



RUSHMOOR BOROUGH COUNCIL

LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

*to be held as a Virtual Meeting on
Tuesday, 28th July, 2020 at 7.00 pm*

To:

Cllr S.J. Masterson (Chairman)
Cllr Mara Makunura (Vice-Chairman)

Cllr Sophia Choudhary
Cllr A.K. Chowdhury
Cllr A.H. Crawford
Cllr Veronica Graham-Green
Cllr Christine Guinness
Cllr A.J. Halstead
Cllr L. Jeffers
Cllr Prabesh KC
Cllr Jacqui Vosper

STANDING DEPUTIES

Cllr Sue Carter
Cllr C.P. Grattan
Cllr T.W. Mitchell

Enquiries regarding this agenda should be referred to the Committee Administrator,
Marion Young, Democracy and Community, Tel. (01252 398827) or email
marion.young@rushmoor.gov.uk.

A G E N D A

1. **MINUTES – (Pages 1 - 4)**

To confirm the Minutes of the Meeting held on 28th May, 2020 (copy attached).

2. **AUDIT RESULTS REPORT –**

To receive from Ernst & Young the Audit Results Report and Audit Opinion for noting (copy to follow).

3. **STATEMENT OF ACCOUNTS 2018/19 - UPDATE 5 –**

To consider the Executive Head of Finance's Report No. FIN2019 (copy to follow) which provides an update on the 2018/19 Statement of Accounts and sets out the process and timetable for approval.

4. **INTERNAL AUDIT - AUDIT UPDATE – (Pages 5 - 24)**

To consider the Audit Manager's Report No. AUD 20/06 (copy attached), which describes the work carried out by Internal Audit for quarter 1 and the update to the expected deliverables for quarter 2.

5. **ANNUAL GOVERNANCE STATEMENT – (Pages 25 - 66)**

To consider the Audit Manager's Report No. AUD 20/07 (copy attached), which presents the Annual Governance Statement 2019/20 for review and approval.

6. **MODEL CODE OF CONDUCT CONSULTATION – (Pages 67 - 92)**

The Local Government Association (LGA) is carrying out a review of the current model member code of conduct, and has recently published a consultation draft model code for comments. To facilitate the consultation, the LGA has produced an [online questionnaire](#) which elected Members are invited to complete. A copy of the consultation document and questionnaire are attached.

The consultation will run until 17th August, 2020 and feedback will enable the development of a final draft which will be presented to the LGA General Assembly in Autumn 2020.

The Committee is recommended to note that the consultation is taking place and consider any feedback in response to the consultation questions.

PUBLIC PARTICIPATION AT MEETINGS

Members of the public may ask to speak at the meeting on any of the items on the agenda by writing to the Committee Administrator at the Council Offices, Farnborough by 5.00 pm three working days prior to the meeting.

LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

Meeting held on Thursday, 28th May, 2020 at 6.30 pm
via Microsoft Teams and streamed live.

Voting Members

Cllr S.J. Masterson (Chairman)
Cllr Mara Makunura (Vice-Chairman)

Cllr Sophia Choudhary
Cllr A.K. Chowdhury
Cllr A.H. Crawford
Cllr Veronica Graham-Green
Cllr Christine Guinness
Cllr A.J. Halstead
Cllr L. Jeffers
Cllr Prabesh KC
Cllr Jacqui Vosper

1. MINUTES

The Minutes of the meeting held on 23rd March, 2020 were approved and would be signed by the Chairman at a later date.

2. STATEMENT OF ACCOUNTS 2018/19 - UPDATE

The Committee received the Executive Head of Finance's Report No. FIN2016 which provided Members with an update on audit progress for the Council's Statement of Accounts for 2018/19 and on the provision of audit opinion since the last meeting on 23rd March, 2020, and included a timetable for the completion and publication of the 2019/20 Statement of Accounts.

The Executive Head of Finance reminded members that at its meeting in March 2020, they were advised that the external auditors had largely concluded their audit work and had issued a draft Audit Results Report, and delegated approval had been given to authorise the Chairman of the Committee and the Executive Head of Finance to approve formally and certify the audited Statement of Accounts 2018/19 and to receive the External Auditor's Report.

Subsequent to this meeting, the Committee was advised that Ernst & Young (EY), in response to the Covid-19 pandemic, placed a temporary moratorium on the issuing of audit opinions on 24th March, 2020. Whilst this moratorium has been lifted, EY now had to consider whether Covid-19 gave rise to a Post Balance Sheet Event (PBSE) and posed an ongoing risk. Officers were in discussion with EY and were providing information concerning the impact of Covid-19 on the Council's finances. The Committee noted that a statement from the Executive Head of Finance

concerning the financial standing of the Council was currently being reviewed by EY and that the final Statement of Accounts and Audit Opinion were now expected in early June 2020 and would be considered by the Committee at its next meeting on 28th July, 2020. The delegated authority given to the Chairman and Executive Head of Finance was therefore no longer needed.

In respect of the 2019/20 Statement of Accounts, in response to Covid-19, the Committee noted that the deadlines for the completion and publication of these accounts had been changed, as set out in the Accounts and Audit (Coronavirus)(Amendment) Regulations 2020 which came into force on 30th April, 2020, and detailed in the Report.

RESOLVED: That the approval given to the Chairman of the Committee and the Executive Head of Finance to approve formally and certify the audited Statement of Accounts 2018/19 and to receive the External Auditor's Report be removed.

3. **INTERNAL AUDIT - AUDIT UPDATE**

The Committee considered the Audit Manager's Report No. AUD20/04 which provided an update on work carried out by Internal Audit for quarter 4 and the changes required to deliverables due to the current Covid-19 situation. The Committee noted the need to change work priorities to focus on assurance work around the payment of grants to businesses and to provide general advice to the organisation, and also noted the adjustments to the previously communicated deliverables for quarters 1 and 2.

One member was concerned that the assurance ratings given by Internal Audit to the fees and processing of records in relation to taxi licensing did not fully take into account the reputational risk to the Council of the high percentage of errors. The Committee was assured that actions had been taken to improve the systems used and that this was an area of work that managers had acknowledged required further attention.

RESOLVED: That the audit work carried out in quarter 4, including work slipped from quarter 3, and the expected deliverables for quarters 1 and 2, as set out in the Audit Manager's Report No. AUD20/04, be noted.

4. **INTERNAL AUDIT - AUDIT OPINION**

The Committee considered the Audit Manager's Report No. AUD20/05 which set out the Internal Audit coverage, findings and performance for 2019/20 and presented the Audit Manager's overall assurance opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control environment. The Report also covered the self-assessment carried out against the Public Sector Internal Audit Standards (PSIAS) and the progress on the Quality and Assurance Improvement Plan (QAIP) for the year.

It was noted that, in assessing the level of assurance to be given for 2019/20, the opinion was based on:

- written reports on all internal audit work completed during 2019/20;
- results of any follow-up exercises undertaken in respect of previous years' internal audit work;
- results of work of other review bodies (where appropriate) eg PSN certification;
- counter-fraud work carried out by the Corporate Investigations Team;
- quality and performance of the internal audit service and the extent of compliance with the Standards;
- NFI data match checks;
- participation on the corporate governance group;
- mitigations in place to minimise the risks identified within the Corporate Risk Register

The Report advised that the Audit Manager had given an overall reasonable assurance opinion on the effectiveness of the Council's framework of governance, risk management and management control for 2019/20. In respect of the four key areas of non-compliance for the PSIAS, appropriate corrective actions and a timescale for improvement have been agreed with management. These four key areas were:

- an external assessment on audit activity;
- performance targets not in place;
- updates to policies and procedures;
- review of the Council's Ethics related objectives, programmes and activities.

The Report set out a summary of the results of the PSIAS self-assessment. It was noted that there were eleven overall standards, which were broken down into 336 fundamental principles against which compliance was measured. The Report advised that, in 2019/20, the Council had been 95% compliant, 4% partially compliant and 1% not compliant.

During discussion, concern was raised about the number of limited assurances in the report. The Audit Manager acknowledged that the number had increased during 2019/20 but that the overall trend was downwards. It was her view that a limited assurance was not necessarily negative as it meant that a risk had been identified and controls were being applied to mitigate the risk.

RESOLVED: That

- (i) the coverage of assurance obtained across the Council to allow the Audit Opinion to be formulated be noted;
- (ii) the level of internal control assessed in 2019/20 through opinion-based audit assurance work be noted;
- (iii) the Audit Opinion given for 2019/20 be noted;
- (iv) the Performance Indicators for the internal audit activity for 2020/21 be endorsed;
- (v) the self-assessment exercise against the Public Sector Internal Audit Standards and the areas of non-conformance with the standards be noted; and

- (vi) the Quality and Assurance Improvement Plan for 2019/20, as set out in Appendix C to the Report, be endorsed.

5. APPOINTMENTS 2020/21

(1) Outside Bodies –

RESOLVED: That the appointment of representatives to outside bodies for the 2020/21 Municipal Year, as set out in the attached Appendix, be approved.

(2) Appointments and Appeals Panels –

RESOLVED: That the Head of Democracy, Strategy and Partnerships be authorised to make appointments to the Appointments and Appeals Panels in accordance with the Membership criteria set out in the Officer Employment Procedure Rules in the Constitution.

(3) Licensing Sub-Committee –

RESOLVED: That the following Members be appointed to serve on the Licensing Sub-Committee for the 2020/21 Municipal Year (three Conservative; two Labour):

Conservative Group: Cllrs Mara Makunura, S.J. Masterson and Jacqui Vosper

Labour Group: Cllrs A.H. Crawford and Christine Guinness.

(4) Licensing Sub-Committee (Alcohol and Entertainments) –

RESOLVED: That the Head of Democracy, Strategy and Partnerships be authorised to make appointments from the membership of the Licensing, Audit and General Purposes Committee in accordance with the procedure agreed by the Committee at its meeting on 21st May, 2009 and detailed in the Licensing Sub-Committee (Alcohol and Entertainments) Hearings Protocol and Procedure.

(5) Constitution Working Group –

RESOLVED: That the Head of Democracy, Strategy and Partnerships be authorised to make appointments on the basis of six Members including two Cabinet Members, the Chairman of the Licensing, Audit and General Purposes Committee and representatives of other groups.

The meeting closed at 7.40 pm.

CLLR S.J. MASTERSON (CHAIRMAN)

LICENSING, AUDIT AND GENERAL PURPOSES COMMITTEE

AUDIT MANAGER 28th JULY 2020
REPORT NO. AUD 20/06

INTERNAL AUDIT – AUDIT UPDATE

SUMMARY:

This report describes the work carried out by Internal Audit for quarter 1.

RECOMMENDATION:

Members are requested to:

- i. Note the audit work carried out in quarter 1, including the work slipped from quarter 4 2019/20.
- ii. Note the update to the expected deliverables for quarter 2.

1 Introduction

1.1 This report is to provide Members with:

- An overview of the work completed by Internal Audit for Q1 and to date for Q2 2020/21.
- A schedule of work expected to be delivered Q2 and Q3 2019/20.

2 Audit work – Q1 20/21

2.1 The following audit work has been carried out within quarter 1:

Work	Status
Audit findings – Appendix A of this report	
Treasury Management	This audit was carried out by the contract auditors. A substantial assurance opinion has been given to this area. Findings are detailed within Appendix A.
Estates Management and Commercial Lettings	This audit was carried out by the contract auditors. A limited assurance opinion has been given to this area. Findings are detailed within Appendix A.
PCI DSS	This audit was carried out by the contract auditors. A reasonable assurance opinion has been given to this area. Findings are detailed within Appendix A.
Audit work in progress	
SANGS/S106	The draft report is currently being reviewed by management and will be reported at the Committee meeting in September.

Capital Project (Ski Slope Maintenance)	The draft report is currently being reviewed by management and will be reported at the Committee meeting in September.
Capital Programme Management	The draft report is currently being reviewed by management and will be reported at the Committee meeting in September.
Petty Cash	Testing has been completed and a report on the findings is currently being drafted.
Housing faster payment	This was an area not previously within the audit plan. Testing has been completed and a report on the findings is currently being drafted.
Housing company/RDP set up	Testing is currently being carried out.
Alderwood Leisure Centre	Testing is currently being carried out.
Car Park Income Reconciliation - Consultancy	Consultancy work is currently being carried out to review the income reconciliation.
Building Control Partnership	The draft report is currently being reviewed by the Director at Hart Council as the report deals with elements related to the partnership with Hart Council. This report will be reported at the Committee meeting in July.

2.2 Other deliverables:

Audit have been providing assistance to the organisation with regards to assurance for elements relating to Covid-19 and contributing to one of the covid-19 recovery workstreams.

3 Expected deliverables for Q2 & Q3 2020/21

3.1 The following changes will be made to quarter 2 work previously planned within the audit update provided to the Committee in May 2020:

- PCNs – Due to changes within the parking team the audit has been deferred until August to ensure that there is staff availability within the parking team to assist with the audit process.
- Legal system set up – due to other higher priority reviews being carried out this will be deferred to 2021/22 audit plan.

3.2 The work expected to be delivered in quarter 2 & 3 is detailed within the table below. As with the previous quarter, these audits can be subject to change due to the changing needs of the organisation or resource availability. An update will be provided at the September meeting.

Service	Audit/ follow up/descriptor	Expected
Operations	Car Park Income Reconciliation - <i>Consultancy days planned to offer advice around the reconciliation process for car park income.</i>	Q2 2020/21

Operations	Housing Faster payment – <i>A review of the housing faster payment process.</i>	
ICT, Facilities & Project Services	External Tenants within the Council Offices– <i>A review of the agreements in place with the external tenants and the management of them. The number of tenants within the Council offices has recently increased.</i>	
Regeneration & Property	Council Property Maintenance – <i>A review of the process for identifying maintenance required on Council property and ensuring this is appropriately planned and budgets in place.</i>	
ICT, Facilities & Project Services	Application Patch Management – <i>A review of the patch management process in place for system applications to ensure that system patches required to reduce system vulnerabilities are promptly implemented.</i>	
Finance	Purchase Ledger – <i>A key financial system review.</i>	
Finance	FMS & Bank reconciliation – <i>A key financial system review.</i>	
		Q3 2020/21
CMT/ELT	ICE programme – Cost of changes – <i>To review the costs associated with the implementation of changes associated with the ICE programme.</i>	
HR	Payroll – <i>A key financial system review</i>	
CMT	Contractors/ Consultancy & IR35 – <i>To review the contractors/ consultants used by the Council ensuring that IR35 requirements are maintained in line with HMRC requirements.</i>	

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HEAD OF SERVICE: David Stanley, Executive Head of Financial Services

References: *Internal Audit – Audit Plan* report, presented to the Committee on the 23rd March 2020.

<https://democracy.rushmoor.gov.uk/ieListDocuments.aspx?CId=166&MId=666&Ver=4>

**AUDIT FINDINGS ON 3 ITEMS: TREASURY MANAGEMENT, ESTATES MANAGEMENT AND COMMERCIAL LETTING AND PCI
DSS**

Audit Title 1	Treasury Management		
Year of Audit	2019/20		
Assurance given	<i>Substantial – Key controls designed to achieve the system/function/process objectives, are in place. There are opportunities to enhance/strengthen these controls.</i>		
Overview of area	<p>The purpose of the Treasury Management function is to ensure that funds are available when needed and that any surplus monies are invested in Money Market Funds or Pooled Funds. The Council's current appetite to risk remains Low and with regard to investments made and security of funds, this is considered to be of primary importance, with yield the least important consideration. Performance is regularly monitored however, and funds can be transferred should rates consistently fall.</p> <p>Arlingclose remain as the Council's treasury management advisors and a new, standalone contract is being established and will commence for a further three-year period in April 2020.</p> <p>The Treasury Management function operates effectively with sound controls in place.</p>		
Priority	Key findings	Management response and agreed action	Action by who and when
Low	<p>Treasury Management Advisors</p> <p>There was no signed contract in place for the three year plus one-year extension agreement with Arlingclose. A new standalone contract is currently being drawn up for commencement in April 2020.</p> <p><i>Risk: Without a contract document to reference there is a risk that the Council's Treasury Management advisors may not be meeting expected delivery standards.</i></p>	<p>Do not agree with the findings and risks identified within this report. There was a contract in place between 2016-19, but no signed copy was held on record. There are standard terms of contract which the Council has used to monitor performance of the covered period, therefore the risk of Arlingclose not meeting expected delivery standards is minimal.</p>	<p>Finance Manager</p> <p>April 2020</p>

<p>Low</p>	<p>Treasury Management Manual</p> <p>The Treasury Management Manual has not been updated since the last audit in 2016/17 where this issue was reported as a 'way forward'.</p> <p><i>Risk: Unless the Treasury Management Manual is subject to regular review and update there is a risk that it may not reflect current practices and any officer making reference to it may be misinformed, leading to potential errors.</i></p>	<p>Agree that the Treasury Manual needs to be updated and a date for completion has been proposed</p>	<p>Finance Manager</p> <p>September 2020</p>
<p>Low</p>	<p>Treasury Management Practices, Principles and Schedules Document</p> <p>The Treasury Management Practices, Principles and Schedules document was last revised in 2017/18.</p> <p><i>Risk: Unless the Treasury Management Practices, Principles and Schedules document is subject to regular review and update there is a risk that it may not reflect changes made.</i></p>	<p>Agree that the Treasury Practices, Principles and Schedules need to be updated and a date for completion has been proposed</p>	<p>Finance Manager</p> <p>September 2020</p>
<p>Medium</p>	<p>Year End Reconciliations</p> <p>The Crystal reports used for the end of year reconciliation are misleading as both the 17/18 and 18/19 opening balances were inaccurately reported as having an identical value (assurances have been given that the reporting format is being reviewed to ensure that accurate balances are produced and supported by appropriate data).</p> <p><i>Risk: Unless accurate reports are used to prepare the end of year reconciliations for authorisation there is a risk of confusion and accounts being misrepresented.</i></p>	<p>Agreed. The Crystal reporting will be reviewed</p>	<p>Accountant (Rebecca Caldicott)</p> <p>April 2020</p>

Medium	<p>Independent Authorisation of Reconciliations</p> <p>The year-end reconciliations are not authorised.</p> <p><i>Risk: Unless reconciliations are subject to independent review and authorisation there is a risk that errors will not be identified and accounts will potentially be misstated.</i></p>	Agreed that the year-end reconciliation be authorised by the Finance Manager.	<p>Finance Manager</p> <p>April 2020</p>
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Priority key for way forwards	
High priority	A fundamental weakness in the system/area that puts the Authority at risk. To be addressed as a matter of urgency.
Medium priority	A moderate weakness within the system/area that leaves the system/area open to risk.
Low priority	A minor weakness in the system/area or a desirable improvement to the system/area.

Audit Title 2	Estate Management and Commercial Letting
Year of review	2019/20
Assurance given	<i>Limited – Minimal controls designed to achieve the system/function/process objectives, are in place. Significant improvements are required if key controls are to be established.</i>
Overview of area	<p>In order to increase income and support ongoing sustainability the Council made a decision to acquire a number of commercial properties to add to their existing portfolio of income generating assets.</p> <p>After the initial purchase of eight investment properties a report was presented to the Overview and Scrutiny Committee in November 2018, at their request, for a briefing to support a review of the Council’s approach to investment in commercial properties.</p> <p>As a result of an assessment of the Council’s priorities in May 2018 by Cabinet, two new roles were approved – i) Executive Head of Regeneration and Property and ii) Property and Estates Manager. A key task of both post holders was to identify areas of focus for the Property service going forward. An update report was provided to the Overview and Scrutiny Committee in May this year and progress is monitored in a Work Plan.</p> <p>Management Comment</p> <p>As of November 2019, Lambert Smith Hampton Investment Management (LSHIM) have been appointed as Asset Managers to the Council for an initial 3-year period, advising on all aspects of the ‘Investment’ and ‘Legacy’ Portfolios through its specialist asset management team who have expertise working with other councils.</p> <p>With the appointment of external Asset Managers performance is being reviewed, through an asset management system, across the managed portfolios and, are reported in the corporate KPI monitoring document. This will be developed for the rest of the portfolio using the new asset management system.</p> <p>Work is taking place in 2020 on action plans that sit under the Asset Management Plan, which also addresses some of the issues identified within this audit report.</p> <p>A tender is currently underway for the implementation of a new asset management system. A finance link from and to any new system will be important going forward to ensure improved invoicing, monitoring of debtors and chasing of late rent. Visibility of this debtor element, particularly for the Estates and Property</p>

	<p style="color: red;">Team, is an essential part of improving the performance and management of debt in respect of the Council's property holdings.</p> <p>Audit Comment: The Committee should note that the findings from this audit were based on information received and reviewed in October 2019. Due to the complexity within this ever-evolving area it was key to allow management the opportunity to comment on findings. Management responses were not promptly received, therefore, this report reflects the audit findings from October 2019. Management have provided responses to the findings but will be available at the meeting to provide further assurance and update the Committee with improvements within the service around estate management and commercial lettings.</p>		
Priority	Key findings	Management response and agreed action	Action by who and when
Medium	<p>Documented Policies and Procedures It was confirmed at the opening meeting that there are no documented policies and procedures with knowledge being retained by individual officers.</p> <p><i>Risk: In the absence of current, clear and approved policies and procedures covering the functions of the service there is a risk that objectives will not be met, and staff may be unclear of their roles and responsibilities. In addition, should experienced personnel leave the organisation expertise will be lost.</i></p>	<p>Work has been carried out by the Property & Estates Manager to develop a process focusing on the form of distribution and completion details. However, further work is still required to refine this process with Legal Services.</p> <p>Due to other priorities within the service the procedures have not been documented but will be during 2020.</p>	<p>Property & Estates Manager</p> <p>December 2020</p>
High	<p>Acquisition Strategy It was confirmed that there is no Acquisition Strategy in place although the intention, according to the draft AMP, is to produce an Investment Strategy.</p> <p><i>Risk: In the absence of an approved Investment Strategy there is a risk that objectives will not be met,</i></p>	<p>Implemented – Agreed at Cabinet Feb 20.</p>	<p>Executive Head of Regeneration and Property</p> <p>Implemented</p>

	<i>and the property portfolio may not achieve the expected financial return making some investments financially unviable.</i>		
High	<p>Acquisition Strategy It was confirmed in the Financial Borrowing audit 2019/20 that Finance are not always aware of forthcoming borrowing requirements.</p> <p><i>Risk: In the absence of an acquisition strategy there is a risk that the borrowing requirements are not identified and communicated to the Finance team in a timely manner.</i></p>	Sometimes opportunities to invest mean that borrowing requirements need to be reconsidered by Council. This follows discussions with the Executive Head of Finance regarding the levels and cost of borrowing in relation to opportunistic purchases.	Executive Head Regeneration and Property
Medium	<p>Asset Management Plan The Asset Management Plan (Commercial property investment strategy) is in draft and yet to be approved.</p> <p><i>Risk: Without an approved Asset Management Plan (Commercial property investment strategy) staff will be unaware of the expected processes in place for the ongoing management of the property portfolio in terms of recommended best practice and the achieving of agreed objectives.</i></p>	Since first being presented in Draft form to the Overview and Scrutiny Committee and having been considered by the Projects Advisory Board (PPAB) at its meeting on 3/4/19 the Asset Management Plan (Commercial property investment strategy) has now been approved by Cabinet in February 2020	Executive Head of Regeneration & Property /Property & Estates Manager Implemented
Medium	<p>Asset Management Group An Asset Management Group has not yet been established.</p> <p><i>Risk: In the absence of an Asset Management Group there may be insufficient oversight and governance of the Asset Management Plan leading to a lack of challenge and failure to achieve objectives.</i></p>	The Property Investment Advisory Group (PIAG) has been established	Executive Head of Regeneration & Property /Property & Estates Manager Implemented
Medium	<p>Target Dates There are no timescales established for targets in the</p>	Due to staff leaving and other priorities within the service target dates were not	Property & Estates Manager

	<p>Asset Management Plan.</p> <p>Risk: <i>If the Asset Management Plan has no set target dates there is a risk that the approved objectives may not be monitored or achieved.</i></p>	<p>set. A task to prepare a programme and set of actions with timelines to report to PIAG has been set.</p> <p>Progress towards these target dates will be reported to PIAG.</p>	December 2020
Medium	<p>Management of Records</p> <p>As yet there is no property and asset management software package in place in which information is securely held and interrogated. Excel spreadsheets are currently being used for the management of records.</p> <p>Risk: <i>Without a dedicated and automated system for managing complex aspects of property management there is a risk that the integrity of data is not protected, key events may be missed, and the systems used may not be efficient.</i></p>	<p>It is recognised that in order to deliver such a system there needs to be a commitment to software costs and staff resources to implement a system. There is now agreement for this and a tender for a new system will be carried out and implementation to commence in 2020.</p>	<p>Property & Estates Manager</p> <p>December 2020</p>
Medium	<p>Data Integrity</p> <p>At the time of the transferral of information from the card-based system to the excel spreadsheet there was no validation of data entered made by a second officer.</p> <p>Audit testing indicated that not all information had been transferred to the spreadsheet accurately or completely. In addition, some of the records selected for testing highlighted that the spreadsheet had not been updated to reflect changes made to rents charged or deposits held.</p> <p>Risk: <i>As data transferred to the Excel spreadsheets was not checked by a second member of staff there is a risk that data may have been entered incorrectly. Unless information is complete & accurate, additional and unnecessary time may have to be spent referring back to the original tenancy agreements which are held in storage.</i></p>	<p>A tighter system would assist in alleviating this issue, but any management system still relies on physical input and is liable to human error. A cross check arrangement to control the quality of information entered is essential at each end of each process.</p> <p>Verification takes place by the Property & Estates Manager and future verification will continue to be carried out by a designated member of the Property Team.</p>	<p>Property & Estates Manager</p> <p>Ongoing</p>
Medium	<p>Data Integrity</p> <p>Sample testing of ten commercial lettings indicated that</p>	<p>A robust management of staff responsible for updating records is now</p>	<p>Property & Estates Manager/ Property team</p>

	<p>not all records had been updated to reflect changes made to reviews undertaken, rents charged, or deposits held and that data held differed in some instances from that held by Finance.</p> <p>Risk: <i>Unless records are kept up to date there is a risk that data will be misleading and management reporting inaccurate.</i></p>	undertaken.	Ongoing
Medium	<p>Access to Data Full Access to the records management spreadsheets is open to the whole team with read only access not being applied to those who do not need to manipulate the data.</p> <p>Risk: <i>There is a risk of data being corrupted inadvertently due to the whole team having full access to the spreadsheet.</i></p>	<p>This will be addressed as part of the implementation of the asset management system.</p> <p>Until then, the current 3-person team require access to update the records but a system to monitor is under development by the P&E Manager.</p>	<p>Property & Estates Manager</p> <p>December 2020</p>
High	<p>Information Sharing Prior to the Property and Estates Manager joining the council in March the graduate surveyor was the only officer with full knowledge of how to manage the records management spreadsheet.</p> <p>Risk: <i>In the absence of the officer with detailed knowledge of the property records management spreadsheet there is a risk that key events relating to the management of the property portfolio will be not be actioned.</i></p>	But now the knowledge sits with the P&E Manager and alternative means to manage this needs to be put in place, with a dedicated Admin role to do so.	<p>Property and Estates Manager</p> <p>Ongoing</p>
Medium	<p>Key Events Audit testing indicated that a rent review due in January 2018 had not been actioned.</p> <p>Risk: <i>Unless all key events are actioned there is a risk that rental income may not be maximised.</i></p>	Work is prioritised and this includes financial impact. If this was a review of low value, it is possible it was not dealt with promptly in favour of other more important actions.	Property and Estates Manager
Medium	<p>Role of the Managing Agents There are no documented agreements or regular</p>	The agreements are available. These have not all been identified. Those on file	Property and Estates Manager

	liaison meetings with the Management Agents. Risk: <i>Without signed agreements or regular dialogue with the Management Agents there is a risk that the Council's expectations are not being met.</i>	can be provided. Reports are received from managing agents quarterly and meetings take place in relation to specific matters with actions taking the form of e-mail correspondence. Interim meetings as events/incidents require /arise	
Medium	Maintenance Budget There is a substantial shortfall in the budget allocation for maintenance work. Risk: <i>Unless there is sufficient funding for the maintenance of Council properties there is a risk that they will not be of an acceptable standard to lease out, leading to a loss of income.</i>	The figure of £300,000 was derived in the previous year through the previous team management as a function of what was financially available not on the basis of a matching the amount of work required. Additional sums have been requested for the larger assets to address works that are required and CLT has in turn, requested that individual Business Cases be put forward for the costs as required.	Property and Estates Manager
Medium	Condition Survey's The excel spreadsheet held for the schedule of condition survey's for properties had not been recently updated. Risk: <i>If condition survey's for properties are not carried out then it will not be clear what maintenance is required and these properties may not be appropriately maintained.</i>	For the first time in many years Condition Surveys were carried out by a Building Surveyor. Details are maintained on an Excel spreadsheet but due to staffing turnover and other areas of work taking priority, the schedule has not been revisited and updated comprehensively during the period of the audit reviewed. This includes June/July 2019.	Property and Estates Manager
High	EPC requirements	The Council's Compliance Officer	Compliance Officer

	<p>Assurance could not be gained that RBC properties met the new minimum EPC requirements.</p> <p>Risk: <i>If the minimum EPC requirements are not met then it would be unlawful for the Council to let out the properties.</i></p>	<p>collates and retains this information for Rushmoor properties, arranges inspections and commissions works required to meet the current requirements.</p>	<p>Immediate</p>
Medium	<p>Budget Forecasting Requests for revenue budgets were not specifically highlighted to Cabinet within the 'summary and recommendations' section for Frimley Business Park. Although the wider report and appendices did contain information on income and expenditure budgets.</p> <p>Risk: <i>Unless the income and expenditure budgets that are required are clearly disclosed within the Cabinet report and referred to within the 'summary and recommendations' section then it may be seen that we are not being transparent.</i></p>	<p>There was extensive liaison with the Finance Team before and during the acquisition process of this complicated asset, in financial terms, including modelling of the costs and how to treat these.</p> <p>Agreement has been reached with the Executive Head of Finance to be more explicit in future reports regarding revenue implications and ensure these are conveyed as part of the asset purchase documentation.</p>	<p>Executive Head of Regeneration & Property</p> <p>Immediate</p>
Medium	<p>Timing of Invoice Issue Invoices are issued for the commercial property rents on the due date and a reminder for non-payment is sent 21 days after. Therefore, delaying the prompt recovery of rent in a commercial way.</p> <p>Furthermore, as the rental conditions and due dates are agreed with the tenant and detailed within the tenancy agreement is there a business need for invoices to be sent. Consideration could be given to just sending reminders for non-payment of rental.</p>	<p>This has been recognised as not being an efficient method of collection for the purposes of commercial rents.</p> <p>Resources are being applied to the problem and, if necessary, there will need to be specialist external assistance to adapt the systems until an asset management system is in place.</p>	<p>Executive Head of Finance</p> <p>Property & Estates Manager</p> <p>Short Term: Estimated June 2020 Long Term: December</p>

	Risk: Rental debt will not be promptly chased in a commercial way if reminders are not sent for 21 days.		2020 (see 3.1 above)
Medium	Debt Reporting The current report summarising debt does not allow for manipulation of the data by the Property and Estates Manager. Risk: The current report format may not allow for full analysis of the debt.	As above in 7.1	
Medium	Debt Report Timing Currently the aged debt report is only sent out quarterly. Risk: Currently the aged debt report is only sent out quarterly thereby not allowing for frequent and timely monitoring and chasing of the debt.	As above in 7.1 It is agreed that monitoring needs to be monthly to enable a more commercial and timely chasing of debt.	
Medium	Debt Prioritisation Historically the Property team has not actively been involved in the oversight and prioritisation of the collection of debt with the chasing up of debt left to the Sales Ledger team. Risk: Unless the Property team's knowledge of individual tenancies is considered when determining the approach to debt collection there is a risk that amounts collected will not be maximised.	A co-ordinated cross team would be beneficial with a mapping out of timetables, actions and responsibilities. A focused group across teams to look at how to document this to best reflect best practice will be set up.	Executive Heads of Finance/ Regeneration & Property June 2020
High	Debt Write Off Audit were advised by the Sales Ledger team that a debt of £26,595 relating to one of the two tenants at Wellesley House was awaiting write off authorisation.	The current procedures contain debt management within the Finance Team. This responsibility needs to be shared and properly communicated through	Executive Heads of Finance/ Regeneration & Property

	<p>However, the property team were unclear who had responsibility to do this and the process to follow for writing off/chasing debts was unclear.</p> <p>Risk: <i>Unless services are clear where responsibility lies for authorisation of write offs, and the process for chasing debt, the debt may remain outstanding.</i></p>	<p>clear and jointly owned information collected in a way that reflects property as a different kind of debt to others.</p> <p>See 8.3 above</p> <p>Through proactive tenant management the situation has improved on the retained office part occupied in the building and as at Jan 2020 the tenant had caught up with the rental payments for that Ground Floor Office Suite only.</p>	<p>June 2020</p>
High	<p>Aged Debt The 63.1% of the total debt (29/8/19), £142,238.36, has been outstanding for over 90 days.</p> <p>Risk: <i>Unless outstanding debts are followed up promptly, they will become increasingly more difficult to recover and may ultimately need to be written off.</i></p>	<p>As above</p>	
Medium	<p>Tender Information/Revaluations As part of the tender process for the insurance renewal, details of the proposed revaluation process is required. This has been requested from Property but is yet to be provided.</p> <p>Risk: <i>Unless the Payments and Insurance Manager has accurate valuations at the time of entering into a new contract, the council is at risk of being either under insured or over insured thereby paying too much premium.</i></p>	<p>This once in 5-years renewal included new Reinstatement valuations for the new Investment properties but the remained of the portfolio has not been revalued for this purpose. The information in hand has been shared.</p>	<p>Property & Estates Manager/ Payments and Insurance Manager April 2020</p>
Medium	<p>Changes to Insurance Requirements The Payments and Insurance Manager is not always notified of new properties or properties which become vacant.</p> <p>Risk: <i>If the Payments and Insurance Manager is not notified of the acquisition of new properties or any</i></p>	<p>Regular monthly updates are provided by Property and Estates to the Payments and Insurance Manager. If there are any issues on this then they should confirm and a proper dialogue would help to improve communication on broader insurance matters affecting Council</p>	<p>Property & Estates Manager/ Payments and Insurance Manager April 2020</p>

	<i>properties which become vacant there is a risk that insurance cover will not reflect the council's current property portfolio and that some properties may be uninsured.</i>	properties.	
Medium	<p>Property Portfolio Knowledge The Property team were unable to provide prospective insurers with all of the required information on their highest value properties relating to Construction Occupancy Protection Exposure (COPE).</p> <p>Risk: Unless the Property team are fully aware of the all key details relating to their properties particularly those required for insurance purposes there is a risk that properties may be underinsured or uninsured.</p>	As above.	<p>Property & Estates Manager/ Payments and Insurance Manager April 2020</p>
Medium	<p>Asset Disposal It was confirmed that the disposal of assets is an area which has not been reviewed for some time and has been highlighted as a target in the draft Asset Management Plan.</p> <p>Risk: Unless the disposal of assets is not considered on a regular basis there is a risk of properties that are no longer providing the minimum agreed percentage rate of return are retained on the property portfolio.</p>	<p>This will be reviewed as part of the AMP action priorities.</p> <p>The Property & Estates Manager will agree action priorities with the Portfolio Holder for Property & Major Projects and then PIAG.</p>	<p>Property & Estates Manager December 2020</p>
High	<p>Key Performance Indicators There are no agreed key performance indicators which are monitored and reported.</p> <p>Risk: Without agreed key performance indicators that are reported regularly to senior management and members there is that the service may not fulfil its objectives.</p>	<p>The Property Team is working with LSHIM to agree KPIs that reflect best practice for asset management. Collection of the data will be more difficult until the actions set out in 3.1 above are delivered.</p>	<p>Executive Head of Regeneration & Property Implemented</p>
High	<p>Financial Monitoring There is currently no reporting on the performance requirement that the Council needs to achieve a net initial yield of approximately 5.25% to make an asset purchase financially viable. In addition, there is confusion as to whose responsibility it is to undertake</p>	<p>LSHIM is reporting on the Investment and Legacy portfolios to the PIAG There is no such reporting on the remainder of the Councils properties managed in house by the Estates Team. These do not sit comfortably within the</p>	<p>Executive Head of Regeneration & Property/ Property & Estates Manager</p>

	<p>this monitoring and reporting.</p> <p>Risk: <i>Without agreed reporting requirements for net initial yields there is a risk that the service may not fulfil its objectives and financial targets may not be met.</i></p>	<p>same performance parameters or expectations as the Investment/Legacy Portfolios but still a means to measure and to report will be required to be developed.</p>	
Low	<p>Initial Rate of Return Calculations</p> <p>Finance are of the understanding that the target figure for the net initial yield for an investment is 5% which differs from the figure of 5.25% minimum stated by the Executive Head of Regeneration and Property in a report to the Overview and Scrutiny Committee.</p> <p>Risk: <i>Unless there is a clear understanding of the expectation around the initial yield required for an acquisition incorrect recommendations may be made.</i></p>	<p>The views are stated using 2 different bases: the blended borrowing rate of the Council and the long-term borrowing rates. The blended rate was provided by the Executive Head of Finance as part of the Cabinet Report for the purchase of Trafalgar House, Winchester. On this basis it should be expected there are differences.</p>	
Low	<p>Holding of Deposits</p> <p>Rushmoor do not follow best practice by holding tenants' deposits in a separate account from their main bank account.</p> <p>Risk: <i>Failure to separate and earmark deposit funds can mean that if the Landlord becomes insolvent, the deposit funds simply go into a pot of assets and the tenant may lose the deposit in those circumstances.</i></p> <p><i>In addition, budget monitoring will not accurately show income.</i></p>	<p>The RICS code states that deposits must be kept separately. The Council is able to code and identify deposits received from tenants and these are held on the Council's balance sheet. Therefore, the requirement for separate bank accounts is not considered necessary.</p> <p>Arrange for deposits to be held by agents, where possible or separate arrangements be made to hold monies outside the Council. A review is needed to identify all deposits and how they are held.</p>	<p>Finance Manager</p> <p>September 2020</p>
Low	<p>Recording of Deposits</p> <p>It was noted that the figure recorded on the Property team's records management spreadsheet was different from that recorded on the Council's finance system. Both the initial deposit figure varied, and the information had not been updated on the Property team's system to show the additional deposit provided after a rental</p>	<p>The property team will share its records with Finance so that a cross-check of deposits can take place.</p>	<p>Property & Estates Manager</p> <p>April 2020</p>

	<p>review led to an increase in rent.</p> <p>Risk: <i>Unless all records accurately reflect deposits paid and held by the Council it may prove difficult to resolve any disputes over amounts to be returned at the end of a tenancy.</i></p>		
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Audit Title 3	PCI DSS		
Year of review	2019/20		
Assurance given	<i>Reasonable – Basic controls designed to achieve the system/function/process objectives, are in place. Improvements are required if key controls are to be established.</i>		
Overview of area	<p>Every company that accepts credit card payments from customers must adhere to the Payment Card Industry and Data Security Standards. These standards are designed to protect online consumers and e-commerce service payments.</p> <p>The Council currently does not fully comply with the Payment Card Industry Data Security Standards (PCI DSS). Due to this, a project is being conducted in order to identify the weaknesses in controls, bring security up to the standard required to ensure full compliance is achieved. As part of this, a comprehensive record (RBC PCI Spreadsheet) outlining compliance/non-compliance in all areas of the service has been compiled. This was completed by the Executive Head of Finance, IT Team and Project Manager at the beginning of the project.</p>		
Priority	Key findings	Management response and agreed action	Action by who and when
High	Finding	AGREED	Executive Head of

	<p>a) The Council are allegedly paying a fine as a result of not being fully compliant with PCI DSS standards. This is due to the card terminal within the Princes Hall Theatre not transferring Cardholder data securely to the in-house CAPITA 360 system. This could not be confirmed at the time of audit.</p> <p>b) There is no management or oversight of the alleged fine within the Council, with no one being able to provide details i.e. start date, monthly amount, expiry date or whether this was still ongoing.</p> <p>Risk</p> <p><i>a) This has resulted in the Council allegedly paying a monthly fine (amount and duration were not provided before draft report written).</i></p> <p><i>It could also lead to the Council's ability to accept card payments being revoked.</i></p> <p><i>It is also a potential breach of Data Protection regulations.</i></p> <p><i>b) If it transpires that the Council are not paying a fine, this could result in a financial and/or reputational risk.</i></p>	<p>The Council has been making a monthly payment to CAPITA since late-2018 in respect of "CAPITA PCI DSS ANNUAL MGMT FEE". Whilst the charge is relatively low (£10 per month) it is unclear what this fee covers.</p> <p>In the absence of any detailed knowledge or awareness across Finance and IT teams, the Executive Head of Finance will review</p>	<p>Finance</p> <p>October 2020</p>
Medium	<p>Finding</p> <p>a) The Information Security Policy has not been finalised. This was still in draft as at 03/03/2020.</p> <p>b) The draft Information Security Policy states that the</p>	<p>AGREED</p> <p>Information Security Policy (ISP) was agreed by the Corporate Leadership Team (CLT) at the meeting on 12 February 2020.</p>	<p>Information Security Officer</p> <p>Head of ICT and Facilities</p>

	<p>Council are currently PCI DSS Compliant, but this is currently not the case. This is stated in 9.1 of the policy.</p> <p>Risk <i>a) In order to reach compliance, there needs to be a sound policy in place outlining expectations.</i></p> <p><i>b) This statement does not reflect the current position of the Council. Failure to comply with the PCI DSS standards has led to a fine and could further lead to the Council's not having the ability to accept card payments.</i></p>	<p>All Heads of Service have been reminded of the Council's ISP when reviewing services as part of the response to Covid-19.</p> <p>The ISP will be published on the Council's internal website and amended to reflect the DCI PSS status.</p>	<p>July 2020</p>
<p>Medium</p>	<p>Finding There is no single officer allocated to have full knowledge/oversight of the whole process and responsibility for the PCI DSS. This would be to co-ordinate the corporate requirements and ensure compliance.</p> <p>During the audit no one could confirm the details of the fine the Council had been levied with, neither did anyone know who would have knowledge of this. Details of the applications and systems could not be obtained either.</p> <p>Risk <i>The Council are already paying a fine for not being compliant.</i></p> <p><i>Non-compliance could result in further financial losses for the Council and the facility of card payments being revoked.</i></p>	<p>AGREED Executive Head of Finance will be the responsible officer.</p>	<p>Executive Head of Finance</p> <p>June 2020</p>

ANNUAL GOVERNANCE STATEMENT – 2019/20**SUMMARY:**

The purpose of this report is to present the Annual Governance Statement 2019/20 for review and approval.

RECOMMENDATIONS:

Members are requested to:

- i. Approve the Council's Annual Governance Statement 2019/20;
- ii. Approve the Chief Executive and Leader to sign the Annual Governance Statement; and
- iii. Agree to the publication of the Annual Governance Statement alongside the Council's Statement of Accounts.

1 Introduction

- 1.1 In July 2017 the Council adopted a revised Code of Corporate Governance prepared in accordance with the CIPFA/ SOLACE framework document entitled 'Delivering Good Governance in Local Government: Framework (2016 Edition)'.
- 1.2 Regulation 6(1) of the Accounts and Audit Regulations 2015, provides that each financial year the Council must:
 - a) Conduct a review of the effectiveness of the system of internal control; and
 - b) Prepare an annual governance statement.
- 1.3 The Annual Governance Statement should be reviewed and approved by this Committee prior to being signed by the Chief Executive and the Leader. The statement will then be published alongside the Statement of Accounts.

2 What is the Annual Governance Statement

- 2.1 The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement, in order to report publicly on the extent to which we comply with our own Local Code of Corporate Governance, including how we have monitored the effectiveness of our arrangements in the year and on any planned changes to our governance arrangements in the coming year.

- 2.2 The Committee provides essential support for the approval of the annual governance statement and for ensuring that good governance is embedded throughout the Council's activities.
- 2.3 Due to the current Covid-19 pandemic details of the changes impacting on the governance arrangements within the Council have been detailed within the statement, to provide an update on the current situation and the potential challenges faces the Council during 2020/21.

3 Methodology for compiling the annual governance statement

- 3.1 The existing governance arrangements against the CIPFA/ SOLACE: 'Delivering good governance in Local Government framework – 2016 Edition' have been reviewed.
- 3.2 Assurance statements were obtained from Heads of Service to demonstrate how governance arrangements within their service meet the CIPFA/SOLACE framework for good governance.
- 3.3 Furthermore, the Corporate Governance Group have reviewed the AGS to ensure all governance arrangements have been reflected within the statement.
- 3.4 Actions to improve the governance arrangements are detailed within the AGS. Work undertaken towards implementing these actions will be regularly reviewed by the Corporate Governance Group and updates on the progress will be reported to this Committee.
- 3.5 The Annual Governance Statement for 2019/20 is contained within Appendix A of this report.

4. Requirements of the Committee

- 4.1 To ensure a meaningful review of the annual governance statement, this committee should draw on its knowledge of the governance arrangements established and how they have operated during the course of the year, including:
- Reviewing the Local Code of Corporate Governance which is contained within Appendix B of this report
 - Ensure that the annual governance statement is underpinned by a framework of assurance, which has been set out within the AGS.
 - Assurances provided by Internal Audit throughout the course of the year for the application of governance arrangements in practice and the monitoring of recommendations to improve governance arrangements.

- Consider how the Council applies governance principles in practice based on other agenda items reviewed by the Committee throughout the year.

4.2 The Committee needs to be satisfied that the annual governance statement contained in appendix A properly reflects the risk environment and any actions required to improve it and demonstrates how governance supports the achievement of the Council's objectives.

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References: CIPFA/ SOLACE framework: Delivering Good Governance in Local Government: Framework (2016 Edition)

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Annual Governance Statement 2019/20

Scope of responsibility

Rushmoor Borough Council (RBC) is responsible for ensuring 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. The Council 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.

In discharging this overall responsibility, the Council is responsible for putting 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.

RBC has approved and adopted a local code of corporate governance, which is consistent with the seven core 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'. A copy of RBC's adopted Code is on the Council's website

<https://www.rushmoor.gov.uk/CHttpHandler.ashx?id=18384&p=0>

The Annual Governance Statement (AGS) 2019/20 states how the Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6 (1b), which requires all relevant authorities to prepare an Annual Governance Statement. It is subject to detailed review by the Licensing, Audit and General Purposes Committee and approval in advance of them agreeing the Statement of Accounts, in which the AGS is referred to.

What is Governance

Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money; and
- public engagement and outcomes for our citizens and service users.

The purpose of the Governance Framework

The Governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. 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 system of internal control is based on an on-going process, designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

What is the Annual Governance Statement (AGS)?

The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement, to report publicly on the extent to which we comply with our own local Code of Corporate Governance, including how we have monitored the effectiveness of our arrangements in year and on any planned changes to our governance arrangements in the coming year. In this document the Council:

- acknowledges its responsibility for ensuring that there is a sound system of governance;
- summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
- describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
- provides details of how the Council has responded to any issue(s) identified in last year's governance statement; and
- reports on any key governance matters identified from this review and provides a commitment to addressing them.

The Council's Governance Assurance Framework, which underpins the AGS, has been in place at the Council for the year ended 31 March 2020 and up to the date of approval of the AGS and Statement of Accounts.

What is the Council's Governance Assurance Framework?

Leader & Chief Executive sign AGS on behalf of the Council.

Full Council

Licensing, Audit & General Purposes Committee (Delegated authority to approve AGS on behalf of Full Council) – Provide independent assurance on the adequacy and effectiveness of the Council's governance arrangements, including the effectiveness of the risk management and the associated control environment. They report to Full Council on their work.

AGS

Internal Corporate Governance group – This group consists of officers with statutory roles within the Council, e.g. Monitoring Officers. The group provides assurance over the governance arrangements within the Council.

Key sources of assurance

Internal Audit

Independent opinion on:

- Compliance with key internal control processes
- The effectiveness of the process for gaining assurance on internal control and risk management
- The effectiveness of controls to manage significant areas of risk

Annual audit opinion on the effectiveness of the Council's risk management, control and governance processes.

Corporate Leadership Team (CLT)

Assurance Statements are provided from Senior Management for the governance arrangements within their services. These statements inform the AGS.

External Inspections

Outcomes from reviews of services by external inspectors.

Risk Management

The Risk Management Group identify and review risks on the Corporate risk register.

Overview and Scrutiny Committee

Pre and post decisions made are subject to scrutiny/ call in for review by the Committee.

Executive Leadership (ELT)

Identifies and addresses cross cutting and strategic issues that may impact on the Council's control environment and risk.

External Audit

- Independent overview of the effectiveness of the financial control environment including financial reporting, internal control and risk management and VFM conclusion.
- Control improvements highlighted in Annual Governance Report and Annual Audit Letter.

How does the Council monitor and evaluate the effectiveness of its governance arrangements?

The Council annually reviews the effectiveness of its governance arrangements. The key sources of assurance that informs this review are:

- The work of the Licensing, Audit and General Purposes Committee Members and Senior Officers of the Council who have responsibility for good governance.
- A statement of assurance is obtained from Heads of Service to confirm the governance arrangements in place within their service.
- The Audit Manager's update reports on the internal audit activity, which provides an independent assurance that key risks are being adequately controlled and provides an opinion on the effectiveness of these arrangements.
- Half yearly updates to the Licensing, Audit and General Purposes Committee monitoring the work carried out towards the Governance actions identified in the previous year's AGS.
- Any comments made by External Audit or other external reviews.
- Internal Corporate Governance Group provides assurance over the governance arrangements within the Council.

What are the key elements of RBC's Governance Framework?

The Council aims to achieve good standards of governance by adhering to the seven core principles, detailed below, which form the basis of the Council's code of Corporate Governance.



The following pages provide a summary of actions and behaviours taken by the Council in relation to each of these seven core principles and associated sub principles.

Covid-19 Pandemic

In March 2020, following the declaration of a major incident by the Local Resilience Forum, the Council activated its emergency structure, where emergency management protocols were initiated, to coordinate a response and ensure that resources were prioritised.

- Gold (Strategic decisions),
- Silver (Operational issues), and
- Bronze (Community welfare response)

There has been a significant impact on Council services, due to the Covid-19 pandemic, but despite the challenges, the Council has maintained consistent essential services, whilst adapting to provide alternative virtual services wherever possible.

Impact of Covid-19 pandemic on the Council

Priorities

The Council has adhered and responded at pace to government guidance in response to the pandemic. Priorities have been changed to focus on the need to distribute emergency funding and to support essential services. Business as usual has changed to accommodate this, but key processes and functions have been maintained, with demand led services under the most pressure.

Covid-19 does present a number of risks to the delivery of the Council's Business Plan, Regeneration Programme and key procurement activity. Inevitably, there will be a requirement to review priorities and work programmes to ensure adequate risk mitigation is in place, with the Council's Corporate Risk Register being reviewed by Heads of Service.

Move to home working

The Council brought forward its mobile working project from the ICE Programme to enable a substantial move from a small number of home workers to majority of the Council's workforce. There was a significant impact on the IT department in order to acquire, build and distribute extra laptops within a short period of time.

Furthermore, there was a significant shift for technology required to enable secure virtual meetings to be carried out. A review of the risks and mitigations required was carried out in order to identify the most appropriate platform solution for the Council to use. The platform determined was Microsoft teams which has been deployed across the Council.

The risk around information security increased with this move and required effective arrangements to be in place to ensure the security of data and processes and the need to raise awareness of the potential increase in phishing emails to obtain log on credentials.

The move to home working was challenging for many people and as such the Council, through its HR team, put in place a range of initiatives to support individuals and teams.

A new way of working has been established and should be built on so that a new norm can be established leading to more modern and efficient ways of working that embraces new technologies. Different approaches to leadership and management will be required and the Council's new Workforce Strategy will reflect this going forward.

Committee meetings

The Local Authorities & Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, allows authorities to conduct meetings and take decisions in ways other than face to face, so that decisions can still be made. As a result, virtual council and committee meetings have now been instigated to ensure transparency, maintain good governance and maintain principles of openness and accountability. Furthermore, this also allows access to the public and press via live streaming. The Council has developed a set of standard protocols for virtual meetings, in order to facilitate full Member engagement and public participation where appropriate. These protocols have been communicated to all Members.

Temporary delegation arrangements for decision making

To enable executive decisions to be taken during this challenging period, Cabinet agreed to authorise the Chief Executive, in consultation with the Leader of the Council, to make Cabinet decisions in accordance with the following conditions.

- The provision of new and amended services as a result of Covid-19
- Changes in services which could have financial implication of up to the threshold that would make the decision 'key'
- Changes in existing service provision that would have an impact on the Borough and are not currently delegated to an individual portfolio holder or officer
- Those items set out in the powers and duties of the Cabinet
- The list of the decisions taken will be submitted to a formal meeting of the Cabinet in due course.

The process that will be followed for these decisions are as follows:

- A Head of Service, in conjunction with the appropriate portfolio holder, will develop proposals requiring an executive decision on which they will consult the Monitoring Officer and the Head of Finance (Section 151 Officer)
- The proposals are circulated to other Members of the Cabinet and the Council for comment (the period of comment is likely to be short, probably 1-2 days)

- The Chief Executive, in consultation with the Leader of the Council, will make a decision on the proposal, taking account of any comments made by other Members
- A short form decision sheet will be prepared and distributed to all Members of the Council and placed on the Council's website within a table established to include all decisions taken under this process.

These delegations will be used sparingly and wherever possible, reports will be held over until a formal meeting can take place, but given the rapidly changing situation, it is essential that a process to make decisions is in place.

Financial implications

Covid-19 does pose a significant risk to the Council's finances. Over the immediate short-term, the Council has seen a reduction in income from Council Tax, Business Rates and Fees and Charges. Additional expenditure has been incurred, particularly around the Council's role in supporting the welfare of vulnerable individuals and IT costs associated with enabling Council staff to work remotely.

At this stage it is difficult to quantify the longer-term impact on the Council's finances. Initial work has focussed on high-risk income and expenditure budgets, Council Tax and Business Rates, and cash flow forecasting. The Council has provided financial management information to the Ministry of Housing, Communities and Local Government (MHCLG) and will continue to do so as required. Further work will be undertaken on these areas to provide an evidence-based financial position to support on-going dialogue with Government and future decision making.

It is worth noting that the Council does have balances and reserves available to help mitigate some of the financial risks and pressures outlined. However, it is expected the Council will need to review the 2020/21 budget and Medium-Term Financial Strategy over the coming weeks and months to ensure the Council remains financially resilient.

Councils are required by law to have balanced budgets. If a way in which to finance expenditure cannot be identified then it is the statutory responsibility of the Section 151 officer to, as a last resort, issue a section 114 notice. This notice prohibits all new expenditure, with the exception of safeguarding vulnerable people and statutory services. Due to the current financial challenges, as a result of the Covid-19 pandemic, CIPFA have proposed temporary modifications to the existing guidance around issuing section 114 notices, in order to create an opportunity, within existing statutory limits, to enable an exploration of what further options and/or financial assistance may be available.

Therefore, should this be considered by the Council's Section 151 Officer, the following process would be carried out in line with CIPFA's current guidelines:

- At the earliest opportunity the Head of Finance (Section 151 Officer) will make informal confidential contact with MHCLG to advise of financial concerns and a possible forthcoming section 114 notice.
- The Head of Finance (Section 151 Officer) will communicate the potential unbalanced budget position, due to Covid-19, to MHCLG at the same time as providing a potential Section 114 report to Cabinet and the Council's external auditors (Ernst and Young).

Where employees' salaries are largely funded by the generation of sales, fees and charges, and there has been a significant reduction in these revenue streams and the employees cannot be redeployed across the Council, then the furlough scheme has been utilised.

Key contractors/ suppliers for the Council, predominately from sectors which have been required to close (e.g. Leisure contractors), may look for variations to the contract terms and financial support from the Council.

Procurement Policy Notes have been issued by the Cabinet Office and provide guidance on best practice for public sector procurement, with a focus on Covid-19 issues. These notes covered a number of issues including:

- Public procurement regulations
- Guidance for public bodies on payment of their suppliers to ensure service continuity during and after the current coronavirus, COVID-19, outbreak
- Use of procurement cards to support cash flow for suppliers
- Guidance for public bodies on viability and sustainability of contracts including working in partnership to plan an eventual exit from any relief and transition to a new, sustainable, operating model taking into account strategic and reprioritisation needs.

The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, have changed the accounting timetable, extending the deadline for the draft accounts to 31 August 2020 and the final audited accounts to 30 November 2020.

Service reviews

Since the lockdown the Council has had to take urgent decisions related to its way of working and direct service provision. Most facilities that provide the opportunity for public gatherings or encourage non-essential travel have been closed, either by direction from the Government or because the Council has interpreted that it is the right thing to do, in accordance with the Government's guidelines. The key changes are:

- Farnborough and Aldershot Leisure Centres and associated facilities have been closed

- Preparatory work necessary to enable the Aldershot Lido to start its season at the end of May has not been possible. An extended period of lockdown or social distancing will most likely mean that the Lido will not open this Summer.
- Princes Hall Theatre has been closed
- Refuse, recycling, bulky waste and garden waste collection arrangements have all been changed. Refuse and recycling collections have been moved to an alternating cycle with residents receiving a refuse collection one week and a recycling collection the next. Flats have remained with weekly refuse collections. Garden and Bulky waste collections were suspended for a period but have now resumed.
- Playgrounds have been closed
- Council run car parks have been left open, but cash machines have been emptied and no charges are being levied
- The Council Offices have been closed to the public and are attended each day by a skeleton staff carrying out essential work that cannot be delivered from home
- Council run public conveniences have been closed
- The Crematorium is open for services, however, restrictions to the number of mourners to facilitate social distancing have been introduced. Access to the grounds was prevented for a period of time but they have now re-opened with social distancing measures being put in place.

The Health Protection (Coronavirus, Restrictions) (England) Regulations 2020, deals with the closure of certain premises and venues. The proper designations are in force for environmental officers to enforce and the Secretary of State has designated councils as prosecuting authorities for offences arising. So far, the Council is working to support businesses in explaining the restrictions and there have been no breaches to date.

During the crisis the Council worked hard in its community response and was able to facilitate support to the community and voluntary sectors. The Council was very successful with partners on developing its community interventions to support vulnerable people. This support is continuing and is likely to do so for the foreseeable future.

Restore, Release and Rejuvenate

In order to begin to address the recovery phase the Council has adopted a structure based on 'Restore, Release and Rejuvenate' and identifying eight strategic objectives covering the main priority areas for the Council:

- To facilitate improved capacity in the voluntary sector and support the most vulnerable
- To support the local economy and housing market in achieving restoration and growth and support new businesses

- To communicate, engage with and reassure the public whilst supporting Members in their community leadership role
- To restore existing services and review resources to redirect to priority areas
- To put in place a Covid secure working environment in council buildings and through the ICE programme establish a new and modern way of working that will enhance provision, reduce costs and offer a choice of working arrangements and patterns
- To ensure a sustainable financial position with particular emphasis on commercial income levels, the delivery of planned savings and the reduction of operational costs
- To engage Members in the 3R's to establish policy direction and a set of priority objectives
- To establish an enhanced and appropriately resourced policy, risk and response function

The Council will have an important role in the recovery effort and will need to provide support and resources in a number of areas. To assist with the recovery, specific workstreams have been established, led by a designated member of Senior Management. The focus will be to carry out an impact assessment along with an associated plan, which will be reviewed by the cross-party Task and Finish Group and Cabinet. The recovery workstreams are:

- Community protection and assistance
- Economy, regeneration and housing
- Communication and engagement
- Recovery and review of services
- New ways of working
- Finance and commercial
- Democracy and governance
- Policy, risk and response

The recovery effort is likely to last longer than typical for emergencies of this nature being unlike anything experienced before. This focus could take up to 2 years and will require a new mind set and a review of priorities and actions that could see some delayed, parked or cancelled. This will be made more difficult by an environment that will likely see reduced income (from fees, charges, commercial sources and the impact of a recession albeit potentially short), increased expenditure and increased demands and expectations from the local community.

In order to provide better alignment of resources to priorities over this period a number of key areas require further attention and consideration as far as council services are concerned:

- Executive Leadership Team
- Policy, Risk & Communications
- Financial & Cost Management

- ICE Programme – the New Norm

Therefore, in order to support the above areas of concern a new role of Assistant Chief Executive will be created. This role will provide further support at a senior level in relation to the areas of:

- Policy
- Strategy
- Risk (*Becoming the Senior Risk Officer (SRO)*)
- Emergency Planning and Business Continuity
- Covid-19 Recovery
- Performance

Summary

The Council's strong collaborative approach has been effective at achieving a unified response, working with key partners in the voluntary and community sectors.

The Council will need to work with its key partners to develop and support the local economic and community infrastructure in the future. All of the challenges will require a new way of working and thinking. The pandemic has created a step change in how businesses and public bodies operate.

The Council will look to learn the lessons of Covid-19, build on the successes and ensure that it is fit for purpose for what may be a very different landscape in the future.

The response to the crisis has added assurance to the effectiveness of the Council's business continuity plans and governance arrangements. The Council also faces a number of significant changes that will require ongoing consideration and action as appropriate in 20/21 and the medium term, to ensure good governance is maintained.

PRINCIPLE A

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

Sub principles	Demonstrated by
Behaving with integrity	<ul style="list-style-type: none"> • A code of conduct is in place for both Councillors and staff, both are contained within the Council's constitution. The codes outline the ethical standards and behaviours to be adopted and observed by elected Members and officers to ensure that Council business is conducted with fairness and integrity. There are processes in place to ensure that Members and Officers are adequately trained in matters relating to the Constitution. • A Member Constitution review group are in place to assist with the bedding in of the Constitution. • The Council also has in place various policies, procedures and guidance including HR policies, Anti-fraud, Acceptable Use of IT, Declarations of Interest, and Gifts and Hospitality, which are regularly reviewed. All colleagues are made aware of any new policies or changes and training is provided as necessary. • Specific legal and regulatory requirements and/or Standards and Codes of Practice are maintained by staff for Membership of relevant professional bodies, including continuing professional development. • Where necessary the Council collaborates with other professionals for advice and guidance. For example, the Council has recently enlisted the assistance of Freeths for legal advice in establishing a Housing Company. • A register of Member interests is published on the Council's website to ensure that any conflicts of interests are open and transparent. Furthermore, these are reviewed by the Corporate Governance Group on an ad hoc basis. • The Corporate Leadership Team has responsibility to ensure that decisions are made properly and that these are monitored by the Governance Group and Deputy Monitoring Officers.
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> • The Council has established a Governance Group, which includes the Monitoring Officer, Deputy Monitoring Officers, the Chief Financial Officer and the Audit Manager, to ensure that the Council works within its rules and that the necessary governance provisions are followed, and associated guidance, advice and training is provided. • The Council has adopted a Behaviours Framework which sets out the attitudes and behaviours expected from staff. The framework sets out seven behaviours; Customer First, excellence in service delivery, productive and efficient, commercial, modernisation, leadership and invest in people. • Rigorous procurement processes are followed to ensure high quality suppliers are selected and value for money is obtained. • The Member Development Group maintains a programme for Member training and development and the Council has secured the Charter for Member Development, managed by South East Employers. Re-accreditation was achieved in March 2020. Furthermore, specific training has been provided by South East Employers to the Overview and Scrutiny Committee on effective scrutiny.
Respecting the rule of law	<ul style="list-style-type: none"> • The Constitution sets out responsibilities within the Council. This is maintained by the Head of Democracy, Strategy and Partnerships in conjunction with the Governance Group, to ensure that the Council's legal requirements are met, and the provisions are up to date. A full review of the Constitution was carried out in 2019/20 with support from a cross party Member Constitution Review Group. • The Council has appointed the following officers as required: <ul style="list-style-type: none"> - The Head of Paid Service (Chief Executive) – Overall accountability for the governance arrangements operating within the Council - The Monitoring Officer – Ensures decisions taken are within the law and the Council complies with the provisions of its Constitution. - The Chief Financial Officer – Principal finance adviser to the Council and is responsible for the proper administration of the Council's financial affairs and internal control environment. • The Council's in-house legal service identifies and advises the Council on key elements of the law and their application.

- The Council ensures compliance with the mandatory elements of the Local Government Transparency Code.
- The Corporate Health and Safety team collate breaches and liaise with appropriate partner organisations and authorities e.g. HSE

PRINCIPLE B
Ensuring openness and comprehensive stakeholder engagement

Sub principles	Demonstrated by
Openness	<ul style="list-style-type: none"> • The Council's policies and governance framework are published on the Council's website – this includes: <ul style="list-style-type: none"> – The Constitution – Agenda and reports for all meetings within the Council's decision-making framework – Cabinet work programme – Annual budget – Pay Policy and Gender Pay Gap Statements – Record of Executive Decisions – Information required under the Transparency Code • The Council regularly carry out consultations on major policy initiatives which is conducted in an open way with all consultations available on the Council's website. • Equality position statement reinforces how we will publish information to demonstrate compliance with the equality duty. • The Council has an up to date Freedom of Information Act 2000 publication scheme in place on its website with links to information and guidance for stakeholders. • The Council's 3-year business plan is published on the council's website along with the monitoring of the actions towards the plan. • During 2019/20 the Council published four 'arena' magazines, to inform the community of the work and services carried out by the Council. • Contracts are managed with a partnership approach and decisions are made in an open and transparent way, including open book accounting processes.
Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> • The Rushmoor Strategic Partnership has been reviewed and a Rushmoor Partners Network established, which in future will focus on projects and consider multi-agency issues. • A statement of community involvement is published on the Council's website. • Formal and informal consultation is carried out with Members (e.g. Budget Strategy Working Group) • As part of delivering regeneration projects and better use of assets there are regular interactions with organisations such as Homes England, Hampshire County Council etc.

	<ul style="list-style-type: none"> • The Council has recently adopted the Local Plan 2014-2032, which involved participation from numerous stakeholders. Details are published on the Council's website. • Local Enterprise Partnership (LEP) (Enterprise M3) – The Council has established good relationships and partnership arrangements as part of the involvement with the LEP. • We have in place a relationship management approach and system. Social media is used to communicate and receive comments and increase levels of engagement through visits, meetings and working through partners. • The Council supports the Prospect Estate Big Local (PEBL)
<p>Engaging with individual citizens and service users effectively</p>	<ul style="list-style-type: none"> • The Council has invested in a range of traditional, digital and social media channels to enable regular contact, engagement and consultation with its key stakeholder groups, including customer feedback surveys, workshops, consultation items on the Council's website and regular citizen consultation on both Borough-wide and place specific issues. • We have effective arrangements in place to communicate and consult with relevant key stakeholders where appropriate and to fully consider/ use their feedback and/or complaints to help inform decisions. Furthermore, following a Peer Review the Council has established a process for undertaking regular citizen consultation on both Borough-wide and place specific issues. • The Council has a corporate modernisation programme (ICE) (Rushmoor 2020) in place and consultation with Members, Officers, Key stakeholders and the public is ongoing to assist and shape this programme delivery and underpin the principle of a 'one-Council' approach. • Examples of significant consultation exercises carried out during 2019/20 included: <ul style="list-style-type: none"> – Regeneration and highways functions, this included direct mailshots, public exhibitions, group meetings and presentations. – Local Council Tax Scheme – annual consultation process • A scheme is in place within the Council's Constitution to have public participation at Member meetings. Therefore, meetings of the Council and its Committees are open to members of the public to attend, with agendas and minutes being publically available on the Council's website.

Sub principles	Demonstrated by
<p>Defining outcomes</p>	<ul style="list-style-type: none"> • The Council’s plan has been developed with a 10 year ‘vision’ and a 3-year rolling business plan with objectives to assist with the achievement of the vision. The plan is shown on the council’s website along with the monitoring of the actions towards the plan. • A People Strategy is being developed for the organisation which identifies the objectives and priorities linked to the priorities within the Council plan. • Following comprehensive resident and stakeholder consultation, the Council developed its priorities and measures of success with Members in a range of ways including discussions with individual portfolio holders, the Cabinet and the Policy and Project Advisory Board. • The size of the Council’s workbook may need to be reviewed over the coming year in order to review priorities, due to the impact of Covid-19 pandemic, which has resulted in the Council spending an amount of time carrying out work which had not been planned. • Service business plans have been developed and cover: <ul style="list-style-type: none"> - Linking actions to priorities - Identification of outcomes - Performance indicators - Risks and expected service changes

PRINCIPLE C

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

<p>Sustainable economic, social and environmental benefits</p>	<p>financial and Equalities impact of the decisions being made. All reports requiring executive decisions (except those exempt) are accessible via the Council's website. (https://www.rushmoor.gov.uk/article/1701/Records-of-executive-decisions)</p> <ul style="list-style-type: none"> • A PESTLE analysis was carried out in order to contribute to the 10-year Council vision and rolling 3-year plan. This looks at how external moves will impact on the Council's plans and objectives. The Council's Strategy and Performance team monitors place and organisational data to support the work. • Risk registers are regularly updated with links to the Corporate Risk Register. • The Council has adopted and implemented the Local Plan 2014-2032. Details are published on the Council's website. Consultation was undertaken, and a proactive role was undertaken to engage as many residents and stakeholders as possible. Feedback from the consultation informed the submission of the Local Plan. Social, environmental and economic evidence was obtained to inform the development of the Local plan.
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PRINCIPLE D

Determining the interventions necessary to optimise the achievement of the intended outcomes

Sub principles	Demonstrated by
<p>Determining interventions</p>	<ul style="list-style-type: none"> • Arrangements are in place to ensure all options are considered before decisions are taken and service changes implemented. External / independent expertise is often used if the decision is of a complex technical nature. An example of this being the use of external experts when making a decision on establishing a housing company. • Consideration of alternative courses of action for all decision making. • The Corporate Governance Group has been established to consider legal/constitutional issues associated with decision making.
<p>Planning interventions</p>	<ul style="list-style-type: none"> • At service level, priorities and objectives are encouraged to be SMART and these are underpinned by plans and, for major projects, there is significant emphasis on effective project management. The Council is investing in additional project management resources to ensure this.

Optimising achievement of intended outcomes

- Arrangements are in place to monitor operational and financial plans, priorities, KPI's, quality and targets and to report on progress, e.g. quarterly monitoring, budget monitoring.
- The Council has several key partnerships with other local authorities and stakeholders in order to optimise the achievement of the Council's corporate plan.
- The Council has in place more significant arrangements for project development, both internally and through the Member decision making structure. This has been achieved through the revised Member structure to include the following:
 - Licensing, Audit and General Purposes Committee, with specific roles to ensure effective governance
 - The Policy Investment Advisory Group (PIAG), provides early consideration of projects prior to submission to the Cabinet. For example, Establishment of the Housing Company, re-letting of the leisure contract and the Council's 2020 transformation programme. This group is supported by LSHIM who provide detailed assessments of acquisition, disposal, and asset performance.
 - The Overview and Scrutiny Committee is undertaking both pre- and post-decision scrutiny on a range of issues and projects.

PRINCIPLE E

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

Sub principles	Demonstrated by
<p>Developing the entity's capacity</p>	<ul style="list-style-type: none"> • The Council participated in an independent peer review during 2017/18. Recommendations from this review have been accepted and work is underway to implement the recommendations made. A follow up on the recommendations made is being prepared for during 2019/20. • The Council, where possible, collaborates with other authorities to share information and best practice, e.g. Hampshire & Isle of Wight Chief Executive group and subsequent groups. • Service reviews are being carried out by the newly constituted corporate leadership team, to ensure that services are best placed to meet the overall objectives of the Council.
<p>Developing the capability of the entity's leadership and other individuals</p>	<ul style="list-style-type: none"> • Arrangements are in place to ensure staff have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and are able to update their knowledge on a continuing basis e.g. CPD through attendance at seminars/conferences, training courses etc. • Development reviews are carried out annually. Within these reviews, training needs are identified and communicated to HR in order to ensure individuals are provided with the training they require for their role and identify any Council wide training which may be required.

	<ul style="list-style-type: none"> • The Council has engaged in ‘learning at work week’, which has been carried out virtually during the Covid-19 pandemic and will be carried out again later in the year. • The Council has adopted a Behaviours Framework, which sets out the attitudes and behaviours expected from staff. The framework sets out seven behaviours; Customer First, excellence in service delivery, productive and efficient, commercial, modernisation, leadership and invest in people. • The Council is providing leadership programmes and apprenticeship leadership programmes to support the continued professional development of staff. • The Council has introduced an Employee Assistance Programme to support health and wellbeing. Training courses are also offered for example a recent mental health awareness course through the Council’s Occupational Health provider. Wellbeing weeks have also been introduced encouraging staff to participate. This has also been carried out ‘virtually’ during the current Covid-19 pandemic. • Yammer has been introduced to promote staff working and includes learning and development elements. • The Council’s constitution defines the statutory and distinctive roles of the Leader and other Councillors and sets out to who decision making powers are delegated to. • The Member Development Group maintains a programme for Member training and development and the Council has secured the Charter for Member Development, managed by South East Employers. Re-accreditation was achieved in March 2020. Furthermore, specific training has been provided by South East Employers to the Overview and Scrutiny Committee on effective scrutiny.
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Sub principles	Demonstrated by
Managing risk	<ul style="list-style-type: none"> • Risk management arrangements were reviewed in 2019/20 with a new process being put in place. The Corporate Risk Management Group meets quarterly to formally review risks and risk is included on the CLT agenda. Service risk registers feed into the Corporate risk register. Furthermore, risks are considered within activities and decision-making reports taken to Cabinet. • Internal audit provides a risk-based audit plan and reports on the effectiveness of risk management to the Licensing, Audit & General Purposes Committee. • In recent years pressure has been placed on the County Council, and some of this pressure has flowed through to Districts. This poses some risks at a social level and within the budgets for the Council.
Managing performance	<ul style="list-style-type: none"> • Effective performance, financial and risk management arrangements are an integral part of all business activities, examples include: <ul style="list-style-type: none"> - Option appraisals/ risk assessment - Day to day business / performance / service business planning arrangements/ quarterly reporting - Projects and programme management - Contractual and third-party arrangements (including shared risks) - Business continuity plans are in place, tested and communicated to staff as necessary

PRINCIPLE F

Managing risks and performance through robust internal control and strong public financial management

monitoring of the

Page 4	<ul style="list-style-type: none"> The Council has in place an Overview and Scrutiny Committee to encourage debate on policies, objectives and outcomes before, during and after decisions are made. They also review the quarterly monitoring of the Council plan.
Robust internal control	<ul style="list-style-type: none"> Internal Audit provide an annual opinion on the effectiveness of the Council internal control environment. This is based on the outcome from audit reviews carried out within the year. Details of this are reported to the Licensing, Audit & General Purposes Committee for review. The Council has a Corporate Investigations Team who investigate potential fraud, corruption and maladministration and provide effective counter fraud arrangements within the Council.
Managing data	<ul style="list-style-type: none"> Effective arrangements are in place for the safe collection, storage, use and sharing of data with other bodies, including processes to safeguard personal data in line with GDPR requirements. An information Governance Officer is in place and has recently introduced an Information Security policy. Effective arrangements are in place for the disposal, storage of legacy IT equipment: All hard disk-based systems are erased to HMG Infosec Standard 5 prior to disposal using accredited partners. IT equipment is stored in a locked storeroom when not in use\awaiting disposal. IT Security: IT follows End User Device (EUD) guidance issued by National Cyber Security Centre when implementing security solutions and endpoint operating systems. Council IT infrastructure is audited annually, and results passed to NCSC for review and further guidance on actions to take to maintain compliance (including annual Public Services Network assessment). A bid is currently being made to NCSC for funding to support user training relating to cyber security.
Strong public financial management	<ul style="list-style-type: none"> There are effective mechanisms in place for financial planning, budgetary control and reporting, including the management of financial risk External Audit review and report on the Council's financial statements providing an opinion on the accounts.

PRINCIPLE G

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

Sub principles	Demonstrated by
Implementing good practice in transparency	<ul style="list-style-type: none"> • Agendas and minutes of Committee meetings are publicly available on the Council's website. • An Overview and Scrutiny Committee is in place to monitor and review performance, review and/or scrutinise decisions proposed to be made, review policy and strategy with a view to securing continuous improvement. • The Council ensures compliance with the mandatory elements of the Local Government Transparency Code • On the Council's website there is a Freedom of Information Act page to enable members of the public to have access to all recorded information held by the Council. • Committee meetings are, where possible, are open to the public for contribution and attendance. • Decisions are recorded and published on the Council's website.
Implementing good practices in reporting	<ul style="list-style-type: none"> • The Annual Statement of Accounts is published on the Council's website to give clear information on the income and expenditure of the Council. • The Council publishes an Annual Governance Statement in order to report how we have monitored the effectiveness of our governance arrangements in the year and any planned changes in the coming year. • The Licensing, Audit and General Purposes Committee review and approve the Annual Statement of Accounts and the Annual Governance Statement. • Performance is reported quarterly on a range of indicators, comparing some items with other Local Authorities and public sector bodies. A new performance management framework has been established for use by both Members and Officers. Performance progress is regularly reported on and communicated at Cabinet • Reporting arrangements for RDP/Hosing Company have been put in place. Regular update seminar through the Policy and Projects Advisory Board, formal presentation to all Members at the point of submission of a planning application. Formal monitoring reports will be provided every six months to the Council's shareholder and the Chief Executive. The Chief Executive will enable consideration of these reports by the Council's Overview and Scrutiny Committee on progress and the Licencing Audit and General Purposes Committee on any governance matters.
Assurance and effective accountability	<ul style="list-style-type: none"> • The terms of reference and working arrangements of the Licensing, Audit and General Purposes Committee have been revised to ensure greater focus on ensuring transparency and effective audit of processes. • There are arrangements in place for ensuring all agreed actions from peer reviews, internal audit, external audit, or other inspectorate work are implemented by Management. Actions from the Peer Review were embedded into business as usual and monitored by the Executive Leadership Team and the Head of Democracy, Strategy and Partnerships. • Risk based internal auditing provides ongoing assurance that the key risks are being managed. • A fundamental review and update of the Constitution has been carried out in 19/20 and recently formally adopted by Council.

How has the Council addressed the governance improvement actions from 2018/19?

The Annual Governance Statement 2018/19 contained the following key improvement actions. Updates have been provided throughout the year to LA&GP Committee. Details of the latest update on these actions are detailed below. However, it should be

noted that due to the Covid-19 pandemic the implementation dates may be further extended. Where actions are ongoing these will be carried forward into the 2019/20 Action plan.

Governance Issue	Action	Current status
EU General Data Protection Regulation (<i>b/f from previous year</i>)	Ensure that the necessary resulting changes for the GDPR are finalised and embedded within a broader information governance framework following the review of the effectiveness of the current arrangements the Council has implemented.	<p>The new Information Governance officer is now in post. The Information Governance Group (IGG) have met several times and an Information Governance Working Group (IGWG) is now in place and has also met several times.</p> <p>The Information Governance Framework (IGF) has been written and published on the staff Intranet. Programmes of work are being undertaken to ensure adherence to the framework and the key policies that underpin it.</p> <p>Due to Brexit there may be some changes to GDPR, so implementation of this cannot be finalised until the guidance comes out from the ICO. Revised implementation date: June 2020</p>
Implementing a Capital Strategy to comply with the revised Prudential Code and the Treasury Management Code of Practice (<i>b/f from previous year</i>)	<p>Capital Strategy was approved by Council in February 2019 and will be reviewed on an annual basis.</p> <p>Finalise development of the Asset Management Strategy which supports the approved annual Capital Strategy</p> <p>Development of formalised reporting criteria (financial and non-financial measures) in relation to the Council's Investment Property portfolio</p>	<p>Council approved the 2020/21 Capital Strategy at their meeting in February 2020. The Capital Strategy will be reviewed during the Autumn. (Implemented)</p> <p>This has not been progressed due to other priorities regarding major projects and general management of the estate following staff changes. It will be carried out during 2020. Revised implementation date: December 2020</p> <p>The first review of the commercial investment assets has been reported to PIAG with this now programmed quarterly. Revised implementation date: December 2020</p>

Risk Management (b/f from previous year)	Formal adoption of the risk management process and work carried out to embed risk management within all Council activities. Development and adoption of an information risk policy.	<p>The Corporate Risk Management Group (CRMG) finalised the risk register in December 2019. It is available to be viewed and edited by Senior Managers on the Council's SharePoint pages.</p> <p>The CRMG will be meeting in March 2020 to formally review the risk register, so that it can be reported alongside the Council's wider Q4 Performance Management Framework.</p> <p>The Risk Register is a live document and is updated by Managers on an on-going basis. Revised implementation date: May 2020</p>
Workforce/ people strategy	Develop and adopt a longer-term workforce/ people strategy	Work is currently underway for the development of the workforce strategy and it is on target to be in place by March 2020.
Relationship Management and economic engagement plan	Develop relationship management approach and processes and economic engagement plan.	<p>Visits continue to be carried out in order to populate the data into the Relationship Management system. However, this will take time to carry out in full.</p> <p>The outline of the Economic engagement plan has been developed however it has not yet been fully developed. As part of the service changes an Economy and Growth Manager will be recruited and it will be within their remit to bring forward the plan and implement it. Revised implementation date: July 2021</p>
Procurement Strategy	Revision and adoption of the procurement strategy	<p>The final draft of the Procurement Strategy will be considered by the Policy and Project Advisory Board (PPAB) at their meeting in March 2020.</p> <p>Following discussion at PPAB, the Procurement Strategy will be presented to Cabinet and Council in the new civic year. Revised implementation date: June 2020</p>
Financial Regulations	Revision and adoption of the financial regulations	The updated Financial Regulations will be considered alongside the Constitution at the LA&GP Committee

		<p>on 23rd March, and Council Meeting on 23rd April 2020.</p> <p>A Members Constitution Review Group has reviewed key Constitution documents, and Executive matters considered with the Leader.</p>
Review of the entire constitution	The entire constitution will be reviewed and updated to ensure that it remains relevant.	<p>A progress report was presented to the LA&GP Committee on 27th January 2020. The full draft updated Constitution is to be considered at the LA&GP Committee on 23rd March, and Council Meeting on 23rd April 2020.</p> <p>A Members Constitution Review Group has reviewed key Constitution documents, and Executive matters considered with the Leader.</p>
Housing Company Governance	The governance arrangements in place around the Housing Company needs to be formally agreed.	<p>The governance around the housing company has been written into the updated Constitution.</p> <p>A report on the housing company went to Cabinet on the 4th February which detailed the governance arrangements in place. The report has been forwarded to Council and will be considered on 20 Feb 20. (Implemented)</p>

Governance issues identified for 2019/20

The review of the effectiveness of the Council's governance framework has identified the following actions that will need to be addressed during 2020/21, excluding the actions carried forward from 2018/19 as detailed above. The progress against these actions will be reviewed by the Corporate Governance Group and regularly reported to the Licensing, Audit & General Purposes Committee.

Governance Issue	Action	Target date	Lead Officer
Due to the Covid-19 pandemic the number of staff working from home remotely has substantially increased therefore increasing the information risk exposure this creates for the Council.	The increase in information risk exposure due to home working will be reviewed by the Information Governance Group.	Dec 2020	David Stanley, Executive Head of Finance
	The information governance policy has been implemented and mandatory online training will be put in place.	Dec 2020	Catriona Herbert, Corporate Manager – Legal Services
Concerns have been raised regarding the Council's systems and procedures for recording and monitoring commercial property (rental) income.	Timetable for implementation of Property System and review of the Finance system processes (Sales Ledger) will need to be agreed.	Dec 2020	Paul Brooks, Executive Head of Regeneration and Property & David Stanley, Executive Head of Finance
The Council faces a number of significant changes that will require consideration and action as appropriate in 20/21. Covid -19	An ongoing assessment of the impact of the Covid-19 pandemic on council services and council systems will be needed to ensure good governance. This is being approached by the following workstreams, which are led by a member of Senior Management: The streams will assess the risks and develop tactical plans. Updates on the work being carried out by these workstreams will be regularly provided to the Member Task and Finish group and ELT/Gold group.	Ongoing (<i>due to the nature of this issue a target date cannot be assigned</i>)	Recovery workstream leads
	Furthermore, Cabinet has approved the creation of the Assistant Chief Executive role to provide support at a senior level in relation to: <ul style="list-style-type: none"> • Policy • Strategy • Risk (<i>Becoming the Senior Risk Officer (SRO)</i>) • Emergency Planning and Business Continuity • Covid-19 Recovery • Performance 	Recruitment July/ Aug 2020	ELT

Continue to act commercially in a more uncertain economic environment which will require revised assessment analysis appraisal to be carried out for the risk and return.	Consideration will be given by the Finance and Commercial Recovery workstream to ensure there is synergy between the commercial way forward and the objectives of the recovery workstream.	Dec 2020	David Stanley, Executive Head of Finance
External Audit have yet to provide an opinion for the 2018/19 accounts.	The Executive Head of Finance will ensure that the necessary information is provided to the external auditors to enable them to finalise their opinion on the 18/19 accounts.	July 2020	David Stanley, Executive Head of Finance

Certification

To the best of our knowledge, the governance arrangements, as defined above and within the Council's Code of Corporate Governance, have been effectively operating during the year with the exception of those areas highlighted on page 19 above. We propose over the coming year to take steps to address the above matters identified above 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 during the year and as part of our next annual review.

Signed:

David Clifford

Paul Shackley

Leader of the Council

Chief Executive

Date: July 2020

July 2020

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Local Code of Corporate Governance

Introduction

Rushmoor Borough Council recognises the importance of effective corporate governance so that local communities can place trust in the way that the Council undertakes and carries out its duties. This document sets out the Council's commitment to corporate governance and identifies the arrangements to ensure its effective implementation and application in all aspects of the Council's work.

What is Corporate Governance?

Rushmoor Borough Council has accepted the definition of Governance as stated within the CIPFA/ SOLACE Framework,

'Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.'

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entities objectives while acting in the public interest at all times.

Acting in the public interest implies primary consideration of the benefits for society which should result in positive outcomes for service users and other stakeholders'.

Core Principles

Rushmoor Borough Council is committed to applying the seven core principles of good governance set out in the CIPFA/ SOLACE framework, which 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 entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

This code identifies the actions and behaviours taken by the Council in relation to each of these core principles and associated sub principles. The details are set out in Appendix A and the relevant evidence is detailed within Appendix B.

Appendix A

Principle A

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

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Sub Principles	Council actions and behaviours
Behaving with integrity	<ul style="list-style-type: none"> • Ensure that Members and Officer behave with integrity and lead a culture where acting in the public interest is visible and consistently demonstrated thereby protecting the reputation of the Council. • Ensure that Members take the lead in establishing specific standard operating principles or values for the Council and its staff and that they are communicated and understood. There will build on the Seven Principles of Public Life (The Nolan Principles) • Lead by example and use these standard operating principles or values as a framework for decision making and other actions • Demonstrate, communicate and embed the standard operating principles or values through appropriate policies and processes which will be reviewed on a regular basis to ensure they are operating effectively.
Demonstrating strong commitment to ethical values	<ul style="list-style-type: none"> • Seek to establish, monitor and maintain the Council's ethical standards and performance • Underpin personal behaviour with ethical values and ensure they permeate all aspects of the Council's culture and operation • Develop and maintain robust policies and procedures which place emphasis on agreed ethical values • Ensure that external providers of services on behalf of the Council are required to act with integrity and in compliance with ethical standards expected by the Council.
Respecting the rule of law	<ul style="list-style-type: none"> • Ensure Members and Officers demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations • Create the conditions to ensure that the statutory officers, other key post holders, and Members are able to fulfil their responsibilities in accordance with legislative and regulatory provisions • Strive to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders • Deal with breaches of legal and regulatory provisions effectively • Ensure corruption and misuse of power is dealt with effectively.

Principle B

Ensuring openness and comprehensive stakeholder engagement

Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

Sub Principles	Council actions and behaviours
Openness	<ul style="list-style-type: none"> • Ensure an open culture through demonstrating, documenting and communicating the Council's commitment to openness • Make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption will be for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential will be provided. • Provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders and will be explicit about the criteria, rationale and considerations used. In due course, the Council will ensure that the impact and consequence of those decisions are clear • Use formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action.
Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> • Effectively engage with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably • Develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively • Ensure that partnerships are based on trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.
Engaging stakeholders effectively, including individual citizens and service users	<ul style="list-style-type: none"> • Establish a clear policy on the type of issues that the Council will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes • Ensure that communication methods are effective and that Members and Officers are clear about their roles with regard to community engagement • Encourage, collect and evaluate the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs • Implement effective feedback mechanisms in order to demonstrate how their views have been taken into account • Balance feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity • Take account of the interests of future generations of tax payers and service users.

Principle C

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

The long-term nature and impact of many of local government’s responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority’s purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for finite resources available.

Sub Principles	Council actions and behaviours
Defining outcomes	<ul style="list-style-type: none"> • Have a clear vision, which is an agreed formal statement of the Council’s purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the Council’s overall strategy, planning and other decisions • Specify the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer • Deliver defined outcomes on a sustainable basis within the resources that will be available • Identify and manage risks to the achievement of outcomes • Manage service users’ expectations effectively with regard to determining priorities and making the best use of the resources available.
Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> • Consider and balance the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision • Take a longer term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Council’s intended outcomes and short-term factors such as the political cycle or financial constraints • Determine the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs • Ensure fair access to services.

Principle D

Determining the interventions necessary to optimise the achievement of the intended outcomes

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Sub Principles	Council actions and behaviours
Determining interventions	<ul style="list-style-type: none"> • Ensure decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore, ensuring best value is achieved however services are provided • Consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land, and assets and bearing in mind future impacts.
Planning interventions	<ul style="list-style-type: none"> • Establish and implement robust planning and control cycles that cover strategic and operational plan, priorities and targets • Engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered • Consider and monitor risks facing each partner when working collaboratively including shared risks • Ensure arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances • Establish appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured • Ensure capacity exists to generate the information required to review service quality regularly • Prepare budgets in accordance with organisational objectives, strategies and the medium term financial plan • Inform medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.
Optimising achievement of intended outcomes	<ul style="list-style-type: none"> • Ensure the medium term financial plan integrates and balances service priorities, affordability and other resource constraints • Ensure the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term • Ensure the medium term financial plan sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage • Ensure the achievement of 'social value' through service planning and commissioning. The Public Services (Social Value) Act 2012 states that this is "the additional benefit to the community...over and above the direct purchasing of goods, services and outcomes".

Principle E

Developing the Council's capacity, including the capability of its leadership and the individuals within it

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

Sub Principles	Council actions and behaviours
Developing the Council's capacity	<ul style="list-style-type: none"> • Review operations, performance use of assets on a regular basis to ensure their continuing effectiveness • Improve resources use through appropriate application of techniques such as benchmarking and other options to determine how the Council's resources are allocated so that outcomes are achieved effectively and efficiently • Recognise the benefits of partnership and collaborative working where added value can be achieved • Develop and maintain an effective workforce plan to enhance the strategic allocation of resources
Developing the capability of the Council's leadership and other individuals	<ul style="list-style-type: none"> • Develop protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained • Publish a statement that specifies the type of decisions that are delegated and those reserved for the collective decision making of the governing body • Ensure the Leader and the Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive leads the Council in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other's authority • Develop the capabilities of Members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risk by: <ul style="list-style-type: none"> - ensuring Members and Officers have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged - ensuring Members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis - ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external • Ensure that there are structures in place to encourage public participation • Take steps to consider the leadership's own effectiveness and ensure leaders are open to constructive feedback from peer review and inspections • Hold staff to account through regular performance reviews which take account of training or development needs • Ensure arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

Principle F

Managing risks and performance through robust internal control and strong public financial management

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Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline strategic allocation of resources, efficient service delivery, and accountability. It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Sub Principles	Council actions and behaviours
Managing risk	<ul style="list-style-type: none"> • Recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making • Implement robust and integrated risk management arrangements and ensure that they are working effectively • Ensure that responsibilities for managing individual risks are clearly allocated.
Managing performance	<ul style="list-style-type: none"> • Monitor service delivery effectively including planning, specification, execution and independent post implementation review • Make decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the Council's financial, social and environmental position and outlook • Ensure an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the Council's performance and that of any organisation for which it is responsible • Provide Members and senior management with regular reports on service delivery plans and on progress towards outcome achievement • Ensure there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)
Robust internal control	<ul style="list-style-type: none"> • Align the risk management strategy and policies on internal control with achieving objectives • Evaluate and monitor the Council's risk management and internal control arrangements on a regular basis • Ensure effective counter fraud and anti-corruption arrangements are in place • Ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor • Ensure and Audit Committee, which is independent of the executive and accountable to the Council: <ul style="list-style-type: none"> - Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment - That its recommendations are listened to and acted upon.
Managing data	<ul style="list-style-type: none"> • Ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data • Ensure effective arrangements are in place and operating effectively when sharing data with other bodies • Review and audit regularly the quality and accuracy of data used in decision making and performance monitoring
Strong public financial management	<ul style="list-style-type: none"> • Ensure financial management supports both long term achievement of outcomes and short term financial and operational performance • Ensure well developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.

Principle G

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

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

Sub Principles	Council actions and behaviours
Implementing good practice in transparency	<ul style="list-style-type: none"> • Write and communicate reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience ensuring that they are easy to access and interrogate • Strike a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.
Implementing good practices in reporting	<ul style="list-style-type: none"> • Report at least annually on performance, value for money and the stewardship of the Council's resources. • Ensure Members and senior management own the results • Ensure robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publish the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (Annual Governance Statement – AGS) • Ensure that the Framework is applied to jointly managed or shared service organisations as appropriate • Ensure the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations.
Assurance and effective accountability	<ul style="list-style-type: none"> • Ensure that recommendations for corrective action made by external audit are acted upon • Ensure an effective internal audit service with direct access to Members is in place which provides assurance with regard to governance arrangements and that recommendations are acted upon • Welcome peer challenge, reviews and inspections from regulatory bodies and implement recommendations • Gain assurance on risks associated with delivering services through third parties and evidence this in the annual governance statement • Ensure that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met.

Appendix B

'The International Framework: Good Governance in the Public Sector' defines 'governance' as comprising the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The framework also states that to deliver good governance in the public sector both governing bodies and individuals working for them must try to achieve the Council's objectives while acting in the public interest at all times.

Core Principles	(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 Council's capacity of its leadership and the individuals within it	(F) Managing risks and performance through robust internal control and strong public financial management	(G) Implementing good practice in transparency, reporting, and audit to deliver effective accountability
Evidence of Good Governance	<p>The Constitution</p> <p>Whistleblowing policy</p> <p>Anti-money laundering policy</p> <p>Anti-fraud, bribery and corruption policy – (Part 5 of the Constitution section 10)</p> <p>Member Code of Conduct – (Part 5 of the Constitution section 1)</p> <p>Officer Code of Conduct – (Part 5 of the Constitution section 8)</p> <p>Gifts and Hospitality policy</p> <p>Statutory Officer Roles – Head of Paid services (Chief Executive), Chief Financial Officer (S151), Monitoring Officer and Data Protection Officer.</p> <p>Contract Standing Orders – (Part 4 of the Constitution section 10)</p> <p>Financial Regulations – (Part 4 of the Constitution section 9)</p> <p>Decision Making/ Schemes of Delegations – (Part 3 of the Constitution section 3 & 4)</p> <p>Member interests register (shown against each Councillor)</p>	<p>Council website</p> <p>Council Plan and monitoring</p> <p>Freedom of Information</p> <p>Public consultations</p> <p>Committee meetings – Agenda & Minutes</p> <p>Records of Executive Decisions</p> <p>Decision Making/ Schemes of Delegations – (Part 3 of the Constitution section 3 & 4)</p> <p>Annual statement of Accounts and Annual Governance Statement</p> <p>Open data/ Transparency Code</p> <p>Local Plan</p>	<p>Council Plan and monitoring</p> <p>Committee meetings – Agenda & minutes</p> <p>Service business plans</p> <p>Financial/ capital programme reporting</p> <p>Decision Making/ Schemes of Delegations – (Part 3 of the Constitution section 3 & 4)</p> <p>Records of Executive Decisions</p> <p>Contract Standing Orders – (Part 4 of the Constitution section 10)</p> <p>Local Plan</p>	<p>Council Plan and monitoring</p> <p>Decision Making/ Schemes of Delegations – (Part 3 of the Constitution section 3 & 4)</p> <p>Medium Term Financial Strategy</p> <p>Committee meetings – Agenda & Minutes</p> <p>Service business plans</p>	<p>The Constitution</p> <p>Decision Making/ Schemes of Delegations – (Part 3 of the Constitution section 3 & 4)</p> <p>Development reviews – highlighting any training needs for employees.</p> <p>Member development</p> <p>Member and employee induction programmes</p> <p>Council wide training e.g. Health and Safety, Data Protection</p> <p>Staff development including, Action Learning sets, Apprenticeships, and Leadership and management development</p> <p>Peer review</p> <p>HR policies and wellbeing promotion</p>	<p>The Constitution</p> <p>Licensing, Audit & General Purposes Committee</p> <p>Financial Regulations – (Part 4 of the Constitution section 9)</p> <p>Contract Standing Orders – (Part 4 of the Constitution section 10)</p> <p>Information Governance Group</p> <p>Corporate Governance Group</p> <p>Risk based audits</p> <p>Annual Audit Opinion -(28/5/20 meeting)</p> <p>External Audit of Accounts</p> <p>Overview & Scrutiny – Agenda & Minutes</p> <p>Annual Governance Statement</p> <p>Budget monitoring reports</p> <p>Anti-fraud, bribery and corruption policy – (Part 5 of the Constitution section 10)</p> <p>Anti-money laundering policy</p> <p>Whistleblowing policy</p> <p>Corporate Risk Register & Risk Management group</p>	<p>Council website</p> <p>Council plan and monitoring</p> <p>Annual Statement of Accounts and Annual Governance Statement</p> <p>Open data/ Transparency Code</p> <p>Freedom of Information</p> <p>Annual Audit Opinion</p> <p>Audit update reports</p> <p>Licensing, Audit & General Purposes Committee – Agenda & Minutes</p> <p>Peer review</p> <p>External Audits</p>

Local Government Association Model Member Code of Conduct

Introduction

The Local Government Association (LGA) is providing this Model Member Code of Conduct as part of its work on supporting the sector to continue to aspire to high standards of leadership and performance.

The role of councillor in all tiers of local government is a vital part of our country's system of democracy. In voting for a local councillor, the public is imbuing that person and position with their trust. As such, it is important that as councillors we can be held accountable and all adopt the behaviours and responsibilities associated with the role. The conduct of an individual councillor affects the reputation of all councillors. We want the role of councillor to be one that people aspire to and want to participate with. We want to continue to attract individuals from a range of backgrounds and circumstances who understand the responsibility they take on and are motivated to make a positive difference to their local communities.

All councils are required to have a local Member Code of Conduct. This Model Member Code of Conduct has been developed in consultation with the sector and is offered as a template for councils to adopt in whole and/or with local amendments. The LGA will undertake an annual review of the Code to ensure it continues to be fit-for-purpose, particularly with respect to advances in technology, social media and any relevant changes in legislation. The LGA can also offer support, training and mediation to councils and councillors on the application of the Code, whilst the National Association of Local Councils (NALC) and the county associations of local councils can offer advice and support to town and parish councils.

As a councillor we all represent local residents, work to develop better services and deliver local change. The public have high expectations of us and entrust us to represent everyone (in our ward/town/parish), taking decisions fairly, openly, transparently and with civility. Councillors should also be treated with civility by members of the public, other councillors and council employees. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations. This Code, therefore, has been designed to protect our democratic role, encourage good conduct and safeguard the public's trust in local government.



Councillor Izzi Seccombe OBE
Leader, LGA Conservative Group



Councillor Nick Forbes CBE
Leader, LGA Labour Group



Councillor Howard Sykes MBE
Leader, LGA Liberal Democrats Group



Councillor Marianne Overton MBE
Leader, LGA independent Group

Purpose

The purpose of this Code of Conduct is to assist councillors in modelling the behaviour that is expected of them, to provide a personal check and balance, and to set out the type of conduct against which appropriate action may be taken. It is also to protect yourself, the public, fellow councillors, council officers and the reputation of local government. It sets out the conduct expected of all members and a minimum set of obligations relating to conduct. The overarching aim is to create and maintain public confidence in the role of member and local government.

Application of the Code

The Code of Conduct applies to you when you are acting [or claiming or giving the impression that you are acting]¹ in [public or in]² your capacity as a member or representative of your council, although you are expected to uphold high standards of conduct and show leadership at all times. The Code applies to all forms of member communication and interaction, including written, verbal, non-verbal, electronic and via social media, [including where you could be deemed to be representing your council or if there are potential implications for the council's reputation.] Model conduct and expectations is for guidance only, whereas the specific obligations set out instances where action will be taken.

The seven principles of public life

Everyone in public office at all levels – ministers, civil servants, members, council officers – all who serve the public or deliver public services should uphold the seven principles of public life. This Code has been developed in line with these seven principles of public life, which are set out in appendix A.

Model member conduct

In accordance with the public trust placed in me, on all occasions I will:

- act with integrity and honesty
- act lawfully
- treat all persons with civility; and
- lead by example and act in a way that secures public confidence in the office of councillor

In undertaking my role, I will:

- impartially exercise my responsibilities in the interests of the local community
- not improperly seek to confer an advantage, or disadvantage, on any person
- avoid conflicts of interest
- exercise reasonable care and diligence; and
- ensure that public resources are used prudently and in the public interest

Specific obligations of general conduct

This section sets out the minimum requirements of member conduct. Guidance is included to help explain the reasons for the obligations and how they should be followed. These obligations must be observed in all situations where you act [or claim or give the impression that you are acting] as a councillor [or in public], including representing your council on official business and when using social media.

As a councillor I commit to:

Civility

- 1. Treating other councillors and members of the public with civility.**
- 2. Treating council employees, employees and representatives of partner organisations and those volunteering for the councils with civility and respecting the role that they play.**

Civility means politeness and courtesy in behaviour, speech, and in the written word. Debate and having different views are all part of a healthy democracy. As a councillor you can express, challenge, criticise and disagree with views, ideas, opinions and policies in a civil manner. You should not subject individuals, groups of people or organisations to unreasonable or excessive personal attack.

In your contact with the public you should treat them courteously. Rude and offensive behaviour lowers the public's expectations and confidence in its elected representatives.

In return you have a right to expect courtesy from the public. If members of the public are being abusive, threatening or intimidatory you are entitled to close down any conversation in person or online, refer them to the council, any social media provider or if necessary, the police. This also applies to members, where action could then be taken under the Member Code of Conduct.

Bullying and harassment

- 3. Not bullying or harassing any person.**

Bullying may be characterised as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. The bullying might be a regular pattern of behaviour or a one-off incident, happen face-to-face, on social media, in emails or phone calls, happen in the workplace or at work social events and not always be obvious or noticed by others.

The Equality Act 2010 defines harassment as 'unwanted conduct related to a relevant protected characteristic, which has the purpose or effect of violating an individual's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that individual'. The relevant protected characteristics are age, disability, gender reassignment, race, religion or belief, sex, and sexual orientation.

Impartiality of officers of the council

- 4. Not compromising, or attempting to compromise, the impartiality of anyone who works for, or on behalf of, the council.**

Officers work for the council as a whole and must be politically neutral (unless they are political assistants). They should not be coerced or persuaded to act in a way that would undermine their neutrality. Although you can question officers in order to understand, for example, their reasons for proposing to act in a particular way, or the content of a report that they have written, you must not try and force them to act differently, change their advice, or alter the content of that report, if doing so would prejudice their professional integrity.

Confidentiality and access to information

- 5. Not disclosing information given to me in confidence or disclosing information acquired by me which I believe is of a confidential nature, unless I have received the consent of a person authorised to give it or I am required by law to do so.**
- 6. Not preventing anyone getting information that they are entitled to by law.**

Local authorities must work openly and transparently, and their proceedings and

printed materials are open to the public except in certain circumstances. You should work on this basis but there will be times when it is required by law that discussions, documents and other information relating to or held by the council are treated in a confidential manner. Examples include personal data relating to individuals or information relating to ongoing negotiations.

Disrepute

7. Not bringing my role or council into disrepute.

Behaviour that is considered dishonest and/or deceitful can bring your council into disrepute. As a member you have been entrusted to make decisions on behalf of your community and your actions and behaviour are subject to greater scrutiny than that of ordinary members of the public. You should be aware that your actions might have an adverse impact on other councillors and/or your council.

Your position

8. Not using, or attempting to use, my position improperly to the advantage or disadvantage of myself or anyone else.

Your position as a member of the council provides you with certain opportunities, responsibilities and privileges. However, you should not take advantage of these opportunities to further private interests.

Use of council resources and facilities

9. Not misusing council resources.

You may be provided with resources and facilities by the council to assist you in carrying out your duties as a councillor. Examples include office support, stationery and equipment such as phones, and computers and transport. These are given

to you to help you carry out your role as a councillor more effectively and not to benefit you personally.

Interests

10. Registering and declaring my interests.

You need to register your interests so that the public, council employees and fellow members know which of your interests might give rise to a conflict of interest. The register is a document that can be consulted when (or before) an issue arises, and so allows others to know what interests you have, and whether they might give rise to a possible conflict of interest. The register also protects you. You are responsible for deciding whether or not you should declare an interest in a meeting, but it can be helpful for you to know early on if others think that a potential conflict might arise.

It is also important that the public know about any interest that might have to be declared by you or other members, so that decision making is seen by the public as open and honest. This helps to ensure that public confidence in the integrity of local governance is maintained. Discuss the registering and declaration of interests with your Monitoring Officer/Town or Parish Clerk and more detail is set out in appendix B.

Gifts and hospitality

11. Not accepting significant gifts or hospitality from persons seeking to acquire, develop or do business with the council or from persons who may apply to the council for any permission, licence or other significant advantage.

12. Registering with the monitoring officer any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt.

You should exercise caution in accepting any gifts or hospitality which are (or which you reasonably believe to be) offered to you

because you are a member. However, you do not need to register gifts and hospitality which are not related to your role as a member, such as Christmas gifts from your friends and family, or gifts which you do not accept. However, you may wish to notify your monitoring officer of any significant gifts you are offered but refuse which you think may have been offered to influence you.

Note – items in square brackets [x] refer to recommendations made by the Committee on Standards in Public Life and may be part of a future Government consultation. This includes possible future sanctions and appeals processes.

Breaches of the Code of Conduct

Most councillors conduct themselves appropriately and in accordance with these standards. Members have both individual and collective responsibility to maintain these standards, support expected behaviour and challenge behaviour which falls below expectations.

Section 27 of the Localism Act 2011 requires relevant authorities to promote and maintain high standards of conduct by members and co-opted members of the authority. Each local authority must publish a code of conduct, and it must cover the registration of pecuniary interests, the role of an 'independent person', and sanctions to be imposed on any councillors who breach the Code.

The 2011 Act also requires local authorities to have mechanisms in place to investigate allegations that a member has not complied with the Code of Conduct, and arrangements under which decisions on allegation may be made.

Failure to comply with the requirements to register or declare disclosable pecuniary interests is a criminal offence. Taking part in a meeting or voting, when prevented from doing so by a conflict caused by disclosable pecuniary interests, is also a criminal offence.

Political parties may have its own internal standards and resolution procedures in addition to the Member Code of Conduct that members should be aware of.

Example

LGA guidance and recommendations

Internal resolution procedure

Councils must have in place an internal resolution procedure to address conduct that is in breach of the Member Code of Conduct. The internal resolution process should make it clear how allegations of breaches of the Code of Conduct are to be handled, including the role of an Independent Person, the appeals process and can also include a local standards committee. The internal resolution procedure should be proportionate, allow for members to appeal allegations and decisions, and allow for an escalating scale of intervention. The procedure should be voted on by the council as a whole.

In the case of a non-criminal breach of the Code, the following escalating approach can be undertaken.

If the breach is confirmed and of a serious nature, action can be automatically escalated.

1. an informal discussion with the monitoring officer or appropriate senior officer
2. an informal opportunity to speak with the affected party/ies
3. a written apology
4. mediation
5. peer support
6. requirement to attend relevant training
7. where of a serious nature, a bar on chairing advisory or special committees for up to two months
8. where of a serious nature, a bar on attending committees for up to two months.

Where serious misconduct affects an employee, a member may be barred from contact with that individual; or if it relates to a specific responsibility of the council, barred from participating in decisions or information relating to that responsibility.

Endnotes

1. CSPL recommend that “Section 27(2) of the Localism Act 2011 should be amended to state that a local authority’s code of conduct applies to a member when they claim to act, or give the impression they are acting, in their capacity as a member or as a representative of the local authority”.
2. CSPL recommend that “councillors should be presumed to be acting in an official capacity in their public conduct, including statements on publicly accessible social media. Section 27(2) of the Localism Act 2011 should be amended to permit local authorities to presume so when deciding upon code of conduct breaches.”
3. Subject to footnotes 1 and 2 above
4. See CSPL website for further details www.gov.uk/government/news/the-principles-of-public-life-25-years
5. ACAS’s definition of bullying

Appendices

Code Appendix A

The principles are :

Selflessness

Holders of public office should act solely in terms of the public interest.

Integrity

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.

Objectivity

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

Accountability

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

Openness

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

Honesty

Holders of public office should be truthful.

Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Code Appendix B

Registering interests

1. Within 28 days of this Code of Conduct being adopted by the council or your election or appointment to office (where that is later) you must register with the Monitoring Officer the interests which fall within the categories set out in Table 1 (Disclosable Pecuniary Interests) and Table 2 (Other Registerable Interests).
2. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest in Table 1 or 2, or of any change to a registered interest, notify the Monitoring Officer.

Declaring interests

3. Where a matter arises at a meeting which directly relates to an interest in Table 1, you must declare the interest, not participate in any discussion or vote on the matter and must not remain in the room unless granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
4. Where a matter arises at a meeting which directly relates to an interest in Table 2, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

5. Where a matter arises at a meeting which directly relates to your financial interest or well-being (and is not a Disclosable Pecuniary Interest) or a financial interest or well-being of a relative or close associate, you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.
6. Where a matter arises at a meeting which affects –
 - a. your own financial interest or well-being;
 - b. a financial interest or well-being of a friend, relative, close associate; or
 - c. a body covered by table 1 below

you must disclose the interest.

7. Where the matter affects the financial interest or well-being to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest you must declare the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting but otherwise must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to declare the nature of the interest.

Table 1: Disclosable Pecuniary Interests

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain. [Any unpaid directorship.]
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992 .
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and Property	Any beneficial interest in land which is within the area of the council. ‘Land’ excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (alone or jointly with another) a right to occupy or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.
Corporate tenancies	Any tenancy where (to the councillor’s knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor’s knowledge) has a place of business or land in the area of the council; and (b) either— (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

*'director' includes a member of the committee of management of an industrial and provident society.

*'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2: Other Registerable Interests

Any Body of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council;	
Any Body—	(a) exercising functions of a public nature;
	(b) directed to charitable purposes; or
	(c) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)
of which you are a member or in a position of general control or management.	



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PLEASE USE THE ONLINE SURVEY FORM TO SUBMIT YOUR RESPONSE

LGA Consultation on Draft Model Member Code of Conduct

Thank you for taking the time to complete this consultation. This Model Member Code of Conduct [[Model Member Code of Conduct.pdf](#)] aims to be concise, written in plain English and be understandable to members, officers and the public. The Model Member Code is designed to aid members in all tiers of local government model the behaviours and high standards that anyone would expect from a person holding public office. Equally, it articulates behaviour which falls below the standards that would be expected of council members. It is designed to help set a framework for public and councillor interaction, emphasising the importance of civility and that councillors should be protected from bullying, intimidation and abuse.

The LGA has reviewed the existing Model Member Code of Conduct and updated it here incorporating the recommendations from the Committee on Standard's in Public Life's recommendations on Local Government Ethical Standards and the representation from its membership. Part of the Committee's recommendations were the introduction of sanctions for breaches of the code, alongside an appeals process. This aspect is out of scope of this consultation, as it requires legislative changes by Government, but the LGA has sought to reflect some of the possible changes by using square brackets where legal changes would be necessary. The LGA is continuing to take soundings from the sector on the issue of sanctions in anticipation of a Government response to the Committee's recommendations.

This consultation addresses key areas that the LGA would like a view on to help finalise the Code. It is aimed at councillors and officers from all tiers of local government. If you would like a wider discussion about the code, please do sign up to one of the forthcoming Webinars the LGA are holding as part of this consultation. Details will be posted on our [LGA events website](#).

Instructions and privacy notice

You can navigate through the questions using the buttons at the bottom of each page. Use the 'previous' button at the bottom of the page if you wish to amend your response to an earlier question.

All responses will be treated confidentially. Information will be aggregated, and no individual or authority will be identified in any publications without your consent. Identifiable information may be used internally within the LGA but will only be held and processed in accordance with our [privacy policy](#). We are undertaking this consultation to aid the legitimate interests of the LGA in supporting and representing authorities.

Please complete your response in one go - if you exit before submitting your response your answers may be lost. If you would like to see an overview of the questions before completing the consultation online, you can access a PDF [here](#).

About you

Your name _____

Are you...

- A councillor
- An officer
- Answering on behalf of a whole council (Please provide council name below)

- Other (please specify below)

Please indicate your council type

- Community/Neighbourhood/Parish/Town
- District/Borough
- County
- Metropolitan/Unitary/London Borough
- Other (please specify below)

Application of the Code

Under the Localism Act 2012, the Code of Conduct applies to councillors only when they are acting in their capacity as a member. The LGA believes that because councillors are elected by the public and widely recognised by the public, it makes sense for them to continue to model these behaviours when they are making public comment, are identifying as a councillor and when it would be reasonable for the public to identify them as acting or speaking as a councillor. The Committee on Standards in Public Life supported this approach in their report into Local Government Ethical Standards. Whilst the LGA is waiting for Government's response to these recommendations the option has been added in square brackets as it would need changes in legislation.

Q1. To what extent do you support the proposal that councillors demonstrate the behaviours set out in the Code when they are publicly acting as, identifying as, and/or giving the impression that they are acting as a councillor, including when representing their council on official business and when using social media?

- To a great extent
- To a moderate extent
- To a small extent
- Not at all
- Don't know/prefer not to say

Q1a. If you would like to elaborate on your answer please do so here:

Q2. Is it sufficiently clear which parts of the Model Code are legal requirements, which are obligations, and which are guidance?

- Yes
- No
- Don't know

Q3. Do you prefer the use of the personal tense, as used in the Code, or would you prefer the passive tense?

- Personal tense ("I will")
- Passive tense ("Councillors should")
- No preference

Specific obligations

The Code lists 12 specific obligations – these set out a minimum standard councillors are asked to adhere to.

Each obligation or group of obligations is put into a wider context to explain why that particular obligation is important.

Q4. To what extent to you support the 12 specific obligations?

	To a great extent	To a moderate extent	To a small extent	Not at all	Don't know / Prefer not to say
1. Treating other councillors and members of the public with civility.					
2. Treating council employees, employees and representatives of partner organisations and those volunteering for the councils with civility and respecting the role that they play.					
3. Not bullying or harassing any person.					
4. Not compromising, or attempting to compromise, the impartiality of anyone who works for, or on behalf of, the council.					
5. Not disclosing information given to me in confidence or disclosing information acquired by me which I believe is of a confidential nature, unless I have received the consent of a person authorised to give it or I am required by law to do so.					
6. Not preventing anyone getting information that they are entitled to by law.					
7. Not bringing my role or council into disrepute.					
8. Not using, or attempting to use, my position improperly to the advantage or disadvantage of myself or anyone else.					

9. Not misusing council resources.					
10. Registering and declaring my interests.					
11. Not accepting significant gifts or hospitality from persons seeking to acquire, develop or do business with the council or from persons who may apply to the council for any permission, licence or other significant advantage.					
12. Registering with the monitoring officer any gift or hospitality with an estimated value of at least £25 within 28 days of its receipt.					

Q5. If you would like to propose additional or alternative obligations, or would like to provide more comment on a specific obligation, please do so here:

Q6. Would you prefer to see the obligations as a long list followed by the guidance, or as it is set out in the current draft, with the guidance after each obligation?

- As a list
- Each specific obligation followed by its relevant guidance
- No preference

Q7. To what extent to you think the concept of 'acting with civility' is sufficiently clear?

- To a great extent
- To a moderate extent
- To a small extent
- Not at all
- Don't know/prefer not to say

Q7a. If you would like to suggest an alternative phrase that captures the same meaning, or would like to provide a comment on this concept, please do so here:

Q8. To what extent do you think the concept of 'bringing the council into disrepute' is sufficiently clear?

- To a great extent
- To a moderate extent
- To a small extent
- Not at all
- Don't know/prefer not to say

Q8a. If you would like to suggest an alternative phrase that captures the same meaning, or would like to provide a comment on this concept, please do so here:

Q9. To what extent do you support the definition of bullying and harassment used in the code in a local government context?

- To a great extent
- To a moderate extent
- To a small extent
- Not at all
- Don't know/prefer not to say

Q9a. If there are other definitions you would like to recommend, please provide them here.

Q10. Is there sufficient reference to the use of social media?

- Yes
- No
- Don't know/prefer not to say

Q10a. Should social media be covered in a separate code or integrated into the overall code of conduct?

- Separate code
- Integrated into the code
- Don't know/prefer not to say

Q10b. If you would like to make any comments or suggestions in relation to how the use of social media is covered in the code please do so here:

Registration and declarations of interests

The law at present requires, as a minimum, registration and declaration of 'Disclosable Pecuniary Interests' - that is matters which directly relate to the councillor and their partner if applicable.

The LGA is proposing that all councillors are required to declare interests where matters also relate to or affect other family members or associates. The LGA has broadened the requirement to declare interests beyond this current statutory minimum in line with a recommendation from the Committee on Standards in Public Life. These specific provisions are set out in **Appendix B** of the Code.

Q11. To what extent do you support the code going beyond the current requirement to declare interests of the councillor and their partner?

- To a great extent
- To a moderate extent
- To a small extent
- Not at all
- Don't know/prefer not to say

Q11a. If you would like to elaborate on your answer please do so here:

Q12. Should the requirement to declare interests be in the main body of the code or in the appendix where the draft model code currently references it?

- In the main body of the code
- In the appendix
- Other (please specify below)
- Don't know/prefer not to say

Q12a. If you would like to make any comments or suggestions in relation to how the requirement to declare interests is covered in the code please do so here:

It is also suggested that more outside interests should be registered than is the current statutory minimum. These are set out in **Table 2 of the Appendix** and are designed to demonstrate to the community transparency about other bodies with which the councillor is engaged.

Q13. To what extent do you support the inclusion of these additional categories for registration?

	To a great extent	To a moderate extent	To a small extent	Not at all	Don't know / Prefer not to say
Any organisation, association, society or party of which you are a member or in a position of general control or management and to which you are appointed or nominated by the council					
Any organisation, association, society or party that exercises functions of a public nature of which you are a member or in a position of general control or management					
Any organisation, association, society or party directed to charitable purposes					
Any organisation, association, society or party of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)					

Q13a. If you would like to propose additional or alternative **categories** for registration, please provide them here:

Q14. To what extent do you support the proposed requirement that councillors do not accept significant gifts as set out in Obligation 11?

- To a great extent
- To a moderate extent
- To a small extent
- Not at all
- Don't know/prefer not to say

Q14a. If you would like to elaborate on your answer please do so here:

Q15. The draft code proposes £25 as the threshold for registering gifts and hospitality. Is this an appropriate threshold?

- Yes
- Yes, but the amount should be reviewed annually with the code's review
- No, it should be lower (please specify amount) _____
- No, it should be higher (please specify amount) _____
- Don't know/prefer not to say

Q16. The LGA will be producing accompanying guidance to the code. Which of the following types of guidance would you find most useful? Please rank 1-5, with 1 being the most useful.

- _____ Regularly updated examples of case law
- _____ Explanatory guidance on the code
- _____ Case studies and examples of good practice
- _____ Supplementary guidance that focuses on specific areas, e.g., social media
- _____ Improvement support materials, such as training and e-learning packages

Q16a. If you would like to suggest any other accompanying guidance please do so here:

Q17. If you would like to make any further comments about the code please do so here:

Once you press the 'Submit' button below, you will have completed your response.

Many thanks for taking the time to respond to this consultation. You are in control of any personal data that you have provided to us in your response. You can contact us at all times to have your information changed or deleted. You can find our full privacy policy here: [click here to see our privacy policy](#)

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