



ANNUAL GOVERNANCE STATEMENT 2022/23

1. Executive Summary

North Devon Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility the council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council must exercise corporate governance which is consistent with the principles of the CIPFA/SoLACE Framework "Delivering Good Governance in Local Government 2016" ("The Framework"). This Annual Governance Statement (AGS) explains how the council complies with the framework and also meets the requirements of the Accounts and Audit Regulations in relation to the publication of a statement on internal control.

The Council is committed to addressing governance issues and to keep arrangements under review, and has sound evidence to the effect that there is a system of governance in place which meets the principles of the Framework and is fit for purpose.

The Council's perspective has been informed by Internal Audit reports carried out during the year by the Devon Audit Partnership. Their Annual Audit Report for 22/23, provided a Reasonable Assurance opinion that the arrangements for governance were sound.

Appendix B, is our assessment of how the CIPFA principles are met, where governance can be seen in action, and the assurance received and the issued identified. The issued identified are summarised in the report below.

2. The purpose of the governance framework

Confidence in public sector governance is of critical importance, given the huge investments by taxpayers in local services and the need to ensure that resources are not wasted. This Annual Governance Statement is to help provide that confidence by formally recognising, recording and publishing the council's governance arrangements.

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
- Resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

The governance framework has been in place at North Devon Council for the year ended 31 March 2023, and up to the date of approval of the annual report and statement of accounts.

Our governance framework derives from core principles in the Framework. They are:

- 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 entities capacity, including the capability of its leadership and the individuals within it,
- f) Managing risks and performance through robust internal controls and strong public financial management,
- g) Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The authority's financial management arrangements conform with the governance requirements of the CIPFA "*Statement on the Role of the Chief Financial Officer in Local Government*" (2016) as set out in the Application Note to the Framework.

3. Key Elements of the Council's Governance Framework

3.1 Council and Strategy and Resources Committee

- Set the budget, strategies and the corporate objectives
- Receive performance reports

3.2 Governance Committee

- Oversight of ethics and governance issues
- Dealing with complaints
- Receiving audit reports
- Risk Management

3.3 Policy & Development Committee

- Holding Strategy and Resources Committee to account
- Considering service plans
- Receiving performance reports

3.4 Senior Management Team

- Receiving performance reports
- Managing behaviours
- Dealing with health and safety issues
- Risk Management

3.5 Corporate Risk Group

- Identifying corporate risks and reporting

3.6 Statutory Officers

- Ensuring that the Council acts properly and lawfully

3.7 Internal Audit

- Independent and objective assurance to the Council

4. How we comply with the framework

In conjunction with Internal Audit, compliance with the Framework in meeting the principles, where governance can be seen in action, and the assurance received and issued identified, have been assessed in detail and are included in full in Appendix B. This statement, therefore, should be read alongside the assessment.

Under the headings below, the actions recommended by the assessment are highlighted.

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

The previous recommendations have been completed and no new actions have been highlighted from this year's assessment.

Principle B - Ensuring openness and comprehensive stakeholder engagement

These recommended actions are still on-going:

- Produce a summary report making it clearer how the Council budget is being spent.
- Produce a Community Engagement Vision / Strategy.

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

These are the recommended actions:

- Identify key strategies and policies required to progress the corporate plan, assigning roles and dates for renewal.
- Produce a new procurement strategy covering sustainability and social value.
- Consider how to provide more summary information on Council performance.
- Update the Asset Management Plan to link to the Commercialisation Strategy.

Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

The previous recommendations have been completed and no new actions have been highlighted from this year's assessment.

Principle E - Developing the entities capacity, including the capability of its leadership and the individuals within it

This is the recommended action:

- Continue the work to update and revised the staff training policy.

Principle F - Managing risks and performance through robust internal controls and strong public financial management

The previous recommendations have been completed but the following new actions has been highlighted from this year's assessment:

- To improve Information Governance (Information security and management), including greater understanding of the cyber risk and improving the cyber risk culture.

Principle G - Implementing good practices in transparency, reporting and audit to deliver effective accountability

The assessment at Appendix B highlights that the implementation of good practices in transparency is evidenced by the Annual Governance Statement itself, which is discussed by the Governance Committee and subsequently Full Council. Audit recommendations are reported to the Governance Committee, and progress towards completion is tracked and reported. Performance monitoring reports are considered by the Strategy and Resources Committee and then Full Council. External audits are undertaken every year and reported through the Audit Findings Report and the Auditors Annual Report.

5 Evaluation of the Effectiveness of Governance

5.1 Background

The Council has conducted its annual review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by

- the work of council officers who have responsibility for the development and maintenance of governance environment
- the annual report of internal audit, and
- comments made by the external auditors and other review agencies and inspectorates
- assurance work completed during the year and up until the point that this Annual Governance Statement is approved.

The main processes that have been relied upon by North Devon Council in reviewing and maintaining the effectiveness of the system of internal control are highlighted below.

5.2 Internal Audit

Internal Audit is responsible for objectively reviewing the Council's internal systems of control with a view to reporting on and making recommendations to management with regard to their effectiveness for managing business risk and achieving the organisation's objectives

Internal Audit reviews are designed to assess the effectiveness of the internal controls on which the council relies for managing risk. There is an annual risk-based internal audit plan approved by the Governance Committee. During the year Internal Audit undertook 16 audits with the reports then sent to SMT for review.

All open Audit actions within the Internal Audit Reports are contained within a report presented to the Governance Committee. The Governance Committee takes an active role in ensuring actions are completed.

The effectiveness of Internal Audit in carrying out this function is assessed by the Governance Committee.

The service is provided by Devon Audit Partnership, an organisation owned by participating councils including North Devon Council. This enables access to a wide variety of skills and specialist practitioners. For 2022/23, the Internal Auditor opinion was Reasonable Assurance - a generally sound system of governance, risk management and control in place.

5.3 External Audit

The Council had appointed Grant Thornton as its external auditors.

The Audit findings for North Devon District Council for the year ended 31st March 2023 were that no material errors or adjustments to the financial statements were identified, and no adjustments were identified that resulted in an adjustment to the Council's Comprehensive Income and Expenditure

Statement. Grant Thornton also undertook a Value for Money review which concluded that NDDC has proper arrangements to secure economic, efficient and effective use of its resources.

5.4 Other external agencies

The **Local Government and Social Care Ombudsman (LGSCO)** has publicly available records in respect of complaints received about each council. For 2022/2023, 9 complaints were received in relation to NDDC, with the largest number (7) coming from the planning/planning enforcement, whilst two involved Operational Services. In the preceding four years the numbers were 17, 25, 23 and 8 respectively. Only two of the complaints, both for Operational Services, were upheld after a detailed investigation.

The LGSCO has pointed out that some care should be taken in comparing the figures with those from previous years, as the Ombudsman did not accept new complaints and did not investigate existing cases between March and June 2020, because of Covid 19. This clearly reduced the number of complaints it received and decided.

The **LGA Peer Review** which took place in 2016 has been referenced in previous Annual Governance Statements. The Council undertook a further Peer Challenge in November 2019, and a report as to the outcomes was received in February 2020, but the onset of the Covid-19 pandemic has interrupted the reporting-back process and progress in implementing the recommendations. However, the Peer Review Team revisited the Council in Sept/Oct 2021 to refresh the report, which was published in January 2022.

The 2021 report noted that successful steps taken to further the commercialisation agenda, create senior capacity, embed a behaviours framework and to raise the profile and influence of the council on a regional and national footing. It also identified some challenges to overcome, the main points being:

- ensuring that the new Heads of Service have the capacity to deliver the challenging objectives
- engaging all councillors in reviewing the corporate priorities
- enhancing the partnership working with neighbouring councils

The Council have since held a number of workshops with all Councillors to review and refresh the corporate priorities.

5.5 Statutory Officers (i.e. Head of Paid Service, Chief Financial Officer, and Monitoring Officer)

No formal reports have been made by any statutory officer.

5.6 Senior Management Team

The Senior Management Team meets each week to develop policy issues and also considers internal control issues, including risk management, performance management, compliances, efficiency and value for money, and financial management.

During the year all external and internal audit reports are considered by the Senior Management Team before agreement of the recommendations. This ensures that any action that stems from them is properly integrated into the Council's activity.

The Senior Management Team reviews and updates the Corporate Risk Register, supported by the Corporate Risk Management Group.

The Council's performance is reviewed quarterly. The Senior Management Team are the first step in the chain of monitoring and action that culminates in Strategy and Resources Committee decisions on the Performance and Financial Management Report.

Senior Management Team exercise control over all appointments and any staffing changes, including direct replacements have to be supported by business cases and approved by the Team.

All members of Senior Management Team have responsibility for maintaining a system of sound internal controls and management processes within their area of responsibility, and for reviewing their effectiveness. Each has completed an **Assurance Statement** for their area confirming that a sound system of internal control has been in place throughout the financial year, and identifying any areas that are less robust.

The composition of the Senior Management Team has been enhanced, from 1st September 2021, to address the perceived lack of capacity at senior level identified in the LGA Peer Review. The Team now comprises the Chief Executive, the Deputy Chief Executive, and seven Heads of Service.

5.7 Health and Safety

There are established risk assessment and incident reporting processes. These are supported by framework risk assessments for 'office work', 'office work at home' 'site visits', 'driving at work', and 'attendance at exhibitions'. In addition there is information on a wide range of subjects available.

Following the onset of the Covid-19 pandemic, and the Government guidance for members of staff to work from home, wherever possible, both general and specific risk assessments have been issued to manage the return to work of those who have not been attending the workplace during the pandemic.

The Senior Management Team and the Council's Health Safety, and Welfare Committee (a joint staff/Member/management committee) has met during the year and received incidence statistics with notes of trends and actions taken. These meetings support the Health and Safety Advisor's introduction of improvements and updates to guidance or practices to mitigate risks/incidence issues.

There are reports to the Chief Executive and the Senior Management Team when issues arise.

5.8 Information Management and Security

The Council holds a great deal of information and personal data to support the delivery of services. The security of that information is of paramount importance. The Information Management Group monitors compliance with the Information Security, Email, Internet and Data Protection Policies. It has responsibility for ensuring that procedures are in place to reinforce the policies and for ensuring that specific training and guidance is provided at all levels within the Council. It reports to the Senior Management Team as issues arise. No major issues have been identified.

Both the spirit and the letter of the General Data Protection Regulation have been fully implemented by the Council. Data Protection Champions have been appointed for each service area and these meet with the Data Protection Officer when issues arise. Training of all staff and Councillors has been undertaken and the Data Protection Officer is proactive in dealing with issues and concerns. All breaches are dealt with in accordance with the law and relevant guidance and the Data Protection Officer ensures that any changes that are highlighted by breaches are introduced. In the Data Protection Officer's absence, two other senior officers are briefed to deal with any emergency data protection issues arising.

6. Accountability and Action Plans

North Devon Council has reviewed its governance arrangements under the auspices of this Annual Governance Statement, and in doing so it has been valuably informed by Devon Audit Partnership's audit of the governance arrangements.

Whilst the Council was very pleased to note the audit opinion in the Internal Auditors Annual Report for 22/23 of "reasonable assurance" that there is a generally sound system of governance, risk management and control in place, the Council is committed to ensuring the continuous improvement of the corporate governance arrangements. This can be achieved by continual assessment and by addressing the action points which have been highlighted

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our

review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:



Councillor Ian Roome
Leader

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Ken Miles
Chief Executive

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