

Annual Governance Statement 2020-2021



Scope of Responsibility

We are responsible for ensuring that our business is conducted in accordance with the law and that proper standards and public money are upheld and safeguarded and accountability properly demonstrated. We have a duty under the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which our functions are exercised, whilst having regard to a combination of economy, efficiency and effectiveness.

We are responsible for putting in place proper arrangements for the governance of our affairs and facilitating effective exercise of our functions (which includes arrangements for the management on risk).

Regulation 4 of the Accounts and Audit Regulations 2015 requires the Council to conduct a review at least once a year of the effectiveness of its system of internal control and to publish an AGS. This report therefore serves as a review of the year from 1 April 2020 to 31 March 2021. The country went into lockdown on 16 March 2020 as a result of the Covid-19 pandemic. This impacted the Council as a number of non-critical services were paused, staff were required to work from home and the Council responded to the pandemic through supporting residents, the community and local businesses. This is reflected in this Annual Governance Statement 2020/21.

We have prepared this Annual Governance Statement (AGS) to comply with the requirements of the Accounts and Audit regulations 2015, and in accordance with the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and its seven principles.

In line with the CIPFA/SOLACE Framework this statement is 'an open and honest self-assessment' of the Council's performance for 2020/21.

The purpose of the Governance Framework

The Governance Framework comprises the systems, policies, processes, culture and values, by which we direct and control, and the activities through which we are accountable to, and engage with, the community. It enables the Council to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate, cost effective services.

Our system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. However, it cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The Council has a Code of Corporate Governance which sets out the governance arrangements at the Council. This is reviewed and updated annually.

Assurance Opinion

Internal Audit is responsible for objectively assessing the adequacy of governance and the management of risk and providing an objective and evidenced based opinion on governance, risk management and internal control. A risk assessment methodology is used to formulate a three-year internal audit plan which details all the auditable areas across the Council. Using the risk assessment, the Chief Internal Auditor is able to determine the frequency of audit review and presents an Annual Internal Audit Plan to the Audit & Resources Committee for approval in March each year. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant service lead and/or Executive Head, Corporate Director, Chief Financial Officer and Chief Executive. The report includes recommendations for improvements that are included within an action plan and requires agreement by service leads, Chief Financial Officer and/or Executive Heads, Corporate Directors and the Chief Executive. The process includes follow-up reviews of high priority recommendations to ensure that they are acted upon, usually within six months.

The 2020/21 Internal Audit Plan was revised twice during the year to account for the impact of the Covid-19 pandemic on audit resources. The Internal Audit team paused planned audit work in March 2020 and were redirected to support the Council with the response to the Covid-19 pandemic. The Audit & Resources Committee were kept fully apprised of the situation.

The following opinion is based on the audit activity undertaken during 2020/21. Despite a very unprecedented year sufficient audit work has been completed to enable the Chief Internal Auditor (Acting) to form a reasonable conclusion on the adequacy and effectiveness of Eastleigh Borough Council's internal control environment.

The Chief Internal Auditor (Acting) confirms that the Council's framework of governance, risk management and control is adequate in most areas. On occasions, audit testing found that not all controls are operating in practice and recommendations to enhance governance, risk management and internal controls were highlighted within the appropriate audit report. The Chief Internal Auditor (Acting) is of the opinion that work completed in the past year has shown that revised systems and processes are in the main operating well with findings moving towards more recommendations around compliance and enhancements/improvements rather than there being missing key controls.

Lisa Smy – Chief Internal Auditor (Acting)

Sign off by CEO and Leader:

The Council has good governance arrangements in place, which we are confident, protect its interests and provide necessary assurances to our customers and stakeholders. The introduction of a new Executive Team will enhance governance arrangements as leadership of the Council is closely coordinated, aligned and the Executive Areas collaborate with one another. We propose over the coming year to continue to address Internal Audit recommendations and the matters identified and noted in this Annual Governance Statement to further enhance our governance arrangements. Governance arrangements will continue to be monitored by the Executive Head of Governance. Updates of any progress will be provided within the next AGS.



Councillor Keith House
Leader of the Council

A handwritten signature in black ink, appearing to read "Keith House".



Nick Tustian
Chief Executive

A handwritten signature in black ink, appearing to read "Nick Tustian".

Covid-19 Pandemic

In March 2020, a national public health emergency was declared by the Government in response to the global coronavirus pandemic. Eastleigh Borough Council was prepared through its detailed business continuity arrangements which were quickly activated to ensure that critical services continued to operate across the Borough.

The following occurred in response:

- Formation of the Strategic Incident Management Team (SIMT)
- Formation of the Tactical Task Force (to implement actions identified by the SIMT as quickly and effectively as possible to ensure services continued to operate)
- Use of Emergency Powers as per the Constitution, recorded in a decision log retrospectively reported to Cabinet and Council
- Updating of processes in response to remote working
- Covid-19 Risk Register to monitor mitigation on risks arising as a result of the impact of Covid-19
- Close monitoring of the IT network and systems using end to end encrypted network
- Guidance to staff on working remotely and regular surveys conducted to assess well-being
- Employee Support programme with a variety of channels to promote good staff welfare

[A Cabinet report](#) submitted in April 2020 detailed how we quickly adapted to changing circumstances and implemented new ways of working. This report provided a summary of the actions that were taken to ensure that critical services continued to operate whilst also ensuring the health, safety and well-being of staff, Councillors and residents. It also provides details of key decisions that were taken using Delegated Powers, as set out in the Council's Constitution in the absence of the usual Committee meetings.

The pandemic has provided reassurance over our resilience, governance and decision-making arrangements as we have been able to maintain and deliver most of our services in this challenging environment, adapting our methods of working and decision making as necessary.

The Coronavirus Act (2020) allowed authorities to conduct meetings and take decisions in ways other than face to face and the new powers were adopted to enable the delivery of virtual Council, Committee and Scrutiny Panel meetings by quickly adapting to the use of new technology and best practice. This has ensured that good governance prevails and allows continued access by the public and other interested stakeholders including the media.

The impact of the pandemic is likely to continue to affect governance arrangements and changes to working practices are continually being assessed to ensure

appropriate controls exist. It is also apparent that the pandemic has had, and will continue to have, an impact upon the Council's resources, financial resilience, potential pausing of certain projects and long-term flexible working. This will remain a key governance issue as the continuing impact is assessed and mitigations are put in place.

Prior to the second lockdown, plans were being drawn up to reopen safely. However, these were paused when a further lockdown was introduced in January 2021. The Council was in a good place to continue to manage the emergency with the planning protocols put in place in March 2020.

Throughout the pandemic, the health and wellbeing of our residents, people who work in the Borough and our staff, have been the Council's top priority. We have worked hard to continue to provide as many services as possible while ensuring resident's safety, in line with the latest advice from the government. We have regularly provided information and advice about our services in relation to coronavirus and provided updates for the Borough's businesses via our Covid-19 page on the website and weekly updates by email that residents were invited to sign up to.

As 2020/21 ends the Covid-19 incident remains in a 'response' phase with significant work taking place to ensure our services continue to be delivered, and in particular that vulnerable residents are supported through the Borough's Local Response Centre (LRC). However, the Council has been working on Covid-19 recovery for a few months now, alongside responding to day-to-day Covid-19 issues as the Council is still managing a major live incident as well as delivering business as normal. A [Cabinet report](#) covering the proposals to support recovery and updates on the work on Covid-19 was submitted in November 2020 and will form a basis of the recovery plans which will be incorporated into the Service Plans as we prepare to come out of lockdown.

Key Elements of the governance framework and an assessment of its effectiveness for 2020/21

The Council has an overarching vision for the Borough: To lead and support Eastleigh Borough and its communities: developing a strong and sustainable economy that supports improved standards of living for residents; promoting thriving and healthy communities; and maintaining an attractive and sustainable environment that residents' value.

We will do this by:

- Having a vision and a plan for the future of our Borough
- Engaging with customers to continually improve our services
- Meeting the needs of our residents, businesses and other key stakeholders
- Strengthening our relationships with partners
- Operating in a business-like, commercially focused way
- Having a skilled, high performing workforce
- Making the best use of technology
- Ensuring our services are well planned and efficient

We also believe that success is achieved not just by 'what we do', but by the 'way we do it'. Having staff who demonstrate the right behaviours for our organisation is just as important as having the right skills, experience and knowledge for our roles. Defining and demonstrating those behaviours is essential if we are to deliver on our mission of 'Supporting Communities, Improving Lives.' Our 'Way We Work' framework is based on our core values: Fairness, Ambition and Empowerment.

The following table provides detail of how the Council can demonstrate compliance with the principles of Good Governance in accordance with the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) and its seven principles:

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

Principle B – Ensuring openness and comprehensive stakeholder engagement

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

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

Principle E – Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Principle F – Managing risks and performance through robust internal control and strong public financial management.

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

Governance Principle	Assurance on Compliance
Acting in the public interest requires a commitment to effective arrangements for:	
<p>Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of the law.</p>	<ul style="list-style-type: none"> • The roles and responsibilities of our Councillors and staff and the processes we use to govern Council business are defined in the Council’s Constitution. Our Constitution sets out how we operate and how we make decisions. The Council must make decisions efficiently, transparently and accountable. • We have codes of conduct in place for Councillors and staff to make sure that public business is conducted with fairness and integrity and that we define high ethical values and the standards of behavior we expect. • The Council reviewed the Code of Conduct in November 2020 to include the Code of Ethics. Working in an ethical and principled manner should act as a guide to employees when undertaking their role, and the seven principles included in the Code are from a central set of standard (The Nolan Standards) which inform public office holders. • We publish a register of interests to ensure that any conflict of interest remains open and transparent. • The register of gifts and hospitality for Councillors is maintained by the Monitoring Officer. • The staff register of gifts and hospitality has been reviewed with a new policy published March 2021. • The Local Authorities (Members’ Allowances) Regulations 2003 require that every authority publicises, within its area, the sum paid by it in that year under the scheme to each Councillor and co-opted member in respect of basic allowance, special responsibility allowance, travelling and subsistence allowance. • Eastleigh Borough Council carried out a Community Governance Review in accordance with the provisions of the Local Government and Public Involvement in Health Act 2007, and other relevant statutory provisions. The review commenced in early December 2020 when residents and other stakeholders were invited to give their views about creating one or more new parish councils in the unparished area of Eastleigh Borough. Responses and proposals were considered and approved by the Council in February 2021. These changes can now be implemented.

<p>Principle B – Ensuring openness and comprehensive stakeholder engagement</p>	<ul style="list-style-type: none"> • Our Council meetings are open to members of the public to attend and residents and other stakeholders are welcome to record and film them. The Council adapted its approach during the pandemic to include virtual meetings as the Coronavirus Act (2020) allowed authorities to conduct meetings and take decisions in ways other than face to face. • Our committee agendas, minutes and decisions, (including Cabinet decisions) are made publicly available on the Council's website to ensure transparency and openness. All our public meetings are also held in accessible venues around the Borough. A limited number of reports are considered in private session only when the subject meets the prescribed criteria. A summary of these is published and the rationale for non-disclosure made available. • We communicate our work, purpose, aims and vision regularly through several different communications channels. The Borough News is delivered to 55,000 plus homes and we have a range of social media channels through which we communicate updates. • We publish and regularly update a range of content and open data on our Freedom of Information, Publication Scheme and Transparency Code pages on our website. • We offer a Primary authority partnership for businesses as a single point of contact for Environmental Health matters. • We publish a contracts register on a quarterly basis and are currently reviewing the procurement strategy.
<p>(In addition to the overarching requirements for acting in the public interest found in principles A & B, achieving good governance also requires a commitment to, and effective arrangements for:</p>	

<p>Principle C – Defining outcomes in terms of sustainable economic, social, and environmental benefits.</p>	<ul style="list-style-type: none">• The Corporate Plan 2015-2025 is at the heart of our programme for the future. Through our three Corporate themes, green borough, healthy community and prosperous place, it provides clear direction enabling us to manage our resources to deliver excellent services for local people in the future. It supports our vision to lead and support Eastleigh Borough and its communities: developing a strong and sustainable economy that supports improved standards of living for residents; promoting thriving and healthy communities; and maintaining an attractive and sustainable environment that residents value.• The Corporate Action Plan (CAP) reflects the ambition of the Council to deliver for residents and businesses in the borough, and now incorporates measures to support response and recovery in relation to the Covid19 pandemic.• In April 2020 we received the Inspector's letter on the Local Plan 2016 - 2036 following the public examination. She explained that the strategic growth option north of Bishopstoke and Fair Oak should not be included in the current plan, and that further evidence is required to assess all options for strategic growth in a local plan review. She also indicated that the Council can proceed to adopt the plan subject to further work to review countryside gaps and the status of the Chickenhall Lane Link Road. The Council has now completed this work and is scheduled to consider the necessary 'main modifications' to the Plan in May 2021. Subject to the public consultation on these modifications and receipt of the Inspector's final report, the Council can move towards adopting the Plan in the Autumn of 2021.
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<p>Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes.</p>	<ul style="list-style-type: none">• We produce a Medium-Term Financial Plan (MTFP) annually, considering known issues and applying a number of assumptions to the Council's finances. The MTFP provides, on a rolling basis, a projection of the Council's finances over a four-year period and in doing so establishes the broad financial principles around which Councillors can develop portfolio plans and consider, at a high level, the Council's budget strategy. This year, due to the uncertainty of the impact of the pandemic, a regular review of the MTFP has been carried out and reported to Councillors to demonstrate that the Council remains in a strong financial position and is prepared for any further unforeseen changes.• In previous years the Council has worked towards achieving efficiencies without cutting services. With the current situation, services are being delivered in uncertain times and therefore the resources are being focused based on priority. Once the situation becomes more stable, hopefully during 2021/22, the service planning process will inform a revised Continuous Improvement Strategy which will then be regularly monitored and delivered.• We continue to review and update our corporate policies register on our website.• We have in place a process for monitoring all statutory government returns to ensure completion. The effects of Brexit on legislation and how it affects the Council will continue to be monitored and appropriate action taken to ensure continuing compliance. Regular information and updates are published for residents via our website on our 'Preparing the borough for Brexit' page.• During March 2020, the coronavirus pandemic resulted in a nationwide emergency with lockdown measures instigated by the government. The Council operated under local emergency arrangements to ensure business continuity, prioritising human, monetary and physical resources accordingly to keep people safe and well, protect the vulnerable and protect the local economy. As lockdown eases, the Council will plan for recovery.
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<p>Principle E – Developing the entity’s capacity, including the capability of its leadership and the individuals within it.</p>	<ul style="list-style-type: none">• The designated role of Head of Paid Service is accountable to the Council for all aspects of management including sound governance, providing quality information/support to inform decision making and scrutiny, supporting other statutory officers and building relationships with all Councillors.• We continue to review and update the Councillor training and induction programme as necessary. Local elections were cancelled due to the pandemic in 2020 with Councillors serving an extra year. Training and induction is in place to deliver to new Councillors following elections to be held in May 2021.• Further review of the Constitution is planned, to be approved before the end of 2021/22.• Regular monitoring and management of the Council’s performance, including financial performance is key to ensuring delivery against strategic objectives set out in the Council’s corporate plan 2015-2025, and contributes to the management of corporate risk. Performance is reviewed on a monthly basis by Management Liaison with quarterly and annual performance reports scrutinised by Policy & Performance• Changes were made to the Senior Leadership structure in January 2021 with the introduction of 9 executive heads to create a smaller, more collaborative, cohesive leadership team which aims to clarify accountability and responsibility. This means more empowerment and decision making can be made at the right level promoting more clarity of how this happens and creates a senior structure that aligns specialisms more closely with our Corporate Plan.• In February 2021, a development programme for the Leadership Team was agreed to commence in April 2021 and be delivered throughout 2021/22.
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<p>Principle F – Managing risks and performance through robust internal control and strong public financial management.</p>	<ul style="list-style-type: none">• We have a Risk Management approach which includes robust systems of identification, evaluation and control of risks which threaten the Council’s ability to meet its objectives to deliver services to the public. To ensure that risks were appropriately mitigated, a separate Covid19 specific Risk Register was developed has been kept under regular review by the Strategic Incident Management Team. This details the risks facing the Council and the impact on critical services.• The Corporate Risk Register is managed by the Council’s Corporate Leadership Board and updated for newly stated risks and ongoing matters on a quarterly basis. The register is also reviewed by the Strategic Risk Management Group (SRMG).• Our Chief Finance Officer (Section 151 officer) is responsible for the proper administration of all aspects of the Council’s financial affairs including ensuring appropriate advice is given to the Council on all financial matters.• We are continuing to review and update all our obligations under GDPR legislation including data sharing agreements.• The Audit and Resource Committee act as the Council’s Audit Committee for internal and external audit, overseeing and reviewing the Council’s internal audit plan, risk management arrangements and ensure effective relationships between internal and external audit. The Committee also receives and considers the work of external audit and approves our governance and assurance statements, statement of accounts, and anti- fraud and anti-corruption arrangements.• We continually review the effectiveness of our complaints and compliments procedure.• We ensure effective anti-fraud and corruption arrangements are in place.• The Monitoring Officer is responsible for ensuring the Council acts in accordance with the law and the Constitution.
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Principle G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

- The views of Internal and external audit are reported regularly to the Audit & Resources Committee.
- The Chief Internal Auditor's Annual Internal Audit Report and Opinion forms part of the review of effectiveness along with the Annual Governance Statement.
- We are committed to being open, accountable and transparent by making information available to our customers on our website. This includes the Freedom of Information Model Publication Scheme and the Transparency Code 2015 pages which are regularly reviewed and updated.
- Our Freedom of Information (FOI) and Environmental Information Regulation (EIR) processes have been reviewed and are regularly updated to comply with ICO guidelines.
- We continue to embed GDPR requirements and monitor the effectiveness of this legislation which has led to a reduction in reports of data breaches.
- Transparency arrangements are continuously reviewed

Progress on Improvement of Areas requiring focus identified in the 2019/2020 Annual Governance Statement

Governance issues	Planned Action	Status
Identified from 2019/20 governance review		
Review of staff code of conduct and compliance with it, including declaration of interests and gifts and hospitality Head of HR – March 2021	Code of conduct to be updated and declaration of interests to be reviewed. Process to be defined and put into place.	Completed 25/11/20 with code of ethics added as appendix. Gifts and Hospitality completed March 2021.
Compliance with annual strategic cycle	March 2021	Complete
Review of the Constitution including Contract Standing Orders	October 2020	Contract Standing Orders reviewed and amendments approved by Council November 2020. Review of Constitution to be completed in 2021/22 following the appointment of the new Monitoring Officer in May 2021. Key stakeholders being consulted. To be presented to Council for approval November 2021. This will be carried forward to 2020/21.
Development of an Action Plan in support of the Climate and Environment Strategy	March 2021	Completed June 2020. Focus is now delivery of the Action Plan.
Review of the impact of the Coronavirus pandemic on Council operations and ongoing review of our response, action taken, lessons learnt and task force in place to instigate recovery plan once pandemic restrictions ease.	Various - some short-term deadlines, other stretching to 18 months.	Delayed due to further lockdown. Covid-19 . Recovery Team will now review following successful restart after June 2021 To be carried forward to 2020/21.
Review of the Procurement Strategy (& Policy)	Date to be advised after government publish results of consultation.	Awaiting outcome the Transforming Public Procurement Green Paper to ensure the new strategy aligns with recommendations. To be carried forward to 2020/21.
Development of a Code of Ethics & awareness training for staff	September 2020	Completed (added to code of conduct Nov 20) Staff awareness raised through induction training and

Review of Partnership Arrangements to be carried – initially an Internal Audit. Assurance Review will be carried out and then findings to be actioned by Strategic Planning Manager and Partnership Administrators	March 2021	Interim review completed.
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New issues identified during 2020/21

In the review and preparation for this Annual Governance Statement, the following key areas were identified as meriting attention over the next 12 months. Implementation is monitored by the Corporate Governance Group on a quarterly basis.

2020/21 Governance issues identified (for action in 2021/22)	Deadline	Responsibility
Development and approval of the recovery programme for the Town Centre (Guiding Regeneration Principles)	August 2021	Corporate Leadership Board
Review of Constitution	November 2021	Chief Executive and Monitoring Officer
Development of Procurement Strategy (incorporating procurement principles to address climate change, environment emergency and sustainability priorities)	Spring 2022	Executive Head of Governance
Development of hybrid working arrangements under Future Ways of Working programme	March 2022	Executive Head of Organisational Development
Formation of two new Parish Councils	May 2022	Executive Head of Governance