

ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

Corporate governance describes how organisations direct and control what they do. For local authorities this also includes how a council relates to the communities that it serves.

The changing needs of residents and communities, significant reductions in resources and central government reforms present a challenge to all councils. In addressing these challenges, the Council must ensure that governance arrangements support the effective delivery of services and management of risk.

This Council is committed to planning and delivering services to the residents of the borough in a way that demonstrates accountability, transparency, effectiveness, integrity and inclusivity.

The Council's Code of Corporate Governance outlines our governance principles:

- Focusing on the Council's purpose and community needs;
- Having clear responsibilities and arrangements for accountability;
- Requiring good conduct and behaviour;
- Taking informed and transparent decisions which are subject to effective scrutiny and risk management;
- Developing the capacity and capability of members and officers to be effective; and
- Engaging with local people and other stakeholders.

The 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 provides value for money. It also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. That duty has grown in importance with the reduction in resources being made available for local government over recent years.

This Annual Governance Statement sets out how the Council has complied with the Code and also meets the Accounts and Audit (Amendment) Regulations 2021 which have revised the Accounts and Audit Regulations (England and Wales) 2015 this year.

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In discharging this responsibility, the Council has put in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whilst facilitating the effective exercise of its functions.

It has established governance arrangements which are consistent with the seven principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework - Delivering Good Governance in Local Government. It has adopted a Local Code of Corporate Governance which was refreshed during 2021-22 and is publicised on the Council's [website](#).

During 2019/20 the Councillor Code of Conduct was also reviewed and agreed by the Governance Task Group in March 2020, and subsequently approved by Council in July. A copy is available on the Council's [website](#).

These arrangements are supported by the Council's Risk Management Strategy which is also available on the [website](#).

PURPOSE

The Council's governance arrangements are designed to manage risk to a reasonable level. The arrangements cannot eliminate all risks but can provide reasonable assurance of our effectiveness.

The governance framework has been in place for the year to the date of approval of this annual governance statement.

GOVERNANCE FRAMEWORK

The Council's governance framework comprises the systems and processes, and culture and values that allow us to achieve our strategic objectives and establish the extent to which services are delivered in an appropriate and cost-effective way.

These are summarised below:

- The Council's Corporate Plan and other documents contained in the Policy and Budget Framework set out priorities and intended outcomes for residents and service users. In December 2019 the [Corporate Plan](#) was adopted. The Corporate Plan is supported by supplementary strategies, including the Housing Delivery Strategy (adopted December 2019), the Environmental Sustainability Strategy (adopted August 2020) and the Commercial Strategy Part 1 (adopted November 2020) and Part 2 (adopted December 2021);

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- The Executive, Committees and Panels have been established to ensure democratic engagement and accountability and are central to our decision-making;
- The arrangements for oversight and scrutiny of decisions and policy development by Councillors;
- The Commercial Ventures Executive Sub-Committee whose terms of reference include:
 - Consider and take decisions about the potential establishment of commercial ventures and the undertaking of other investment activities by the Council;
 - Exercise the function of the Council as a shareholder or partner, in relation to companies, partnerships or other commercial entities owned or part owned by the Council;
 - Monitor and review the performance of commercial ventures undertaken by the Council, and to take decisions on the management of those commercial ventures; and
 - Monitor and review the performance of investment activities undertaken by the Council, and to take decisions on the management of those investments.
- The Audit Committee whose terms of reference include:
 - Oversight of internal audit and governance, including risk management;
 - Oversight of treasury management performance; and
 - Approval of the audited statement of accounts and external auditor's report.
- Delegation and authorisation arrangements which document the roles and responsibilities of Executive and non-Executive councillors and our statutory (and other senior) officer functions;
- Risk, performance and accountability arrangements that measure the quality of services - ensuring they are delivered in accordance with our objectives and that they represent the best use of resources. Commercial decisions are subject to a due diligence process and risk analysis;
- Business plans and associated resource plans, role profiles, organisation vision, values and behaviours and codes of conduct which underpin how Members and employees work;
- Arrangements for consultation and engagement with the community;
- Independent internal audit service arrangements which provide risk-based assurance as well as supporting wider audit requirements;
- Independent oversight and challenge provided by our external auditors, the Information Commissioner, Freedom of Information (Act 2000) requests for information, General Data Protection Regulations and the Local Government Ombudsman; and
- Procedures and internal management processes for:
 - Financial management;

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- Procurement;
- Project management;
- Risk Management;
- Information governance & data security;
- Health & safety;
- Decision making;
- Whistleblowing;
- Complaints handling; and
- Anti-fraud & corruption.

REVIEW OF EFFECTIVENESS

We regularly review the effectiveness of the Council's governance arrangements through the officer Corporate Governance Group, by evaluating performance against the CIPFA/Solace framework (Delivering Good Governance in Local Government) and through independent audit reviews.

This includes considering decisions taken and matters considered by full Council, the Executive, the Management Team, the Overview & Scrutiny Committee, the Audit Committee, internal audits, work undertaken by the external auditor and the annual report of the Local Government Ombudsman.

SELF-ASSESSMENT

Our planning, performance and risk management framework has enabled us to focus on the delivery of our corporate priorities and provides the Overview & Scrutiny Committee and Executive with information to check and challenge attainment of our priorities.

An internal audit review of our Decision Making & Accountability was undertaken in 2019/20 which concluded there was 'substantial' assurance about the arrangements that are in place. In addition, the Council's approach to decision making and governance in the context of COVID-19 was audited in 2020/21. The conclusion was that there was a 'reasonable' level of assurance on the controls and arrangements in place. The identified management actions arising from this review have been completed.

The Council's approach to risk management was also audited in 2020/21. The audit concluded with a 'reasonable assurance' opinion. The identified management actions will be addressed when the Council's risk management framework is next reviewed in 2022.

Each quarter Audit Committee and Executive Members review the Council's strategic risk register, as well as any 'red' rated operational risks.

FINANCIAL PLANNING AND MANAGEMENT

The Medium-Term Financial Plan and Capital Investment Strategy were updated during the year and provide a framework within which budget and investment decisions can be assessed. 2021/22 was also the second year for application of the CIPFA Financial Management Code. A key goal of the Code is to improve the financial resilience of organisations by embedding enhanced standards of financial management. Inevitably, the continued impact of the COVID-19 pandemic has tested that financial resilience and will continue to do so in coming years. There are clear links between the Financial Management Code and the Governance Framework, particularly with its focus on achieving sustainable outcomes.

An assessment has been conducted of this Council's compliance with the principles of the Financial Management Code and areas for development are being addressed, primarily with regard to further development of the approach taken to preparation of the annual Statement of Accounts and MTFP forecasts.

The Chief Finance Officer has continued to ensure that effective budget monitoring and reporting arrangements, involving the Management Team, Executive and Overview & Scrutiny Committee and the Corporate Governance Group have remained in place.

The Overview & Scrutiny Committee (and its Budget Scrutiny Panel) reviewed 2022/23 budget proposals in depth as part of the budget preparation process in late Autumn 2021.

The Committee concluded that the Council had a well-planned and effective budget for 2022/23, particularly given the challenges of the COVID-19 pandemic.

ACCOUNTABILITY

We have reviewed the Constitution to reflect legislative changes particularly in relation to procurement. We also continue to review the Scheme of Delegation for the Council and Executive responsibilities to reflect various legislative and organisational changes. The Scheme of Delegation and Finance Procedure Rules were reviewed and updated versions were approved by Council in December 2021.

The Audit Committee has agreed the Audit Plan and is scheduled to receive an end of year report from Internal Audit.

CONDUCT

The Standards Committee has operated in accordance with our published local arrangements, supported by the Monitoring Officer, since the abolition of the statutory requirement to have a Standards Committee.

The Council has a locally adopted Code of Conduct and all Councillors are given training regarding the conduct requirements. The latest Code of Conduct was approved by Council in July 2020 and incorporated voluntary adoption of the Committee on Standards in Public Life's Ethical Standards report (2019) recommendations [Link](#)

Councillor conduct complaint handling arrangements are approved by the Standards Committee and published on our [website](#). Emphasis is placed on a speedy informal resolution of concerns where possible. A set of principles has been agreed by the Political Group Leaders who work together to support this process. The Monitoring Officer maintains a register of complaints and resolutions and provides, as a minimum, an annual report to the Standards Committee.

Registers of Interest for Elected Members and senior Employees are maintained, and arrangements are in place for the declaration of interests when decisions are taken. We have also appointed a pool of Independent Persons, (shared with six other local authorities in Surrey) for four years up to 2023 to provide resilient support to meet this statutory responsibility.

DECISION-MAKING

Our decision-making arrangements are one of our significant governance controls, linking to all of the governance principles that are set out in our Code of Corporate Governance. We continue to review these key principles on an ongoing basis and will recommend consideration of changes to reflect new working arrangements as identified.

Positive assurances have been given by Directors, Heads of Service and by the Statutory Officers on risk management activities. Where operational risks were noted, action is being taken to address them.

SKILLS AND CAPACITY

Prior to the COVID-19 pandemic, Management Team and the Employment Committee developed and agreed an Organisational Development (OD) Strategy which sets out the approach required to help ensure officers are engaged and committed to deliver the Council's priorities and services. Planned implementation of the action plan was deferred due to the pandemic. The approach will be reviewed

during 2022/23 to assess any residual impacts of the pandemic. Staff development has nonetheless continued throughout, with personal development plans in place for staff and investment in 'talent management' continuing to help ensure effective succession planning. Continuing to ensure that our workforce has the skills, capability and capacity to meet the challenges facing the Council remains a priority and a review of the Workforce Plan will also take place in 2022/23.

We undertake regular staff engagement, including surveys, and action plans are put in place to address any themes emerging from staff engagement activities. A review of our internal communication and staff engagement methods was conducted during 2021/22, with the recommendations and associated action plan now being considered by senior managers.

An induction and Member Learning and Development programme is in place for new and returning Councillors. This includes briefings on the requirements of the Member Code of Conduct, Data Protection and Council finances and is followed up with skills training for regulatory functions before Members take up places on the Planning, Licensing and Regulatory Committees. Tailored training is also provided to members of the Employment and Audit Committees. A variety of other learning events are arranged during the year to ensure that Councillors are briefed on new initiatives and legislative changes.

ENGAGEMENT

Consultation and engagement had taken place with local people and other stakeholders on a range of issues during the year to inform the plans and decisions taken by the Council. We have reviewed our approach to engagement and continue to improve our use of digital channels to reach audiences with an improved website and a greater use of social media.

INDEPENDENT REVIEW

The Chief Internal Auditor provides independent assurance on the adequacy and effectiveness of the system of internal financial control. The Internal Audit Annual Report for 2021/22 included the following conclusion:

"I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the internal control environment.

In my opinion frameworks of governance, risk management and management control are reasonable and audit testing has demonstrated controls to be working in practice.

Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement”

Southern Internal Audit Partnership, June 2022

Internal audit reviews undertaken in 2021/22 that were assessed as providing ‘substantial’ assurance included: Accounts Receivable and Debt Management, the Annual Governance Statement; and Capital Programme.

The ISA260 Report (from our external auditors - Deloitte LLP) summarises the finding of the audit of the Council each year. The most recent report, to Audit Committee on 18 May 2021, in respect of the 2019/20 financial year, contained the following conclusions:

In our opinion the financial statements of Reigate and Banstead Borough Council (‘the Council’) and its subsidiaries (‘the group’):

- *give a true and fair view of the financial position of the group and of the Council as at 31 March 2020 and of the group’s and the Council’s expenditure and income for the year then ended; and*
- *have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.*

A copy of the Report can be found on the Council’s [website](#).

ANNUAL REVIEW OF THE SYSTEM OF INTERNAL CONTROL

An annual review has been conducted in compliance with the Regulations that govern preparation of the AGS. The purpose of the review was to consider the effectiveness of the system and provide the evidence to support it. During 2021/22 internal audit audited the approach taken to preparing the AGS and concluded that there is ‘substantial assurance’ that it meets the required standard.

Our approach to the review has been risk-based and it has been conducted on a continuous basis throughout the year. Risk registers have been subject to regular review and requests for additional audit assurance have been targeted at those areas impacted by the pandemic or where risks have increased as a consequence of it.

The ongoing impacts of the COVID-19 pandemic have been taken into account when conducting the annual review for 2021/22, both identifying changes that have resulted from the pandemic and identifying the impact on effectiveness of arrangements in practice. For example, face to face meetings and consultation

activities have been replaced by other approaches. While there was some continued disruption at the start of the year, meetings are now being held on a hybrid basis with no disruption to decision-making or accountability.

2021/22 was the second year of implementation of the CIPFA Financial Management Code. This annual review has taken into account the outcome of the self-assessment that has been undertaken during the year and which confirms that the Council's financial management arrangements comply with the Code.

SIGNIFICANT GOVERNANCE ISSUES

As reported above, the independent opinions of our internal and external auditors provide assurance in respect of the Council's arrangements. They have identified no significant issues or areas for improvement.

Governance matters worthy of specific mention are:

- An extended timescale has been agreed with the external auditor for publication and audit of the Statement of Accounts for 2020/21 to allow time for completion of agreed actions to address historic shortcomings in the financial fixed asset register. These issues do not call into question the accuracy of asset values in the accounts but they do give rise to challenges when reporting supporting asset records and audit evidence. It was therefore agreed that additional capacity and time would be dedicated to remedying these issues as part of 2020/21 end of year closing.
- During the year the authority has encountered issues relating to a joint venture that are being addressed by the statutory officers under the direction of the Commercial Ventures Executive Sub-Committee and with support from external legal advisors. The outcome will be reported to Members when the related legal action is concluded.



SUMMARY

The Council has in place strong governance arrangements which protect its interests and provide necessary assurances to our residents and stakeholders. We are committed to continuing to review and develop the supporting arrangements and take action as necessary to ensure this continues.

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Councillor Mark Brunt

Leader of the Council

Date: dd/mm 2022

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Mari Roberts-Wood

Acting Head of Paid Service

Date: dd/mm 2022