

REPORT OF THE CHAIRMAN OF THE GOVERNANCE & ETHICS COMMITTEE

GOVERNANCE & ETHICS COMMITTEE ANNUAL REPORT 2020/21

Purpose of the Report

1. To report to the County Council the work of the Governance & Ethics Committee in 2020/21 and the intended areas of focus for the current year.

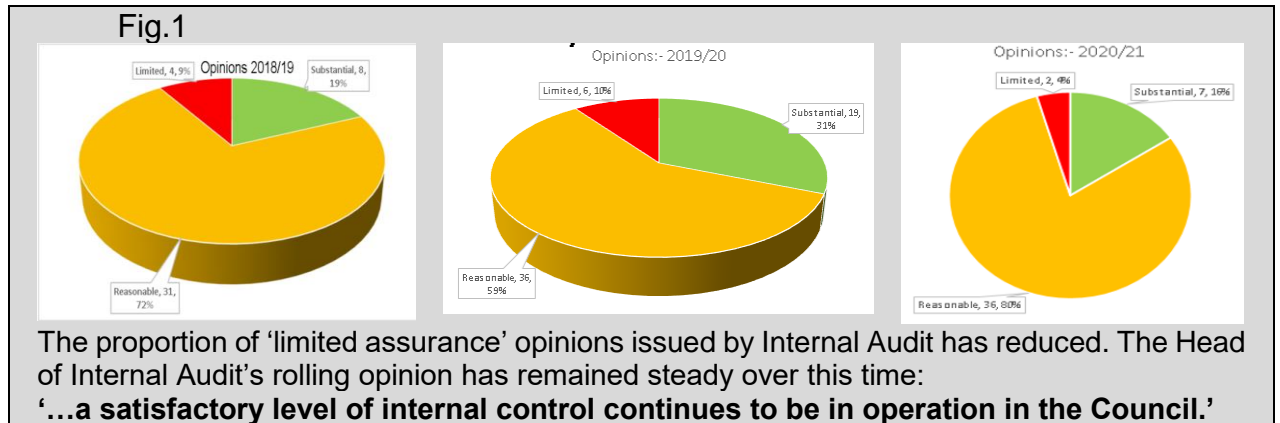
Information

2. The Governance & Ethics Committee was established following the County Council elections in May 2017, and it held its first meeting in June 2017. It is comprised of 11 County Councillors.
3. The Committee's terms of reference are set out in the County Council's constitution. It is serviced regularly by professional officers working mostly in the Chief Executive's Department in the key functional areas of finance, internal audit, legal and democratic services, information management and corporate risk management. The Committee's role subsumed that of the former Audit Committee and it now extends further to incorporate wider responsibilities, for example relating to codes of conduct and dealing with alleged breaches of the codes.
4. At its meeting in July 2018, the Committee agreed to implement an annual report on how effectively it has discharged its key roles and responsibilities. This is the Committee's third annual report and it also sets out proposed priorities for the Committee in 2021/22.
5. The work of the Committee was impacted by COVID-19 in 2020/21, but it successfully converted to virtual meetings by July 2020. By the end of March 2021, the Committee had held seven of its scheduled eight meetings for the full year.

Achievements against the Committee's terms of reference

6. **Appendix 1** presents a matrix of the key business dealt with by the Committee, mapped against each of its roles and responsibilities set out in the County Council Constitution. There are a number of notable achievements, summarised as follows:
 - a) **Internal control framework:** the Committee has maintained its strong focus on supporting the work of Internal Audit, and it has received regular assurance from the service regarding the effectiveness of the Council's arrangements for governance, risk management and control. The follow-up of Internal Audit's recommendations has been flagged as a potential area of concern, as the implementation rate for Priority 1 recommendations has seen a

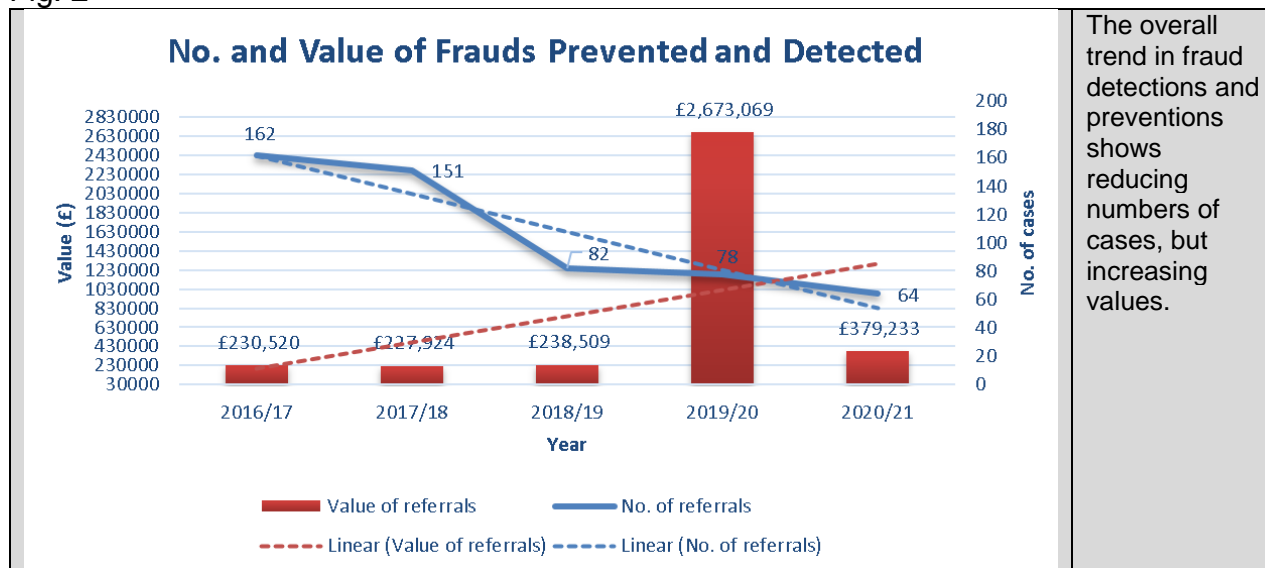
decline compared with previous years. The Committee recognised the impact the pandemic has had on services' capacity to meet the agreed implementation dates in all cases, and it relaxed its practice of inviting senior managers to committee meetings to provide verbal updates on progress. This was restored for the second update in January 2021, as the Committee renewed its resolve to drive agreed improvements through to implementation.



The Committee has been similarly supportive of the work of the Council's external auditors, again receiving updates on progress with the annual audit, and confirming an appropriate response from management to the findings and recommendations reported.

- b) **Assurance mapping:** this initiative developed further in 2020/21, following the Committee's decision to both retain the activity and to expand its scope. Three new areas of governance were added last year, taking its coverage now to eight key aspects of corporate governance. This is providing important intelligence for the Committee in determining where it may require additional assurance in the following year. Work progressed to develop further the content and frequency of assurance feeds to the Committee around the Council's key governance processes, to complement the annual mapping exercise.
- c) **Counter-fraud:** the Committee considered the Annual Fraud Report and a six-monthly update, which continued to evidence that the incidence of fraud in the Council is low. Nonetheless, the Committee reinforced the zero tolerance approach where issues have arisen, and continued to encourage all staff and stakeholders to voice concerns wherever reasonable suspicions arise. The Committee has maintained oversight of the Council's pro-active counter-fraud programme. The annual reports for the Council's Whistleblowing scheme and the use of the Regulation of Investigatory Powers Act 2000 added further insight in this area.

Fig. 2



- d) **Annual Statement of Accounts and Annual Governance Statement:** The Committee received and approved these Statements for 2019/20 in accordance with the statutory timescales. The Committee received regular updates during the year on progress against the Annual Governance Statement’s action plan, and it approved the annual refresh of the Local Code of Corporate Governance.
- e) **Risk Management:** The Committee restored its regular updates on risk management, receiving reports on the movement of corporate risks on a six-monthly basis.
- f) **Standards of conduct and transparency:** The Committee approved the Council’s response to the Local Government Association’s Draft Model Code of Conduct, and considered the final version of the code later in the year. The established process to review councillors’ use of resources and application of their Divisional Funds was retained (incorporating sample testing carried out by Democratic Services). Independent persons have been appointed, received training and attended meetings of the Committee.
- g) **Local Government Ombudsman Reports and Complaints:** The Committee has taken a firm stance to be transparent in its approach to considering issues arising from service users’ complaints about Council services. All decisions of the Ombudsman are scheduled for consideration by Committee at each meeting as the reports are received throughout the year. The relevant senior officers are invited to attend, where appropriate, to advise of actions taken where complaints have been upheld.

7. The Committee has made appropriate use of the range of powers delegated to it under the terms of the Constitution, as summarised below:

Delegated power	Summary of activity
Decision- making	Decisions have been taken at each Committee meeting in relation to the areas of activity within the Committee's remit
Performance review	Periodic updates of the service delivered by Internal Audit In relation to Internal Audit Self-assessment of the Council's arrangements for cyber security against National Audit Office guidance Progress against the Annual Governance Statement Action Plan
Review of officers' decisions	Annual scrutiny of decisions taken by officers to waive financial regulations
Consultation responses	Approved the response to a Local Government Association consultation on a draft Model Code of Conduct
Member conduct	Convened a sub-committee to consider and decide on a complaint under the Members' Code of Conduct

Member training and self-assessment




8. The Committee helped to progress the Member Communication & Engagement Programme, which includes the training and development offer for all County Councillors. An introductory slot to risk management was delivered, to coincide with the restoration of routine reporting to the committee on this topic. Towards the end of the year, there was a particular focus on the proposed induction programme for Members following the elections and for the duration of the 2021-2025 period.

Priorities for 2021/22

9. First and foremost, an immediate priority for the Committee will be to furnish its refreshed membership with the knowledge it needs to perform its important role in the Council's governance framework. An appropriate training and development plan for its members should be set out, aimed at ensuring all feel suitably skilled and confident to contribute to the Committee's business.
10. The Committee intends to implement a schedule of reviews into significant areas of Council expenditure, to assess value-for-money for residents and service users. It is proposed to start with the following:

Adult Social Care & Public Health:	Day Service provision
Children & Young People:	Workforce agency spend
Children & Young People:	Building maintenance and capital spend for schools, children's homes and young people's centres

11. The future course of the pandemic will have a strong influence on the nature of assurances the Committee will require in 2020/21 and on the activities it will wish to progress. A planned schedule of assurance over the course of the year would provide a basis for delivery and review as the Council works through its recovery and renewal phase.
12. Assurance mapping is a key plank in the Committee's sources of assurance for fulfilment of its remit. The annual report from this activity in 2020/21 makes proposals for its continued use in 2021/22 and beyond. Key themes for suggested development will be:
- Areas of focus - proposing a close alignment with the Council's risk management process
 - Nature of assurance feeds – to complement the annual process with the establishment of continuous assurance feeds within the Council.
13. It is proposed that key priorities for the Committee in 2021/22 should embrace a blend of its core duties as set out in the Council's Constitution, along with training and developmental activities to help maintain a high degree of focus on governance and ethical values in the Council. The following are potential priorities in 2021/22 for Members to discuss:

	<p>Member training</p> <ul style="list-style-type: none"> ➤ Risk management concepts and their application using a case study approach ➤ Links with other county and regional audit committees ➤ Participation at regional and national conferences and seminars ➤ Introduction of more regular and targeted briefing sessions with key officers
	<p>Core business</p> <ul style="list-style-type: none"> ➤ Statement of accounts ➤ External audit plans and outcomes ➤ Internal Audit plans, outcomes and implementation of recommendations ➤ Counter-fraud – with a particular emphasis on the key, external threats and the Council's processes for recovering losses ➤ Oversight of complaints and Ombudsman reports – to continue the transparent approach adopted to date ➤ Information governance ➤ Corporate risk management ➤ Member conduct
	<p>Promoting strong governance and sound ethical values</p> <ul style="list-style-type: none"> ➤ Reviews of significant areas of Council expenditure ➤ Continuation of assurance mapping ➤ Arrangements for determining the Council's risk appetite ➤ Reviewing the Council's ethical framework ➤ Regular updates of the Annual Governance Statement ➤ Self-assessments against best practice guidance for governance and ethics ➤ Annual report to Full Council

Other Options Considered

14. The Committee agreed the implementation of an annual report of its activities at its meeting in July 2018. No other options were considered.

Reason for Recommendation

15. To provide assurance to the Council that the Governance & Ethics Committee is delivering against the terms of reference for the Committee, as set out in the Constitution.

Statutory and Policy Implications

16. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

The remit of the Governance & Ethics Committee is to direct and receive assurance that the Council is meeting many of the issues identified above. Its work since establishment in May 2017 has addressed many of the above.

RECOMMENDATION

1) That Council considers the achievements of the Governance & Ethics Committee and endorses its intended areas of focus for the current year.

Councillor Philip Owen
Chairman of the Governance & Ethics Committee

For any enquiries about this report please contact:

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Constitutional Comments (LW 24/06/2021)

17. This report is appropriate to be considered by the County Council.

Financial Comments (RWK 24/06/2021)

18. There are no specific financial implications arising directly from the report.

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- None

Electoral Division(s) and Member(s) Affected

- All