been presented to the Standards and Personnel Appeals Committee to date. The adoption of the best practice recommendations will continue into the next municipal year.</p> <p>The LGA Consultation on its new Model Code of Conduct was delayed due to COVID-19; the Consultation closes on 17 August 2020. The Committee considered the consultation at its meeting on 29 July 2020 and has submitted a response. The Committee will consider next actions regarding the model code in line with the LGA’s timeline and launch which is now expected in Autumn 2020.</p>
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## Progress Regarding Significant Issues identified in 2018/2019

Significant Issues 2018/2019	Progress Made During 2019/2020
<p><b>FINANCIAL SUSTAINABILITY</b></p> <p>The year 2019/20 is the final year of the four -year financial settlement provided by the Government. The Fair Funding Review and the move to 75% retained business rates and the proposed business rates reset provides further uncertainty in respect of the Council’s finances after 2020.</p>	<p>Central Government delayed implementation of the Fair Funding Review, Business Rates re -set and proposed changes to the level of Business Rates retention.</p> <p>Instead of a 3 year Spending Round, Local Authorities instead were advised of a one year settlement for 2020/21, consequently significant uncertainty remains about future</p>

Although the MTFS was refreshed in February 2018 the changing landscape of local government finance and the potential for changes to the Corporate Plan requires more frequent updates of the MTFS and the savings strategy.

The MTFS has been updated to reflect further changes since that date including savings and investments for 2019/20 and the reduced level of New Homes Bonus achieved compared with the level assumed and planned for in the February 2018 MTFS.

A further revised MTFS will be taken to Cabinet following the closure and audit of the 2018/19 accounts.

levels of central government funding beyond 2020/21. This uncertainty is further compounded by the need for Government to financially recover from the Covid-19 pandemic and what this may mean for Local Government funding going forward.

Corporate Leadership Team (CLT) and Cabinet have worked throughout the year considering options to close the MTFS funding gap for 2020/21 and beyond. The Council has set a robust balanced budget for 2020/21 and has a strategy in place to address the estimated funding gaps in future years, notwithstanding the financial implications of Covid-19 on future government funding to Local Authorities.

Future levels of New Homes Bonus (NHB) funding remains uncertain and the Council's MTFS assumption is prudent assuming no legacy payments will be made for NHB earned in 2019/20 for 2020/21.

A revised MTFS update was taken to Council in March 2020 when the 2020/21 Budget and Council Tax was set and a further update will be taken after the 2019/20 accounts have been closed and audited.

**INVESTMENT IN COMMERCIAL PROPERTIES**

2017/18 saw the introduction of a new regulatory environment with CIPFA's new Prudential and Treasury Management Codes. These changes will start to impact significantly in 2019/20. The Council put in place a Capital Strategy and Treasury Management Strategy which brings together policies around Capital, Debt and Investment. These strategies were approved by Council on 4 March 2019.

Updated Treasury Management and Capital Strategies were considered at Audit Committee on 10 February 2020 and approved by Council on 5 March 2020.

The Council has purchased Commercial Investment Properties totalling £61.770m to date (July 2020) including the

Through the Capital Programme the Council has purchased commercial investment properties totalling £24 million to date (March 2019) and has increased its borrowing requirement. This Council has also set out in its Capital Strategy an aspiration to invest at a rate of £20m per year for the next four years to generate income to sustain delivery of services to residents. Guidance currently awaited from CIPFA may require that this aspiration is revisited and a revised strategy to Council may be necessary. It will remain essential to effectively manage the investment portfolio in light of the ever changing economic climate whilst also having a clear understanding of how such risks and rewards impact on the Council's financial position.

The new Capital Strategy provides the opportunity to fully explore a wide range of investment options based upon the Council's risk appetite whilst also ensuring proper due diligence and long term planning to reflect current and planned treasury positions.

acquisition of 1 property (£3.3m) in April 2020. The Capital Strategy sets out an aspiration to invest a total of £105m in Investment Properties to generate income to sustain delivery of services to residents. Council approved (5 September 2019) that £20m future year planned investment be brought forward into 2019/20. The CIPFA Guidance has been issued and considered and the view is that the Council is compliant with this.

A revised Capital Strategy was considered at Audit Committee on 10 February, Cabinet on 24 February and approved by Council on 5 March 2020.

#### **DATA MATCHING AND NATIONAL FRAUD INITIATIVE**

A review was carried out in 2018/19 to identify how the Council uses NFI and data matching to enable the corporate approach to be developed. An exercise was also carried out regarding Council Tax Single Person Discount. The Council must now determine an action plan to prioritise improvements. The refreshed approach will give the Council the opportunity to develop and embed their anti-fraud culture.

Throughout 2019-20 the work on NFI data matching has continued. In the summer of 2019 the 2019-20 Single Person Discount (SPD) review was completed with the help of CMAP.

A further, unscheduled data matching process was undertaken in the Autumn of 2019 which involved Housing Benefit claim data being matched to HMRC records to identify potential fraud in declared earnings and savings. This is now complete.

In December 2019 the Council signed up to the NFI Premium SPD Review service which involved over 19,000 records being data matched against Credit Reference data.

	<p>The Data Matching Group has a Terms of Reference and an Action Plan but further work has been delayed due to COVID-19 resourcing implications.</p>
<p><b>LOCAL PLAN</b></p> <p>The Council decided to withdraw its emerging local plan in September 2018 and to commence the preparation of a new plan.</p> <p>The Local Development Scheme (LDS) was approved by Cabinet on 1 October 2018 and this provides a detailed report on the process to be followed and the timetable, which includes target milestones.</p> <p>The Council met with MHCLG in May 2019 to discuss the progress made with the new plan. It is anticipated the initial draft of the plan will be completed by January 2020 and, by March 2020, it is expected that public consultation on the draft plan will be underway.</p> <p>The Local Plan itself is not expected to be adopted until Summer 2022.</p>	<p>Members and officers continue to meet regularly. The Local Plan Working group has narrowed down strategic options and is seeking development of a hybrid option. The evidence base has been further developed with the Sustainability Appraisal being carried out to agreed timescales. ADC is still awaited for jointly commissioned evidence base with other Notts. authorities.</p> <p>A study relating to new settlements has also reported back and fed into considerations by members.</p> <p>Results from a jointly commissioned Gypsy and Traveller Study, is also awaited as well as a joint retail study.</p> <p>Some delay has slipped into the programme with delays in Notts. wide commissioning as a result of the pandemic. More significantly, the recent Government announcements on the overhaul of the planning system will create delay and uncertainty and indeed may well require reassessment of the options. The Government is consulting on a methodology that will significantly increase the numbers of houses that the District will have to deliver annually. At the moment the change will amount to an additional 300 homes per year; that is well over an additional 4500 homes which is an additional settlement.</p>

	The programme will now have to be revisited to take this into account.
<p><b>EU Exit</b></p> <p>A Deal or No-Deal EU Exit is expected to have an impact on Ashfield residents and businesses as well as on the Council's services. The Council will continue to be required to participate and actively engage with the Nottinghamshire Local Resilience Forum.</p> <p>'Rising Tide' monitoring and impact reports will continue to be presented to CLT and to Cabinet/Council (if required) to outline the Council's response and support interventions.</p>	<p>Status updates continue to be reported by designated lead officer to CLT on a monthly basis adopting a 'rising tide' approach and by the designated member champion on periodic basis to Cabinet and Council.</p> <p>Remains a key corporate risk with updated review and assessment of impacts on services and economy including scenario of exit with no trade deal negotiated with EU following end of transition period to December 2020.</p> <p>Teleconferences and active engagement from MHCLG, Home Office, LRF placed 'on hold' following Government's passing of EU Exit following transition period to December 2020.</p>

# Improvement Actions

As part of the Council's drive to continuously improve its existing governance framework to meet changing conditions, the following actions have been identified to take place during 2020/2021:

Improvement Action	Lead Officer	Target Date
STAR Survey with Tenants will commence during August.	<b>Director of Housing and Assets</b>	30 September 2020
Digital Transformation Programme	Director of Resources & Business Transformation & Assistant Director, Corporate Services and Transformation	Ongoing Implementation
Peer Challenge Action Plan – approved at Cabinet in July 2020	Various	Various
Development of a system to track and evaluate the outcome and implementation of decisions – rolled over from 2019/20	Service Manager, Scrutiny and	March 2021

	Democratic Services	
Review and refinement of Corporate Complaints Strategy and Procedure	Assistant Director, Corporate Services and Transformation	March 2021
Communications Strategy	Assistant Director, Corporate Services and Transformation	March 2021
Standards and Personnel Appeals Committee – consider how to implement the best practice recommendations of the Committee on Standards in Public Life and the LGA’s Draft Model Code of Conduct – ongoing	Director of Legal and Governance	March 2021
Employee Survey (December 2019 & May 2020) and /Culture Survey (February 2020 and May 2020) -integration of key outcomes into work programmes	Director of Resources & Business Transformation	December 2020

# Significant Governance Issues

While the effectiveness review and other developments during the year demonstrate that corporate governance arrangements and the internal control framework are fit for purpose and effective, as part of continuing efforts to improve governance arrangements the following significant governance issues have been identified for improvement.

Key Improvement Area	Lead Officer	Target Date
<p><b>FINANCIAL SUSTAINABILITY</b></p> <p>There remains significant uncertainty about the level of Central Government funding from 2020/21 linked to the implementation of the Fair Funding Review, potential changes to retained business rates levels, the proposed business rates reset, New Homes Bonus funding and post Covid-19 financial recovery. Every Local Authority faces this uncertainty.</p> <p>The MTFS update approved by Council in March 2020 reflects the priorities as set out in the Corporate Plan and both may require refinement once the future financial landscape becomes clearer.</p> <p>A new MTFS will be produced in the Autumn and will reflect the Autumn 2020 Spending Round announcement.</p> <p>The Council does have robust reserves which will assist in transitioning to revised levels of central government funding whilst at the same time identifying and implementing 'Options for Change' to assist with addressing the Council's future financial challenges. The Council's General Reserve at the 31<sup>st</sup> March 2020 was £6.675m; £5.175m above the minimum required balance as set out in the Council's Constitution.</p>	<p>Corporate Finance Manager &amp; Section 151 Officer</p>	<p>Ongoing</p>

<p><b>INVESTMENT IN COMMERCIAL PROPERTIES</b></p> <p>The Council has purchased Commercial Investment Properties totalling £61.770m to date (July 2020) including the acquisition of 1 property (£3.3m) in April 2020. The Capital Strategy sets out an aspiration to invest a total of £105m in Investment Properties to generate income to sustain delivery of services to residents. Council approved (5 September 2019) that £20m future year planned investment be brought forward into 2019/20. The CIPFA Guidance has been issued and considered and the view is that the Council is compliant with this.</p> <p>The outcome of the PWLB Consultation is awaited to determine whether the Council may need to reconsider its aspiration around acquiring Investment Properties to generate an income stream to sustain delivery of key services.</p> <p>Since the outbreak of the Covid-19 pandemic one of our investment property tenants (Shearings Holidays Ltd) has gone into liquidation (May 2020). By the end of July and following robust due diligence we had secured a new tenant for the property. All other investment properties continue to pay their rent.</p> <p>The new Capital Strategy provides the opportunity to fully explore a wide range of investment options based upon the Council’s risk appetite whilst also ensuring proper due diligence and long term planning to reflect current and planned treasury positions.</p>	<p>Corporate Finance Manager &amp; Section 151 Officer</p>	<p>Ongoing</p>
<p><b>DATA MATCHING AND NATIONAL FRAUD INITIATIVE</b></p> <p>The Council must continue to implement the action plan to prioritise improvements. The refreshed approach will give the Council the opportunity to develop and embed their anti-fraud culture.</p>	<p>Service Manager – Revenues and Benefits</p>	<p>Ongoing</p>

<p><b>LOCAL PLAN</b></p> <p>There is now expected to be a delay to the delivery of the Local Plan. This has been caused by some slippage in commissioning during the pandemic from jointly commissioned work. The work undertaken by Ashfield has been delivered to timescales.</p> <p>However, given the overhaul of the planning system proposed and the step change proposed to housing numbers through consultation changes to the housing methodology, it is clear that the Plan being delivered would not meet the targets the Government appears to be indicating.</p> <p>Options for delivery will now need to be revisited as well as consultation responses to the changes developed. The numbers being generated by the new housing methodology do not appear realistic for this Authority or for commercial delivery, increasing annual projections from 500 to 800 houses per year.</p> <p>The introduction of changes is challenging particularly in the Covid recovery period.</p> <p>A new Local Development Scheme will now be developed.</p>	<p>Director of Place and Communities and Assistant Director, Planning and Regulatory Services</p>	<p>To be developed in light of Government changes</p>
<p><b>EU EXIT</b></p> <p>To continue to review and update the internal Action Plan based on national status with the transition planning leading up to EU exit in December 2020 and post Exit.</p> <p>To continue to adopt a 'rising tide' monitoring and reporting structure - reports to CLT, Cabinet and Council.</p>	<p>Director of Resources &amp; Business Transformation</p>	<p>Ongoing</p>

**COVID-19**

To continue to respond to the ongoing Pandemic and implement the Council's Recovery Strategy.

Chief  
Executive

Ongoing

The review of the Council's governance arrangements demonstrates that these are fit for purpose but to ensure continuous improvement areas have been identified which require further work.

We propose over the coming year as set out above to further enhance the Council's governance arrangements and will monitor their implementation as part of our annual review.

Signed

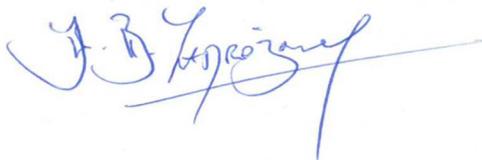
Date 26 August 2020



**Carol Cooper-Smith, Chief Executive**

Signed

Date 26 August 2020



**Councillor Jason Zadrozny, Leader of the Council**

# Appendix 1 – The Governance Framework and Review of Effectiveness

## Putting the Principles into Effect

	Principle	How Does the Council Achieve This
A	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	<p>The Council set out its Purpose in the Corporate Plan 2019-2023 which are:</p> <ul style="list-style-type: none"> <li>• The Council exists to serve the communities and residents of Ashfield</li> <li>• We will provide good quality, value for money services</li> <li>• We will act strategically and plan for the future, working with others to bring about sustainable improvements in people’s lives</li> </ul> <p>The Council’s values, as set out in the new Corporate Plan are:</p> <ul style="list-style-type: none"> <li>• People Focussed</li> <li>• Honest</li> <li>• Proud</li> <li>• Ambitious</li> </ul> <p>The Council has identified the following priorities:</p> <ul style="list-style-type: none"> <li>• Health and Happiness</li> <li>• Homes and Housing</li> <li>• Economic Growth and Place</li> <li>• Cleaner and Greener</li> <li>• Safer and Stronger</li> </ul>

- Innovate and Improve

The Key Projects, Programmes and Initiatives set out in the Corporate Plan reflect these values and priorities and the Council's Budget and Performance frameworks monitor how the Council performs against them. The Corporate Plan has been reviewed to take into account the impacts of COVID-19 and the Council's Recovery Strategy.

Councillors and Officers are both guided by codes of conduct which have been agreed by Council. The Officer Code was updated in 2017 and has been well communicated and understood throughout the organisation.

The Member Code is based upon the Nolan Principles and was updated in 2017 and is currently under review as part of the work being undertaken to consider the report of the Committee on Standards in Public Life – the completion of the review is on hold pending the outcome of the model Code of Conduct work being undertaken by the Local Government Association. The Council's Standards and Personnel Appeals Committee takes an active lead role in upholding standards and investigating any complaints made against Members. A number of complaints have been received during the year. The Committee has, on a number of occasions, considered the Committee on Standards in Public Life report with a view to implement the best practice recommendations; this work is ongoing and will form part of the Committee's Work Plan for 2020/21.

Members and Officers are required to complete Register of Interests forms and to disclose gifts and hospitality. Members and Officers are reminded about this requirement at least annually. The Guidance for Officers and the Declaration Form have been revised following a recent audit review.

The Chief Executive (and Interim), the Corporate Leadership Team, and senior officers continually lead by example and promote the Council's priorities and values. The Chief Executive (and Interim) personally addresses colleagues on key matters such as budgets and key organisational change issues. The Chief Executive speaks to senior and middle managers as part of the Extended Leadership Team, allowing two way dialogue on all key issues.

The Employee Survey was carried out in late 2019 and supplemented by a Covid Impact Employee Survey in May 2020. Both surveys had extremely positive outcomes with further increases in employee satisfaction across a range of measures including 'employer of choice', 'pride', leadership, development opportunities, quality of management, support with employee health and wellbeing, communications and engagement, flexible working,

		<p>support with remote working. Outcomes are being integrated into refinement and prioritisation of key work programmes such as DST, agile working, HR and physical and mental health and wellbeing support.</p> <p>The Constitution is regularly updated and a review is carried out annually.</p> <p>A suite of Anti-Fraud and Corruption Policies and Procedures are in place which were reviewed in February 2020 by the Audit Committee. A “Governance” hub is available on the intranet and the Council’s website which contains links to these policies and a wider range of governance documents, such as the Constitution. The Anti-Fraud and Corruption Officer Working Group with clear terms of reference meets quarterly to oversee the Council’s approach to fraud and corruption and reports to CLT and Audit Committee. The Council’s Whistleblowing Policy is reviewed annually and the Audit Committee and the Standards and Personnel Appeals Committee receive reports regarding the way complaints received under the policy have been dealt with.</p> <p>The Council has adopted a Modern Slavery and Human Trafficking Transparency Statement and Policy Statement. At its meeting in November 2019, the Council agreed to adopt the Co-operative Party’s Charter against Modern Slavery ensuring that the Council’s procurement practices do not support slavery.</p> <p>A number of Council services are provided externally and these are reviewed with strong partner engagement and contract management.</p> <p>Each of the statutory officers is able to operate with the appropriate independence; the organisational culture respects and supports their integrity and provides the staffing arrangements to support their work.</p> <p>A Member/Officer Protocol informs the relationship between Officers and Members.</p>
B	Ensuring openness and comprehensive stakeholder engagement	<p>The Council operates in an open and transparent way, and takes the vast majority of its key decisions in public meetings at Council, Cabinet and Committees. The Constitution encourages debate around key decisions and Council meetings include the scope for questions from Councillors and members of the public. Arrangements were in place for urgent decision-making during the COVID-19 pandemic and an update report, including decisions taken, was reported to Cabinet in June 2020 for endorsement. Verbal updates regarding COVID-19 have been provided by the Leader on a number of occasions to Council. The Council has embraced virtual meetings holding its first virtual meeting (the AGM) on 23 April 2020, after which all meetings have been held virtually.</p>

		<p>The Council consults widely with internal and external stakeholders on key policy changes in accordance with its agreed policies. The Council continues to increase the use it makes of new media channels such as Facebook and Twitter. The State of Ashfield Debate, which was held in September 2019, focussed on regeneration with external speakers from East Midlands Councils and the Local Enterprise Partnership. The State of Ashfield Debate was streamed on Facebook Live.</p> <p>The Council has a well-developed approach to working with partners to achieve Corporate Plan outcomes. Co-location with the DWP and police partners has provided a positive impact leading to better ways of dealing with complex cases.</p> <p>A wide variety of communication methods are used to seek the views of different stakeholders. The Council’s magazine “Ashfield Matters” is produced four times a year, and this is backed up by regular Citizens’ Panel meetings which allows residents to discuss key policy issues with senior Council managers. The Council continues to develop its use of social media channels such as Facebook and Twitter, to promote Council campaigns, provide information to residents, deal with customer enquiries and engage with local communities; this has been used very effectively during the pandemic.</p> <p>Senior Managers continue to meet with the Trade Unions on a regular basis to actively engage and consult on employee related issues.</p> <p>The Place Enhancement Programme continues to ways to improve the public perception of the District and promote the area. As part of this Programme, the Ashfield Place Board, which is independently chaired by a local business leader, meets regularly. The Board was responsible for creating and launching the “Discover Ashfield” brand.</p> <p>Considerable engagement and consultation has taken place with partners and stakeholders in relation to the development of the proposed schemes for the Future High Streets Fund and the Towns Fund.</p> <p>Engagement with the Youth Council continues to take place.</p>
C	Defining outcomes in terms of	The Corporate Plan sets out clearly the outcomes to which the Council is committed. It continually checks the deliverability of these outcomes against the available resources and for this purpose both the Corporate Plan and the Medium Term Financial Plan are reviewed.

	<p>sustainable economic, social, and environmental benefits</p>	<p>The Council's performance indicators and its Corporate Scorecard and Place Scorecard are considered regularly by senior management, Overview and Scrutiny Committee and Cabinet.</p> <p>Comprehensive and regular dialogue, on priorities, performance and financial planning take place between the Cabinet and the Corporate Leadership Team (CLT), with the result that the Council is able to shape its ambitions around the resources available to it, and its partners. Long-term impacts of decisions are forecast using the Council's Weighted Benefit Model for individual projects, and the Medium Term Financial Strategy for the whole of the Council's services.</p> <p>The Council's Corporate and Fraud Risks are identified and recorded in registers and regularly monitored through CLT, Cabinet and Audit Committee. The Council's Corporate Risk Register was updated in light of COVID-19 and approved at Cabinet in July 2020.</p>
D	<p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>The Council's interventions which aim to achieve its Corporate Plan objectives are planned through a number of Programme Boards or are monitored as a regular agenda item at directorate management team meetings. The current programme boards are:-</p> <ul style="list-style-type: none"> <li>• Regeneration</li> <li>• Commercial Investment Working Group</li> <li>• Digital and Service Transformation</li> <li>• Discover Ashfield</li> <li>• Health and Well Being</li> <li>• Efficiency (assets, procurement and restructures)</li> </ul> <p>Where relevant, Project Boards sit underneath these boards, working specifically on key projects.</p> <p>The programme boards consider the merits of a range of projects for achieving the aims of the Corporate Plan. They employ the Council's Weighted Benefit Model to assess the impact against key priorities, and the affordability of the intervention. Activity within the boards is now being prioritised in order to sharpen its focus.</p> <p>The Corporate Leadership Team considers the priority order for new projects, and their affordability in the context of the Medium Term Financial Strategy.</p>

E	Developing the entity's capacity, including the capability of its leadership and the individuals within it	<p>The Leader and Chief Executive have clearly defined roles. Regular meetings between senior managers and portfolio holders allow for timely discussion of emerging policies and issues, and overviews of strategic developments such as the budget and MTFS.</p> <p>The Chief Executive meets opposition group leaders on a regular basis.</p> <p>Comprehensive training programmes are in place for officers and Members; this Learning and Development programme is shared between Ashfield and Mansfield as part of the Human Resources Shared Service. Working between the two organisations gives valuable insights into different approaches to organisational management and development.</p> <p>The Members' Development Strategy was approved in 2017. Mandatory training has been identified and incorporated into the Code of Conduct. A comprehensive Member Induction programme was rolled out after the May 2019 District Elections to ensure new and returning Members were well equipped for their roles as Councillors during the year. A new training programme is being developed for Members in light of COVID-19 and a move to virtual training methods.</p> <p>The Council has a People Strategy in place and is actively working to develop officers as part of the Leadership Competency Framework (integrated into PDRs and recruitment).</p> <p>The digital and service transformation (DST) programme has been fast tracked throughout Covid supported by additional investment, specialist external and internal capacity and skills, internal secondments, and a revised blueprint and road maps targeting resources to especially support essential services and remote/virtual working and need for expedited channel shift options for residents. A bi-weekly DST officers/members group provides steer, review and monitoring of progress, benefits realisation and programme of prioritisation of developments. To ensure high quality of customer/user experience a new service manager post for customer services has been approved intrinsically linked to maximising use of technology. To assist with user experience and channel shift a new website has been developed to be launched in autumn 2020.</p>
F	Managing risks and performance through robust	<p>The Council's Corporate Risk Register is regularly updated and considered by Cabinet and the Audit Committee. The Anti-Fraud and Corruption Working Group monitors the Fraud Risk Register quarterly and reports to the Audit Committee annually.</p>

<p>internal control and strong public financial management</p>	<p>Risk Management informs service planning and project planning and is a specific consideration when new capital projects are being developed. The Corporate Risk Register is aligned to the Corporate Plan and its priorities and was updated to take account of COVID-19.</p> <p>The Council has well-developed Emergency Planning processes and procedures and contributes to regional training events and Local Resilience Forum Sub-Groups. Each service has an up to date Business Continuity Plan and a Critical Function Plan (if appropriate). The Council's Business Continuity and Emergency Planning procedures have been successfully implemented and improved during the pandemic and the Council has taken an active role in the LRFs Response and Recovery Structures as well as implementing its own internal structures.</p> <p>The Council has a mature performance management system and reporting, developed over a number of years and reflecting all of the Council's key performance areas. This is summarised in a Corporate Scorecard which is scrutinised quarterly. Data accuracy is regularly audited.</p> <p>The Council has a good track record of setting robust budgets and spending within the approved budget. The Council's finances have been guided by a well-developed and communicated MTFs for several years. This MTFs is informed by regional and national expertise and the latest iteration is informed by resource modelling from Local Government Futures (LG Futures). By setting and implementing annual savings plans, the Council has been able to consistently reduce its net budget. The Council has achieved unqualified accounts and a positive Value For Money assessment throughout this period.</p> <p>The Commercial Investment Plan and Capital Strategy which includes due diligence and risk mitigation processes was updated and approved at Cabinet and Council in February and March 2020 respectively.</p> <p>Internal Control is achieved by a wide range of processes working successfully, and CMAP's assessment of internal control can be found earlier in this document. The Council's Data Management arrangements are updated regularly in line with Government guidelines and best practice and these are subject to regular detailed audits. Implementation of GDPR was successfully managed through the Project Management Framework and continued to be developed in line with new guidance and advice from the Information Commissioner. A reasonable level of assurance was given following a recent Information Governance audit review.</p>
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G	Implementing good practices in transparency, reporting, and audit to deliver effective accountability	<p>The Council's decision making is transparent; the Forward Plan of Key Decisions is accessible and is reviewed on a weekly basis by CLT. Decisions are readily available through the Council's web site on the user-friendly "modern.gov" system.</p> <p>The budget and performance are subject to reports at least quarterly.</p> <p>The Council's Pay Policy Statement and Gender Pay Gap have been published.</p> <p>The Annual Governance Statement and Corporate Assurance Checklist are updated annually.</p> <p>Audit recommendations are owned by management and are largely acted upon in a timely manner. There are a number of processes in place for monitoring recommendations including through CMAP reminders, reports through CLT and Performance Boards; some recommendations are also monitored via the Council's performance management system (Pentana).</p>
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