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Contact Officer:

John Armstrong, Democratic Services &
Elections Manager

13 July 2022

Dear Councillor

Your attendance is requested at a meeting of the **Executive** to be held in the Council Chamber, Millmead House, Millmead, Guildford, Surrey GU2 4BB on **Thursday, 21 July 2022** at 7.00 pm.

Yours faithfully,
Tom Horwood

Joint Chief Executive
Guildford & Waverley
Borough Councils

Members of the Executive

Chairman:

Councillor Joss Bigmore ((Leader of the Council))

Vice-Chairman:

Councillor Julia McShane ((Deputy Leader of the Council and Lead Councillor for Community and Housing))

Councillor Tim Anderson, (Lead Councillor for Resources)

Councillor Tom Hunt, (Lead Councillor for Development Management)

Councillor John Redpath, (Lead Councillor for Economy)

Councillor John Rigg, (Lead Councillor for Regeneration)

Councillor James Steel, (Lead Councillor for Environment)

Councillor Cait Taylor, (Lead Councillor for Climate Change)

Webcasting Notice

This meeting will be recorded for live and/or subsequent broadcast on the Council's website in accordance with the Council's capacity in performing a task in the public interest and in line with the Openness of Local Government Bodies Regulations 2014. The whole of the meeting will be recorded, except where there are confidential or exempt items, and the footage will be on the website for six months.

If you have any queries regarding webcasting of meetings, please contact Committee Services.

Quorum 3



The Council's Strategic Framework (2021- 2025)

Our Vision:

A green, thriving town and villages where people have the homes they need, access to quality employment, with strong and safe communities that come together to support those needing help.

Our Mission:

A trusted, efficient, innovative, and transparent Council that listens and responds quickly to the needs of our community.

Our Values:

- We will put the interests of our community first.
- We will listen to the views of residents and be open and accountable in our decision-making.
- We will deliver excellent customer service.
- We will spend money carefully and deliver good value for money services.
- We will put the environment at the heart of our actions and decisions to deliver on our commitment to the climate change emergency.
- We will support the most vulnerable members of our community as we believe that every person matters.
- We will support our local economy.
- We will work constructively with other councils, partners, businesses, and communities to achieve the best outcomes for all.
- We will ensure that our councillors and staff uphold the highest standards of conduct.

Our strategic priorities:

Homes and Jobs

- Revive Guildford town centre to unlock its full potential
- Provide and facilitate housing that people can afford
- Create employment opportunities through regeneration
- Support high quality development of strategic sites
- Support our business community and attract new inward investment
- Maximise opportunities for digital infrastructure improvements and smart places technology

Environment

- Provide leadership in our own operations by reducing carbon emissions, energy consumption and waste
- Engage with residents and businesses to encourage them to act in more environmentally sustainable ways through their waste, travel, and energy choices
- Work with partners to make travel more sustainable and reduce congestion
- Make every effort to protect and enhance our biodiversity and natural environment.

Community

- Tackling inequality in our communities
- Work with communities to support those in need
- Support the unemployed back into the workplace and facilitate opportunities for residents to enhance their skills
- Prevent homelessness and rough-sleeping in the borough

Agenda

Item No.

1 Apologies For Absence

2 Local Code Of Conduct - Disclosable Pecuniary Interest

In accordance with the local Code of Conduct, a councillor is required to disclose at the meeting any disclosable pecuniary interest (DPI) that they may have in respect of any matter for consideration on this agenda. Any councillor with a DPI must not participate in any discussion or vote regarding that matter and they must also withdraw from the meeting immediately before consideration of the matter.

If that DPI has not been registered, the councillor must notify the Monitoring Officer of the details of the DPI within 28 days of the date of the meeting.

Councillors are further invited to disclose any non-pecuniary interest which may be relevant to any matter on this agenda, in the interests of transparency, and to confirm that it will not affect their objectivity in relation to that matter.

3 Minutes (Pages 5 - 8)

To confirm the minutes of the meeting of the Executive held on 23 June 2022.

4 Leader's Announcements

5 To consider any recommendations from the Overview and Scrutiny Committee (Pages 9 - 16)

6 Annual Governance Statement 2021-22 (Pages 17 - 52)

Key Decisions:

Any item on this agenda that is marked with an asterisk is a key decision. The Council's Constitution defines a key decision as an executive decision which is likely to result in expenditure or savings of at least £200,000 or which is likely to have a significant impact on two or more wards within the Borough.

Under Regulation 9 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, whenever the Executive intends to take a key decision, a document setting out prescribed information about the key decision including:

- the date on which it is to be made,
- details of the decision makers,
- a list of the documents to be submitted to the Executive in relation to the matter,
- how copies of such documents may be obtained

must be available for inspection by the public at the Council offices and on the Council's website at least 28 clear days before the key decision is to be made.

The relevant notice in respect of the key decisions to be taken at this meeting was published as part of the Forward Plan on 23 June 2022.

Executive

Councillor Joss Bigmore (Chairman)

- * Councillor Julia McShane
- * Councillor Tim Anderson
- * Councillor Tom Hunt
- * Councillor John Redpath
- * Councillor John Rigg
- * Councillor James Steel
- * Councillor Cait Taylor

*Present

Councillors Tony Rooth and Paul Spooner were also in attendance. Councillors Angela Goodwin and Fiona White were in remote attendance.

EX10 Apologies for absence

Apologies for absence were received from Councillor Joss Bigmore, Leader of the Council.

EX11 Local code of conduct - disclosable pecuniary interest

There were no declarations of interest.

EX12 Minutes

The minutes of the meeting held 26 May 2022 were approved as correct. The Chairman signed the minutes.

EX13 Leader's announcements

The Deputy Leader made the following announcements:

Srebrenica Memorial week would run from 4-11 July. Friday 8 July marked the Srebrenica Genocide 27th anniversary. Residents were encouraged to pay respects and remember all those who lost their lives.

The Ahmadiyya Muslim Community was celebrating the Queen's Platinum Jubilee at the Mubarak Mosque in Tilford on the evening of Friday 8 July from 6pm and everyone was invited. There would be a free event including dinner, a children's fun fair, henna painting and much more. Booking was via EventBrite

<https://www.eventbrite.com/e/the-queen-jubilee-reception-at-islamabad-tilford-tickets-366754993057>

Remedial works began this Tuesday 21 June on Stoke Park paddling pool and this area of Stoke Park Gardens would be closed until Thursday 30 June. Completion of the works was expected to be within three weeks, but this would be dependent upon the weather.

To celebrate Armed Forces Day, the Mayor was joined by ex-service men and women for a public ceremony at the Guildhall Balcony at midday on Monday where the armed forces flag was raised to honour all who serve and have served in Her Majesty's Armed Forces.

A new funding round for Crowdfund Guildford, was open. Residents were encouraged to raise awareness amongst community groups to sign-up for the online 'Find out more' event: on 13 July 12-1pm. This workshop would discuss community project ideas.

EX14 To consider any recommendations from the overview and scrutiny committee

The intention of the report was to collate and track progress of all recommendations made by the Overview and Scrutiny Committee to the Executive throughout the year, and to log the Executive decisions on the submitted matters. The Executive agreed the response to the recommendations on 22 March 2022.

The Executive noted the report and that there had been no updates since the previous meeting.

EX15 North Street Development Site, Guildford

The Executive considered a report seeking delegated authority to progress certain aspects of the scheme. The report was introduced by the Lead Councillor for Regeneration. It was explained that the Council performed two roles in the context of the development of North Street. First, as a corporate partner getting the best commercial opportunities for residents and second as the statutory local planning authority (LPA). Through good governance the Council would keep those roles strictly separate to avoid any confusion or risk a conflict of interest.

The North Street redevelopment project had run for over 3 years. The Council had held ownership of around 20% of the site and aimed to get best value from the sale. As a result of negotiation, the contract with St Edwards included delivery of a refurbished bus station, new access and exit road systems and improvements to the public realm. The Council had exchanged contracts with St Edwards on 8 March 2022, with St Edwards contractually required to deliver plans setting out a detailed specification for the bus interchange and pedestrianisation of North Street to the Council at least four weeks before any planning application was submitted. St Edwards had undertaken consultation with stakeholders, residents and councillors and was presently at 'pre-app' stage with the LPA. The Council must approve or reject the detailed plans submitted by St Edwards within fifteen working days. Should the Council not respond within that timescale then consent would be deemed to have been granted. The timescale for delivery of those plans to the Council was restrictive given the scheduled submission of a planning application in July. Therefore, to minimise the probability of the Council failing to meet its contractual obligations delegated authority was sought to enable a timely response.

The report also set out other associated matters where delegated authority was sought in relation to the market and taxi ranks to enable commencement of works and the implementation of a planning consent.

It was noted that the delegated authorities sought did not affect or impede the Local Planning Authority in deciding the developer’s planning application in the normal way.

The Lead Councillor for Regeneration agreed that the Executive would be kept informed of delegated decisions taken under authority and all other councillors informed in due course, with regard to any commercial constraints, if the recommendations were approved.

The Executive was satisfied that the project to date had been transparent and the planning process would offer stakeholders an opportunity to comment on the detailed plans. Consequently, the Executive

Resolved:

To authorise the Strategic Services Director, in consultation with the Lead Councillor for Regeneration:

1. To approve the detailed plans and specification for the refurbished bus interchange.
2. To approve the detailed plans and specification for the proposed pedestrianisation of North Street.
3. To approve temporary North Street Market arrangements to facilitate the implementation of the developer’s planning consent.
4. To approve any temporary taxi rank arrangements required to facilitate implementation of the developer’s planning consent once all necessary statutory requirements have been followed.
5. To seek approval to remove the existing taxi rank in North Street that is located outside the Marks and Spencer store and to make any necessary arrangements and complete any agreements as necessary to proceed with seeking such approval to facilitate the North Street Development and to follow all necessary statutory requirements when seeking such approval.
6. To approve any temporary parking changes that are required to facilitate temporary market and taxi rank arrangements.

Reason(s):

To progress the scheme.

The meeting finished at 7.33 pm

Signed

Date

Chairman

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Recommendations to the Executive from the Overview and Scrutiny Committee

Document Purpose

The intention of this document is to collate and track progress of all recommendations made by the Overview and Scrutiny Committee to the Executive throughout the year, and to log the Executive decisions on the submitted matters. The Executive's agreed response to the recommendations will be fed back to the Overview and Scrutiny Committee, and relevant officers.

Explanatory note:

Progress Status: This column indicates individual progress status for each recommendation and will present one of three options:

- Awaiting Executive Consideration
- Accepted or Approved by the Executive
- Rejected by the Executive

Suggested Response to Recommendation and Reasons: This column indicates what action, if any, the Executive proposes to take or may already have been taken in response to the recommendation and the reasons) for the action, or no action.

Approved Recommendations:

O&S Meeting Date /O&S Minute No.	O&S Agenda Item	O&S Recommendation	Considered by Executive on	Progress Status	Suggested Response to Recommendation and Reasons	Key Officer responsible for the item
2 March 2021 Reference OS63	Guildford Crematorium Redevelopment	That the Executive be requested to ensure that:	22 March 2022	Executive approved suggested response.	The Future Guildford Programme implemented the Council's transformation plan.	Abi Lewis/ Directors

O&S Meeting Date /O&S Minute No.	O&S Agenda Item	O&S Recommendation	Considered by Executive on	Progress Status	Suggested Response to Recommendation and Reasons	Key Officer responsible for the item
	Post Project Review	<p>1.Council projects are accurately scoped and well-defined at the outset and any extension of scope is assessed carefully.</p> <p>2.Council projects go beyond legal minimum standards and aspire to be the best possible.</p> <p>3.Senior officers be held accountable for ensuring that resources in place for projects are adequate.</p>			<p>As part of Phase A of the Programme, a new Project and Performance Management (PPM) Governance team was established in 2020 which has undertaken extensive work to implement a new PPM Governance Framework to improve the delivery of all GBC projects and programmes to achieve the strategic objectives set out in the Corporate and Local Plans. Now an Enterprise Portfolio Structure has been defined, work is underway to rationalise boards and clarify decision-making.</p> <p>The following specific processes implemented help to ensure the right project controls are in place from the outset:</p> <ul style="list-style-type: none"> • A start-up process to control the number of projects initiated • A mandate being developed for each project for consideration by service leaders and Councillors helping to develop a common understanding of 	

O&S Meeting Date /O&S Minute No.	O&S Agenda Item	O&S Recommendation	Considered by Executive on	Progress Status	Suggested Response to Recommendation and Reasons	Key Officer responsible for the item
					<p>objectives and anticipated outcomes of projects.</p> <ul style="list-style-type: none"> • The Business Case, developed from the Strategic, through the Outline Business Case and confirmed at Full Business Case is a clear statement of scope and baselines and a robust rationale for proceeding with the project. • Progress through the stages is controlled by gates, these are managed by the Corporate Governance Team. <p>The project mandate will provide a broad definition of a project’s objectives, scope, constraints, benefits, risks and costs – which are further defined in the development of the business case. Aspirations to exceed minimum standards tends to come at the cost of time and money. The business case should recommend the option that provides best social value or best value for money and responds to any statutory requirements.</p>	

O&S Meeting Date /O&S Minute No.	O&S Agenda Item	O&S Recommendation	Considered by Executive on	Progress Status	Suggested Response to Recommendation and Reasons	Key Officer responsible for the item
					<p>The new PPM Governance Framework provides the opportunity for officers across the organisation to review project mandates and business cases, and to consider the potential impact of the proposals on their service area. This includes consideration of whether the project is achievable within the existing resources (financial and staffing) and whether mitigation is required to deliver the preferred option successfully. This might include highlighting a need to recruit to fill a specialist skillset that is necessary for the project and the required budget to enable this. The internal project governance structures ensure officers provide regular updates on the status of projects and provide the opportunity for risks and issues to be escalated to senior decision makers as necessary. An Enterprise Portfolio Board is being considered to ensure that resource constraints are understood across all GBC service areas before a project is initiated.</p>	

O&S Meeting Date /O&S Minute No.	O&S Agenda Item	O&S Recommendation	Considered by Executive on	Progress Status	Suggested Response to Recommendation and Reasons	Key Officer responsible for the item
9 November 2021 reference OS46	Guildford Crematorium Air Quality Audit	<p>That the following recommendations within section 3 of the SLR audit at Appendix 1 of the report submitted to the O&S Committee be endorsed:</p> <ul style="list-style-type: none"> • That measures or procedures are reviewed and where necessary improved, to allow Regulatory Services to satisfy themselves that work undertaken on their behalf has been undertaken in a comprehensive and technically robust manner, such as: • requiring evidence of the audit procedure, and documented audit trail; and 	22 March 2022	Executive approved suggested response.	<p>GBC's current Standard Selection Questionnaire (SSQ) - used at the outset of a procurement process to determine compliance of a potential supplier with any mandatory requirements - does not request confirmation of statutory or regulatory certification.</p> <p>However, the subsequent technical evaluation process is tailored according to the specifics of the project and the scope of services being procured. Where appropriate, confirmation and evidence of accreditation will be requested and evaluated. If works are procured via a framework e.g. construction works, the contractors are subject to significant scrutiny and vetting before being accepted onto the framework. If a project is particularly complex or technical, the Council will need to consider what specialist resource is needed to support the drafting of technical evaluation criteria</p>	Abi Lewis/ Directors

O&S Meeting Date /O&S Minute No.	O&S Agenda Item	O&S Recommendation	Considered by Executive on	Progress Status	Suggested Response to Recommendation and Reasons	Key Officer responsible for the item
		<ul style="list-style-type: none"> requiring contractors to have a quality assurance system certified to a recognised standard (e.g., ISO 9001). 			<p>and the evaluation of tender responses. This would be established at the mandate stage.</p> <p>The Corporate Procurement Board acts as a gateway for projects that are above a certain financial threshold, or constitute high risk or sensitivity, providing further scrutiny over the most appropriate route to engage a supplier.</p> <p>The new project management and governance toolset, Verto, has the functionality to capture decisions made to ensure that there is an audit trail throughout the project lifecycle.</p>	
9 November 2021 reference OS47	Update on Project & Programme Management Governance	<ul style="list-style-type: none"> That the Executive be requested to ensure that in relation to the closure and evaluation stages of Council projects the author of both the lessons learned report 	22 March 2022	Executive approved suggested response.	The Council's implemented PPM Governance Framework outlines the project lifecycle and approval gates that projects will ensure all lifecycle stages are undertaken for all projects, including closure, evaluation and lessons learned.	Abi Lewis/ Directors

O&S Meeting Date /O&S Minute No.	O&S Agenda Item	O&S Recommendation	Considered by Executive on	Progress Status	Suggested Response to Recommendation and Reasons	Key Officer responsible for the item
		<p>and the post-project evaluation be someone unconnected to the project.</p> <ul style="list-style-type: none"> • That further training and information on the Council's project and programme management be organised for Councillors. 			<p>Going forward the governance team can provide independent review at project closure stage and report to the Enterprise Portfolio Board if that is established.</p> <p>A series of formal training sessions explaining the reasons for mandates and business cases was delivered in November 2020 to introduce the new PPM governance arrangements. Follow up sessions relating to improving their understanding of programme and project governance in order to streamline governance and improve reporting were held for Councillors in December 2021. These sessions outlined the work done on the development of the governance structure and provided a demonstration of the reporting deck that is presented at Major Projects Portfolio Board. Ongoing training is being provided to induct new</p>	

O&S Meeting Date /O&S Minute No.	O&S Agenda Item	O&S Recommendation	Considered by Executive on	Progress Status	Suggested Response to Recommendation and Reasons	Key Officer responsible for the item
					Councillors and keep all Councillors up to date with developments.	

Executive and Corporate Governance and Standards Committee Report

Wards affected: n/a

Report of the Director of Resources

Author: Claire Morris

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Lead Councillor responsible: Joss Bigmore

Tel: 07974 979369

Email: joss.bigmore@guildford.gov.uk

Date: 21 July / 28 July 2022

Annual Governance Statement 2021-22

Executive Summary

The Accounts and Audit Regulations 2015 require the Council to prepare an Annual Governance Statement (AGS) detailing the governance framework and procedures that have operated at the Council during the year, a review of their effectiveness, significant governance issues that have occurred and a statement of assurance. This report outlines the background to the AGS; and sets out in Appendix 1, the AGS for 2021-22. The AGS is underpinned by:

- the Annual Opinion Report (April 2021 to March 2022) prepared by KPMG, who are the Council's outsourced internal audit managers, which was considered by the Corporate Governance & Standards Committee at its meeting held on 24 March 2022
- a self-assessment of the Council's compliance with the CIPFA financial management code which has been undertaken and reported at Appendix 2.

The draft AGS will be included in the Council's statement of accounts for 2021-22. The AGS acknowledges the ongoing significant challenges (both financial and organisational) placed on the Council due to the Covid 19 pandemic, and the major organisational transformation (Future Guildford) which was partially on-going through the year until its completion in August 2021. It recognises the need to return to the good governance practices and processes that the Council normally prides itself upon. The significant governance issues identified during the year, are reported in Appendix 1 section 6.

Where we have identified areas for further improvement, we will take the necessary action to implement changes that will further develop our governance framework.

The Executive is invited to comment on the AGS and make any recommendations, as appropriate, to the Corporate Governance & Standards Committee at its meeting on 28 July 2022.

Recommendation to Corporate Governance & Standards Committee:

- (1) That the Committee adopts the Council's Annual Governance Statement for 2021-22, as set out in Appendix 1 to this report, and publishes the Annual Governance Statement alongside the adopted statement of accounts for 2021-22.
- (2) That the Committee approves the self-assessment of the Council's compliance with the CIPFA financial management code reported at Appendix 2.

Reason for Recommendation:

To comply with the Accounts and Audit Regulations 2015, the Council must prepare, approve, and publish an Annual Governance Statement.

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

- 1.1 This report explains the requirement for the Council to prepare an Annual Governance Statement (AGS), which the Corporate Governance & Standards Committee is asked to approve, and the Leader and Joint Chief Executive sign on behalf of the Council.

2. Strategic Framework

- 2.1 Our Core Values state that we will spend money carefully and deliver good value for money services and that we will ensure that our councillors and staff uphold the highest standards of conduct.

3. Background

- 3.1 The Council has a responsibility to ensure that it conducts its business in accordance with the law and proper standards, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.
- 3.2 In discharging these overall obligations, the Council is responsible for putting in place appropriate arrangements for the governance of its affairs and ensuring that there is a sound system of internal control that facilitates the effective exercise of its functions and includes arrangements for the management of risk. The overall system of controls across the Council contributes to the effective corporate governance of the organisation.
- 3.3 The Director of Resources has drafted the statement in consultation with the Head of Paid Service, Corporate Management Team, the Monitoring Officer, the Strategy and Communications Manager, the Democratic Services and Elections Manager and Neil Hewitson of KPMG (as the Council's internal audit manager).
- 3.4 Good governance is about getting things right first time by focusing on the things that matter most. It is about demonstrating leadership and respect for the

democratic process and the purpose of public bodies making proper, timely, and transparent decisions:

- managing risk and allocating resources effectively
- knowing your customers and stakeholders
- being open, honest, and taking responsibility and accountability for your decisions
- demonstrating high standards of integrity and behaviour both as an individual and as a corporate body.

- 3.5 Good governance is the responsibility of everyone within the organisation and impacts on all the activities of the Council and how we deliver our services.
- 3.6 The Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) have defined a common governance framework and a set of principles for all public services, called *Delivering Good Governance in Local Government*. During 2016, they issued an update to the framework. The AGS attached at **Appendix 1** follows the 2016 updated framework and the key principles of good governance provided therein.
- 3.7 In 2020, CIPFA issued the Financial Management Code and its respective guidance notes which set out the principles by which authorities should be guided in managing their finances and the specific standards that they should, as a minimum, seek to achieve. The code is designed to be flexible to the nature, needs and circumstances of individual authorities. The code applied a principles-based approach to good financial management for an authority based on the size, responsibilities and circumstances of each authority. The principles are:

- Leadership
- Accountability
- Transparency
- Adherence to professional standards
- Sources of assurance
- Long term sustainability of local services

- 3.8 In preparing the AGS and assessing the governance framework, the Council is required to demonstrate its compliance with the code. As such a self-assessment has been undertaken and can be found at **Appendix 2**. The self-assessment has been audited during 2021-22 by KPMG who also reviewed the evidence the Council has to support the self-assessment. The audit found significant assurance with minor improvement opportunities.
- 3.9 As part of the AGS, we have identified a number of significant governance issues that the Council is working on resolving. These are outlined in section 6 of Appendix 1.

4. Financial Implications

- 4.1 There are no financial implications related to this report

5. Legal Implications

- 5.1 In order to comply with Regulation 6 (1) (b) of the Accounts and Audit Regulations 2015, the Council must prepare an AGS in respect of each financial year. A committee of the Council, or the Council itself, may approve the AGS.
- 5.2 At its extraordinary meeting on 6 July 2021, the Council agreed to amend the terms of reference of the Corporate Governance and Standards Committee to include the consideration and approval of the AGS in advance of the formal approval of the Council's Statement of Accounts.
- 5.3 Regulation 10 of the 2015 Regulations requires the Council to publish the AGS alongside the adopted statement of accounts each year.
- 5.4 The government introduced changes to the 2015 Regulations as a consequence of the pandemic to extend the statutory audit deadline for 2020-21 and 2021-22 for all local authorities. The publication date for audited accounts will move from 31 July to 30 September 2021 for all local authority bodies.

6. Human Resource Implications

- 6.1 There are no human resource implications to this report. We will work with the Communications team on any communications issues that arise.

7. Conclusion

- 7.1 During 2021-22, the Council faced continued unprecedented challenges from COVID, with significant and varied operational pressures. In addition, the Future Guildford programme of transformation and re-organisation remained ongoing for part of the year and as part of this the Council underwent further ICT system implementations and development. Against this challenging backdrop of the pandemic alongside organisational transformation, during 2021- 22 the Council received three 'partial assurance with improvements required' internal audit reports, which was an improvement from the previous year.
- 7.2 With the pandemic restrictions now ended and the organisational transformation and new systems being embedded, the Council will strive to make significant improvements in its governance framework moving forward. Such improvements will be undertaken in coordination with Waverley Borough Council, where appropriate, as part of the collaboration programme.

8. Background Papers

[Delivering Good Governance in Local Government \(2016\) \(CIPFA/SOLACE\)](#)

[Corporate Governance and Standards Committee 24 March 2022: Item 4 – Internal Audit Progress report \(including the Head of Internal Audit Opinion 2021-22 and Internal Audit Plan 2022-23\)](#)

9. Appendices

Appendix 1: Annual Governance Statement 2021-22

Appendix 2: CIPFA FM Code self-assessment 2021-22

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Annual Governance Statement 2021-22

1. SCOPE OF RESPONSIBILITY

- 1.1. Guildford Borough Council is responsible for ensuring that it conducts its business 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.
- 1.2. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs to facilitate the effective exercise of its functions, including arrangements for the management of risk.
- 1.3. The Council has considered the principles of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government (2016)*, including compliance with the CIPFA publication on *The Role of the Chief Financial Officer in Local Government (2016)* in the preparation of this statement.
- 1.4. This statement explains how the Council has complied with the code and meets the requirements of regulation 4 of the Accounts and Audit Regulations 2015 in relation to internal control.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems, processes, culture, and values by which the authority is directed and controlled and the activities through which it accounts to, engages with, and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 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 ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and impact should those risks be realised and to manage those risks efficiently, effectively and economically.
- 2.3 The governance framework has been in place for the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

3. GOVERNANCE FRAMEWORK

- 3.1 The Council is a complex organisation with an appropriately comprehensive governance framework that works in a dynamic environment and keeps its processes under constant review. A description of how the Council puts the

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Appendix 1

principles of good governance, set out in the CIPFA/SOLACE framework into practice is set out in the following table along with recent achievements, developments, and areas for improvement.

Principles of Good Governance

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

Arrangements the Council has for delivering good governance

- Council’s Constitution, includes:
 - Council procedure rules for conduct at meetings
 - financial and procurement procedure rules
 - codes of conduct for Officers and Councillors
 - protocol on decision making by lead councillors
 - Protocol on Councillor/Officer Relations
 - arrangements for dealing with allegations of misconduct by councillors
 - Probity in Planning Councillors’ Handbook
- Induction for new councillors and staff on standards of behaviour expected
- Guidance on use of social media and email signatures issued to councillors
- Staff performance framework includes behavioural framework & behaviour profiles are included within job descriptions
- Declarations of interest made and recorded at meetings
- Register of councillors’ interests maintained
- Register of gifts and hospitality maintained for Councillors and staff
- Anti-Fraud and Corruption Strategy
- Anti-Bribery Policy
- Whistle blowing policy

Recent achievements, developments and areas for improvement

The Corporate Governance and Standards task group has continued to meet during 2021-22 and reported on its progress to the Committee in June 2022.

Principles of Good Governance

Arrangements the Council has for delivering good governance

- Corporate Management Team monitor compliance with laws and council policies
- Officer health and safety group in place to monitor health and safety compliance
- Complaints policy in place
- Customer services manager monitors and reports on complaints performance to corporate management team and CGSC as part of the Corporate Performance Monitoring report
- Corporate Governance and Standards Committee (CGSC) in place whose remit is set out within the Constitution
- Overview and Scrutiny Committee (OSC) review of decision making
- Executive agendas now include as a standing item 'Recommendations made by the Overview and Scrutiny Committee to the Executive', to enable The intention of this document is to collate and track progress of all throughout the year, and to log the Executive decisions on the submitted matters. The Executive's agreed response to the recommendations will be fed back to the Overview and Scrutiny Committee, and relevant officers.
- Procurement strategy adopted in June 2020, policy and toolkit in place, revised procurement procedure rules approved in May 2021
- An officer Corporate Procurement Board (CPB) monitors compliance with the procurement strategy and policy
- All committee reports to Executive and Council require review of legal and financial implications to be completed and signed off by Monitoring Officer (MO) and Chief Finance Officer (CFO)
- Executive Advisory Boards in place to advise Executive on matters of strategic importance to the Council
- Monitoring Officer provisions in place

Recent achievements, developments and areas for improvement

Corporate Procurement Board has met fortnightly throughout 2021-22 to improve governance arrangements around procurement, particularly where exemptions have been applied.

Audit of Procurement in 2021-22 found significant assurance with minor improvement opportunities

Principles of Good Governance

Arrangements the Council has for delivering good governance

Recent *achievements, developments and areas for improvement*

B. Ensuring openess and comprehensive stakeholder engagement

- The Council's vision and priorities are set out in the corporate plan adopted 1 November 2021. Public consultation undertaken on priorities in 2020.
- Consultation policy and community engagement strategy in place which adheres to consultation standards
- Freedom of Information Act performance monitored by corporate management team and CGSC. Log of FOI responses is published on the website
- Online council tax information published
- Transparency information published on website
- Records of decision making maintained and published on website
- Forward programme of committee meeting dates and agenda items published on-line with reporting dates adhered to
- Citizens' panel in place and consulted with
- Active programme of focus groups and surveys undertaken for specific service initiatives
- Active use of social media and on-line tools to engage customers
- Consultation responses published on the Council's website (e.g., Local Plan)
- Recognition of the importance of and active engagement in key strategic partnerships such as Guildford Surrey Board, Health and Wellbeing Board, Local Enterprise Partnership (EM3) and service specific partnerships

Principles of Good Governance

Arrangements the Council has for delivering good governance

Recent achievements, developments and areas for improvement

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

- Corporate Plan 2021-2025 which sets out the Council’s vision, key themes and priorities
- Performance Monitoring Reports against corporate plan priorities reported to Corporate Management Team and CGSC
- New Programme and project management system in place, and undergoing development
- Community engagement strategy
- Corporate risk register and new risk management strategy agreed April 2022
- Financial risk register in place and used to inform the financial sustainability of the budget and adequacy of the level of reserves
- Monitoring of key performance indicators undertaken by corporate management team
- Committee report template now includes Climate Change/Sustainability Implications
- Business planning process and capital programme development aligned to the corporate plan through the new service planning and project and programme governance framework, bids for funding scored against achievement of corporate plan priorities

Internal audit of performance monitoring in 2021-22 assess as significant assurance with minor improvements which is an improvement from 2020-21 when it was assessed as partial assurance.

Principles of Good Governance

Arrangements the Council has for delivering good governance

Recent *achievements, developments and areas for improvement*

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

- Medium term financial strategy and plan in place, reviewed annually and published as part of the Council's budget book
- Business planning process in place to align financial resources with corporate plan priorities
- New mandate and business case process introduced for new projects and policies
- Business planning guidance for managers in place and reviewed annually
- Scrutiny of the budget and business planning bids by Joint Executive Advisory Board
- Forward Plan maintained on a rolling 12-month basis
- Regular corporate management team and Executive liaison meetings held to discuss strategy
- Directors and senior officers hold regular meetings with Lead Councillors
- Corporate management team hold regular directorate level feedback sessions.
- Service Leaders' group in place.
- Officer Enterprise Portfolio Board in place which monitors the corporate programmes, savings programme and ICT and Digital development programmes.
- Major Projects Portfolio Board in place to monitor the delivery of major projects, with Housing, Capital, transport and Infrastructure and other sub-boards.

Principles of Good Governance

Arrangements the Council has for delivering good governance

Recent achievements, developments and areas for improvement

- Property Review Group in place to review all assets on a rolling programme and optimise property asset utilisation and performance.
- Capital Programme Monitoring Group in place to monitor progress of capital projects, which are not major projects.
- Consequences of COVID Pandemic and the Council’s response monitored regularly by Overview and Scrutiny Committee throughout the year.

New Joint Appointments Committee and Joint Governance Committee being put in place to oversee the Guildford – Waverley collaboration project. Heads of terms of Inter Authority Agreement agreed between the two councils.

E. Developing capacity, including the capability of leadership and the individuals within it

- Organisational development framework includes continuous performance and development reviews of staff through one-to-one meetings and clear job role profiles with behavioural profiles.
- The Constitution sets out the role of statutory officers and the role of the Leader.
- The Council is compliant with CIPFA guidance on the Role of the Chief Finance Officer (CFO).
- Head of Paid Service (HoPS), CFO, and MO are part of the corporate management team and always attend Executive-Management Team Liaison Group and full Executive meetings.
- Professionally trained staff in relevant fields in place and continuing professional development encouraged as part of performance and development framework
- Regular staff development training programme in place
- Active support for staff to obtain external qualifications
- Scheme of delegation and financial procedure rules in place

Financial Procedure Rules still need to be reviewed in 2022-23

Principles of Good Governance

Arrangements the Council has for delivering good governance

- Councillor development steering group in place which develops and implements an active programme of Councillor training
- Achievement of the South East Charter accreditation for Elected Member Development (January 2020)
- Recognition of the importance of and active engagement in key strategic partnerships such as Guildford Surrey Board, Health and Wellbeing Board Local Enterprise Partnership (EM3) and service specific partnerships
- Work with partners through the Local Resilience Forum

F. Managing Risks and performance through robust internal control and strong public financial management

- Internal audit work programme informed by risks
- Internal audit is outsourced, fully resourced and effective
- Compliance with the CIPFA code on managing the risk of fraud and corruption
- Role of the Overview and Scrutiny committee is clearly set out in the constitution and its work programme is developed by the chairman, vice-chairman, and officers and agreed by the committee. Agendas and minutes are published online.
- Compliance with the CIPFA Financial Management code
- Corporate Management Team oversees key governance, data protection and risk management information and receives reports from the health and safety group
- Role of the Corporate Governance and Standards Committee (CGSC) is clearly set out in the Constitution and has an active work programme informed by officers and agreed by the committee. Agendas and minutes are published online.

Recent achievements, developments and areas for improvement

Following partial assurance audit in 2020-21, the revised risk management strategy and framework has been adopted by CGSC in April 2022.

Review of audit committee effectiveness in 2021-22 found significant assurance with minor improvements. In response to the minor audit recommendations the terms of reference are being updated for CGSC and a new annual report to Council will be introduced.

Audit of the Council's compliance with the CIPFA Financial Management Code in 2021-22 found significant assurance with minor improvement opportunities

Principles of Good Governance

Arrangements the Council has for delivering good governance

Recent achievements, developments and areas for improvement

- A summary of internal and external audit reports is reported to CGSC on a regular basis along with annual internal audit opinion
- Progress against audit plan and individual audit recommendations are monitored and reported to CGSC
- The Council has comprehensive data protection policies and a designated data protection officer who monitors compliance with legislation
- Information security risk group, led by the Senior Information Risk Owner in place which reviews the Council's information governance procedures and any necessary improvements
- CGSC receives regular financial monitoring reports
- All projects require a risk register and project board

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

- The Council publishes significant information on its website
- 'Style guide' in place to encourage officers to write reports in plain English
- Annual financial statements include a narrative summary on the Council's performance during the year as well as reporting the financial position
- Effective internal audit function in place which complies with public sector audit standards and the CIPFA statement on the Role of the Head of Internal Audit
- Community engagement strategy in place
- The Council has reaffirmed, and adopted as best practice, the position that all committee reports are made public unless there are unequivocal legal or commercial reasons to the contrary and that where practicable, information within a report which is legally exempt from publication should be isolated from the body of the report as a restricted appendix, with the remainder of the report made available to the public.

The Council does not currently produce a formal annual report; however, the CFO's Narrative Statement in the Council's Statement of Accounts reports the majority of information that an annual report would be expected to cover.

The Council is compliant with the mandatory elements of the Local Government Transparency Code 2015 in respect of the publication of data.

Principles of Good Governance

Arrangements the Council has for delivering good governance

Recent *achievements, developments and areas for improvement*

- All restricted committee reports now clearly and precisely state at the point the agenda is published all of the following:
 - (a) why the content is to be treated as exempt from the access to information publication rules.
 - (b) to whom within the Council the content is restricted
 - (c) when, following a period of exemption, the exempt information can be expected to be made public.
 - (d) details of how the decision to maintain the exemption may be challenged.
- Working group reports and minutes made available to all councillors.
- Executive agendas now include as a standing item 'Recommendations made by the Overview and Scrutiny Committee to the Executive', to enable the Executive to agree a response to any such recommendations promptly and for the recommendations and responses, including progress with implementation, to be tracked throughout the year.

The Corporate Governance Task Group, referred to above, will also be examining proposals to promote transparency and effective communications

4. REVIEW OF EFFECTIVENESS

- 4.1. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's (HoIA) annual report, and by comments made by the external auditors and other review agencies and inspectorates.
- 4.2. The HoIA is required to provide an annual opinion in accordance with Public Sector Internal Audit Standards (PSIAS), based upon and limited to the work performed on the overall adequacy and effectiveness of the Council's risk management, control and governance processes (i.e. the system of internal control). This is achieved through a risk-based programme of work, agreed with Management and approved by the Corporate Governance and Standards Committee, which can provide assurance, subject to the inherent limitations.
- 4.3. The purpose of the HoIA Opinion is to contribute to the assurances available to the Accountable Officer (the Chief Finance Officer) and the Council which underpin the Council's own assessment of the effectiveness of the system of internal control. The opinion does not imply that the HoIA has covered all risks and assurances relating to the Council. The opinion is derived from the conduct of risk-based plans generated from a robust and Management-led Assurance Framework. As such it is one component that the Council takes into account in writing this Annual Governance Statement.
- 4.4. The HoIA Opinion for 2021-22 is one of: '**Partial assurance with improvements required**'. Whilst internal audit have noted robust aspects of and improvements in the Council's system of internal control, for example the number of audits with 'significant assurance with minor improvement opportunities' achieved in 2021-22 in respect of core financial control and governance audits, there were three audits that received 'partial assurance with improvements required' which were Right to Buy (RTB) receipts, safeguarding and income and accounts receivable. The Internal Audit team raised two high priority recommendations in 2021-22 as part of the audit of HRA RTB receipts and Income and Accounts receivable that will require prioritised attention in 2022-23. The two high priority recommendations relate to:
- putting in place a formal policy for RTB receipts setting out roles, responsibilities, accountability and ownership of RTB receipts – this policy was approved by the Executive in February 2022 and therefore the recommendation has now been implemented.
 - Improvement to formal procedures and controls to ensure regular monitoring of outstanding debt and subsequent chasing of customers – this recommendation has also now been implemented.

5. INTERNAL AUDIT STATEMENT

5.1 The HoIA Opinion was presented to the Council’s Corporate Governance and Standards Committee on 24 March 2022 ([see HoIA Opinion](#) which forms part of Appendix 1 of Agenda Item 7). In 2021-22, there were 14 planned pieces of work which were completed. The results of the work carried out in the year to 31 March 2022 are shown in the table below:

Assurance Rating	Number of Audits	
Significant Assurance	0	0%
Significant Assurance with minor improvement opportunities	11	79%
Partial assurance with improvements required	3	21%
No Assurance	0	0%
No Opinion (one-off projects) Value for Money	0	0%
In progress (Inc. fundamental service reviews)	0	0%

5.2 Internal audit reports provide management recommendations designed to address weaknesses in the system of internal control. The outcomes of these audits are reported on a summary basis to the CGSC every quarter giving councillors an opportunity to understand the Council’s compliance with key controls and to discuss any areas of concern with the auditors. We also update councillors on the progress with implementation of recommendations. In 2021-22, Internal Audit raised two high priority recommendations as detailed in paragraph 4.4 above.

5.3 During 2021-22 the Council continued to face unprecedented challenges from COVID, with significant and varied operational pressures. In addition, the Future Guildford programme of transformation and re-organisation continued in the early part of the year, finally completing in August 2021. Against this challenging backdrop of the pandemic alongside organisational transformation, during 2021-22 the Council received three ‘partial assurance with improvements required’ reports however achieved 11 reports with ‘significant assurance with minor improvements’.

6. SIGNIFICANT GOVERNANCE ISSUES AND ACTION PLAN

6.1. This year has continued to be unprecedented for the second year; the Council has undertaken a period of transformational change whilst at the same time responding to the COVID 19 pandemic and continues to face on-going financial pressures. As a result of this challenging environment, it is recognised that although there has been improvement in the governance arrangements in place we are not back to our pre-transformation and pre-COVID high levels of governance. Where we have identified areas for further improvement, we will take the necessary action to implement changes that will further develop our governance framework.

Progress on Governance Issues reported in the 2020-21 Annual GovernanceStatement:

6.2. The significant governance issues arising in 2020-21 and progress made against them are shown in table below:

Area	Actions Agreed	Progress Made
<p>Impact of COVID-19 Pandemic</p>	<p>The government introduced changes to the Accounts and Audit Regulations 2015 as a consequence of the pandemic to extend the statutory audit deadline for 2020-21 and 2021-22 for all local authorities. The publication date for audited accounts will move from 31 July to 30 September 2021 for all local authority bodies</p> <p>The government also made regulations under the Coronavirus Act 2020 to allow councils to conduct meetings and take decisions in ways other than face to face so that decisions can still be made to maintain good governance, and principles of openness and accountability. Remote meetings were then instigated in April 2020 to ensure that transparency and good governance prevailed and also to allow access to the public and press.</p> <p>Procedures were in place to deal with a phased and safe return to work as lockdown restrictions were eased but to also transition the Council to a more agile working policy for the longer term.</p> <p>The continued financial uncertainty regarding government funding was, to a large extent, over-ridden by the financial challenges associated with funding the effects of the COVID-19 pandemic, which created a significant challenge in terms of budget setting and medium-term financial planning.</p>	<p>The accounts for 2020-21 were produced and published on 15 October 2021. The audit of the 2020-21 accounts is still ongoing and is now scheduled for completion in June / July 2022. An update report was presented to Corporate Governance and Standards Committee in April 2022.</p> <p>Remote meetings continued to May 2021 after which face to face and hybrid meetings have been re-instated in line with the end of the temporary regulations.</p> <p>The Council has now produced, adopted and implemented an agile working policy</p> <p>Following concern about a further overspend in 2021-22, an action plan was put in place to return the Council to a balanced or underspent position during the year. Monthly (rather than bi-monthly) financial monitoring was undertaken and will continue for the future.</p>

Area	Actions Agreed	Progress Made
<p>Governance support for GBC Holdings Ltd and North Downs Housing Ltd</p>	<p>Concerns over Finance and Legal involvement in the governance and financial arrangements of the two companies established by the Council. However, the external auditor had acknowledged that the corebusiness processes operated satisfactorily. The Business Plan is currently out of date and is in the process of being reviewed and updated.</p>	<p>The council is continuing to update the Governance arrangements around its companies and this work will continue into 2022-23.</p>
<p>Compliance with the CIPFA financial management code</p>	<p>2020-21 was a 'shadow year' for the implementation of the CIPFA FM Code. As such, an assessment of the extent to which the authority complied with the Code was undertaken by the Director of Resources. The authority is confident that it is generally compliant with the Code but has identified some key areas where improvements could be made</p>	<p>A Further assessment and internal audit of the Council's compliance with the code has been undertaken in 2021-22. The audit found significant assurance with minor improvement opportunities.</p> <p>Financial management training was rolled out to budget managers in 2021-22 with further sessions planned in Q1 2022-23.</p> <p>A review of compliance of the Council with the CIPFA Audit Committee Guidance was undertaken and found significant assurance with minor improvement opportunities</p> <p>A 10-to 30-year budget projection was undertaken as part of the 2022-23 budget process.</p>

Area	Actions Agreed	Progress Made
Risk management	<p>During 2020-21, an internal audit review of risk management found partial assurance with improvements required. The audit recommended introduction of a consistent council-wide risk management framework. It found that there are no central processes or specific guidance mandating how risk should be managed at a local or project level.</p> <p>As a result, the auditors recommended updating the existing 'Risk management strategy and framework' on a more regular basis and communicating this to relevant staff so that there is a clear, consistent approach to risk management. The audit also recommended that a revised risk management framework be implemented; formally devising a plan that unifies the risk management documents, processes and required actions at a corporate and local risk level</p>	<p>A new risk management framework and corporate risk register was agreed by the Corporate governance and Standards Committee in April 2022.</p> <p>Further training on Risk management is being rolled out to staff.</p>

Area	Actions Agreed	Progress Made
Performance Management and Reporting	<p>During 2020-21, an internal audit review of performance management found partial assurance with improvements required. The audit recommended implementation of the internal performance reporting framework through development of the new performance reporting framework – ensuring that there is a clear schedule of KPIs to be reported, including definitions of KPIs, roles and responsibilities for preparation and frequency of reporting. The audit also found a need to improve the collection and quality of data and systems used to calculate some performance indicators.</p>	<p>Performance management framework was fully implemented with regular monitoring reports to CGSC in 2021-22. A further audit in 2021-22 found significant assurance with minor improvement opportunities.</p>
Core Financial Systems	<p>During 2020-21, an internal audit review of core financial systems found partial assurance with improvements required. The audit raised two high priority recommendations related to the availability of evidence to support controls operating. Implementation of Business World coupled with COVID has impacted the availability of the required documentation. Financial records with relevant supporting evidence must be available to demonstrate that the Council has maintained a robust control environment at all times.</p> <p>During 2020-21, the Council has carried out regular payroll reconciliations to ensure that net pay totals are correct and have been reconciled to the payment run summary sheets. However, regular reconciliations of payroll deductions posted into the General Ledger via the payroll control account were not undertaken.</p>	<p>Further audits of the core financial systems in 2021-22 found that the audit recommendations had been implemented and there was significant assurance with minor improvement opportunities with the exception of the Income and Accounts receivable audit which had one high priority recommendation (see below)</p> <p>Regular reconciliation of the payroll deductions to the payroll deductions control account continued to be an issue in 2021-22 but have been resolved in Q1 2022-23.</p>

	BusinessWorld is an integrated Enterprise Resource Planning system and entries into the general ledger via the payroll control account are automatic, so there had been an assumption that reconciliation may not be necessary. Issues recently identified in relation to payroll costing into the general ledger has identified a need	
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- 6.3 In addition, there were a number of follow-up reviews of audits which received partial assurance in 2020-21, which were revisited in 2021-22. The follow up audit revealed that of the recommendations made in the partial assurance audits in the previous year, 6 had been fully implemented, and 13 were not yet fully implemented. These will be subject to further follow up review during 2022-23.

New Governance Issues arising in 2021-22:

Impact of COVID-19 pandemic

- 6.4 An ongoing assessment of the impact of the COVID-19 pandemic on the Council's services, finance and systems was undertaken to ensure good governance in 2021-22 with regular reporting to the Overview and Scrutiny Committee. Many of the governance challenges from 2020-21 have been resolved but the pandemic and recovery from the pandemic continues to pose challenges to the financial position of the council.

Compliance with CIPFA Financial Management (FM) Code

- 6.5 2021-22 was the first full year of implementation of the CIPFA FM Code. An updated assessment of the extent to which the authority complies with the Code has been undertaken by the Director of Resources and an Internal Audit of the Council's compliance and its self-assessment has been undertaken. The internal audit found significant assurance with minor improvement opportunities. The authority is confident that it is compliant with the Code but has identified some areas where improvements could be made as follows:
- (a) The self-assessment should be reported to Corporate management team and the Corporate Governance and Standards Committee alongside the Annual Governance Statement.
 - (b) The Council could benefit from a formal external financial resilience assessment
 - (c) Financial benchmarking reports should be reported to Councillors on an annual basis
 - (d) The Council's asset management framework, policy and guidance should be updated along with introducing a formal asset management plan.
 - (e) The Council could consider additional reporting on value for money to members of the public
 - (f) The Council should consider using the IFAC/PAIB appraisal guidance set out in

'Project and Investment Appraisal for Sustainable Value creation: Principles in project and Investment Appraisal (2013) in is project and performance management framework.

Financial Systems and Processes

- 6.6 During 2021-22, an internal audit review of Income and Accounts receivable found partial assurance with improvements required. The audit raised two recommendations, one of which was a high priority recommendation related to the lack of formal procedures and controls to ensure regular monitoring of outstanding debt and subsequent chasing of customers.
- 6.7 An internal audit of HRA Right to buy Receipts during 2021-22 found partial assurance with improvements required. The audit raised 7 recommendations, one of which was high priority and relates to the lack of formal policy that sets out roles, responsibilities, accountability and ownership throughout the process of monitoring and reporting on the spend of RTB receipts.

Safeguarding

- 6.8 An internal audit of safeguarding during 2021-22 found partial assurance with improvements required. The audit raised 7 recommendations, five of which were medium priority.

Guildford – Waverley Collaboration

- 6.9 In July 2021 Guildford and Waverley Councils agreed to collaborate and explore partnership working across the two councils with a view to cutting costs and protecting local services. The Councils agreed to share a Joint Management Team comprising the Chief Executive, Directors, and Heads of Service with a view to exploring further collaboration subject to a business case to do so. The Councils established a joint working group of Councillors to examine the various finance, HR, property, assets, governance, risk and termination considerations for the partnership and drafted Heads of Terms (HoTs) for an Inter-Authority Agreement. The HoTs were approved by both Councils in April 2022. The Inter-Authority Agreement is currently being drafted in accordance with the HoTs.
- 6.10 The Councils have also established a Joint Governance Committee to oversee the governance arrangements for inter-authority working, specifically to undertake periodically a formal review of
- (i) the inter-authority agreement (at least once every 12 months), ensuring it continues to be fit for purpose and recommending to both Full Councils any changes required; and
 - (ii) the collaboration risk assessment (at least once every 6 months), reviewing current and target impact and likelihood scores and making any changes to the list of risks and mitigating actions
- 6.11 The Joint Management Team is currently under consultation and is likely to be appointed and in place by October 2022.

7. **ASSURANCE SUMMARY**

- 7.1 Good governance is about running things properly. It is the means by which the Council shows it is taking decisions for the good of the people of our area in an equitable and open way. It recognises the standards of behaviour that support good decision-making: collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services and fundamental to showing that public money is well spent.
- 7.2 During 2021-22, the Council faced unprecedented on-going challenges from COVID, with significant and varied operational pressures. In addition, the Future Guildford programme of transformation and re-organisation remained ongoing for part of the year and completed in August 2021. As part of this the Council has undertaken further system development and implementations, most notably going live with a new customer relationship management system, introducing a new income manager module of BusinessWorld and bank reconciliation module. Against this challenging backdrop of the pandemic alongside organisational transformation, during 2021-22, the Council received three 'partial assurance with improvements required' reports, this is an improvement from 2020-21 however there is further improvement to be made.
- 7.3 We confirm, to the best of our knowledge and belief, that this Statement provides an accurate and fair view.

Signed:

Leader of the Council on behalf of Guildford Borough Council

Signed:

Joint Chief Executive on behalf of Guildford Borough Council

Assessment of Compliance against the Financial Management Code March 2022

Author: Claire Morris, Director of Resources

NFAN = No further action necessary

Key Questions	Yes/No	Commentary	Possible Improvement Actions	Action Responsibility	Due date
A. Leadership team are able to demonstrate that the services provided by the authority are Value for Money					
• Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?	Partially	In year-budget monitoring and outturn reports to Corporate Management team and Corporate Governance and Standards Committee assess performance against the budget, and include recommended actions to address any material variations to budget.	Value for money statement to be included in budget reports and annual CFO foreword to the accounts	Director of resources	Feb-23
• Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?	Yes	Corporate plan and priorities adopted by Council in 2021. Each service has an individual service plan to support service delivery and achievement of the corporate plan. The council undertakes regular performance monitoring reporting of key performance indicators linked to the delivery of its corporate & service plan priorities. Performance monitoring reports are reported to CMT and CGSC on a quarterly basis.	Continue to develop service planning and performance monitoring processes, including by onboarding onto the Verto system to increase transparency of service delivery and performance.	Strategy and Communications Manager	Sep-22
• Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?	Yes	The authority has in place appropriate arrangements for internal and external audit. External auditors provide annual assurance that Value for Money is achieved, through their external VFM opinion. Overview and scrutiny committee and Executive advisory boards provide robust challenge both pre-and post decision making to Executive. Equality impacts of decisions are considered as part of Executive reports and Equality impact assessments are carried out where changes are proposed. Engagement with service users and public consultation undertaken in relation to key service changes.	Value for money implications (economy, efficiency, effectiveness and equitable) to be explicitly considered as part of the financial implications section of Executive reports as part of decision making process	Director of Resources and Lead Finance Specialist	Mar-23
		Financial and procurement rules in place as part of the council's constitution and included contract management arrangements. Risk management arrangements and framework currently being updated.	Risk management framework to be finalised, rolled out and embedded.	Strategy and Communications Manager	Jun-22
		LGA peer reviews undertaken in 2018 both corporately and for planning. Annual benchmarking information of council service costs is obtained and reviewed by the finance team. Full council review undertaken as part of future guildford transformation programme between 2019 and 2021.	consider reporting the benchmarking reports to CGS committee as part of an annual VFM report?	Director of Resources	Mar-23
B. Compliance with the Role of the Chief Finance Officer in Local Government					
• Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?	yes	CFO is active member of CMT and actively involved in strategic decision making. CFO reports directly to the Joint Chief Executive.	NFAN	NFAN	NFAN
• Does the CFO lead and champion the promotion and delivery of good financial management across the authority?	yes	Authority has a comprehensive constitution (incorporating financial & procurement procedure rules) in place which incorporates the role and responsibilities of the CFO. Further additional financial guidance and procedure notes are on the intranet. Implementation of new ERP system in 2020-21 and continued development in 2021-22 has significantly improved arrangements for financial control (eg, no-PO, no-Pay, greater automation of key processes and greater ability for budget managers to access their budgets and self serve). Training on BusinessWorld undertaken as part of system implementation. CFO developed and leads the savings strategy and oversees the council's savings programme. Training on the Cipfa financial management code undertaken in feb 2022 for finance team and service leaders.	Further training programme 'finance for non-finance managers' to be run in 2022-23 for service/ budget managers with refreshed emphasis of self service via BusinessWorld	Lead finance specialist	Sep-22
		All formal reports to all committees include review by the CFO or a member of the finance team who comment on the financial implications and risks.	Finance pages on intranet need a refresh following BusinessWorld introduction	Lead finance specialist	Sep-22
• Is the CFO suitably qualified and experienced?	yes	CFO & Deputy CFO are fellows of CIPFA with many years experience and undertake regular CPD. The CFO signs the annual Statement of Accounts to certify her responsibilities.	NFAN	NFAN	NFAN

Key Questions	Yes/No	Commentary	Possible Improvement Actions	Action Responsibility	Due date
<ul style="list-style-type: none"> Is the finance team suitably resourced and fit for purpose? 	yes	Finance team structure was reviewed and updated as part of Future Guildford. Team is now fully staffed with suitably skilled and experienced individuals as per the role profiles for each role. Further training on local government finance and accounts closure undertaken in feb 2022. Various team members undertake CPD as per the requirements of their qualifications.	Ensure personal development plans in place for finance team.	Lead finance specialist	Sep-22
C. The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control					
<ul style="list-style-type: none"> Does the leadership team espouse the Nolan principles? 	yes	Council has a constitution in place that is regularly reviewed, setting out how the authority operates including a comprehensive scheme of delegation. The Constitution incorporates a staff and councillor code of conduct which has recently been reviewed and incorporates the Nolan Principles. A Member Register of interests is in place and pecuniary interests are required to be declared at the start of each decision making committee. In addition as part of the annual accounts each year, Councillors and senior officers are obliged to complete an annual related party transaction disclosure which asks officers and councillors to declare any interests that may give rise to an RPT. The organisational behavioural framework is in place to espouse high standards of governance and internal control in all officer job role descriptions. Interests declared by Officers are held on HR files and a central gifts and hospitality register for officers is in place.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Does the authority have in place a clear framework for governance and internal control? 	Yes	The Council has a clear constitution in place available on its website which sets out the governance structure, terms of reference of committees, requirements for conduct at meetings and a scheme of delegation of various decisions both to committees and to officers. The Council has Executive Advisory Boards in place for pre-decision engagement and scrutiny and an Overview and Scrutiny committee in place for post decision scrutiny. In addition there is a Corporate Governance and Standards Committee. Each board/committee has terms of reference set out in the constitution and defined membership which is reviewed at each Selection Council meeting. The ToR's of the Corporate Governance and Standards Committee incorporate the role of an audit committee. Lead Councillors are regularly questioned at Overview and Scrutiny Committee.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability? 	Partially	The Council has an outsourced internal audit contract in place with KPMG which incorporates the role of the Head of Internal Audit, which is compliant with Public Sector Internal Audit Standards. Internal audit plans, summary audit findings reports and Head of Internal Audit Opinion is reported to the Corporate Governance and Standards Committee (CGSC). Internal audit undertook a review of the Corporate Governance and Standards Committee against the CIPFA Audit Committee guidance during 2021-22 and found that there was significant assurance with minor improvements.	Implementation of the minor improvements outlined in the audit committee effectiveness internal audit report	Democratic Services manger	22-Sep
		An internal audit of risk management during 2020 found partial assurance with significant improvements. We are developing a new risk management framework which was approved by CGSC in April 2022.	Implementation of the audit recommendations in the Risk Management audit report.	Strategy and communications manager	Jun-22
		The Council is externally audited on an annual basis and any audit actions are followed up. The council has undertaken Peer challenge reviews with the LGA in 2018.	NFAN	NFAN	NFAN

Key Questions	Yes/No	Commentary	Possible Improvement Actions	Action Responsibility	Due date
<ul style="list-style-type: none"> Does the leadership team espouse high standards of governance and internal control? 	yes	As above, codes of conduct and register of interests are in place and codes of conduct are consistent with the Nolan principles and the latest recommendations from the Committee on Standards in Public Life. Members of the leadership team are required on taking office, to confirm that they agree to comply with the relevant codes of conduct. The leadership team actively engage with both internal and external audit, overview and scrutiny committee, and corporate governance and standards committee. Consultation with relevant stakeholders is made prior to decision-making where appropriate and required. Consultation on new policies, plans and strategies is undertaken where appropriate for example the council consulted on its new corporate plan 2021 to 2025 and also consulted on its priorities for spending prior to the 2021 budget. Professional advisers or employees at to help inform decision making processes where necessary. Option appraisals are undertaken in major decisions and projects particularly where service delivery is affected (for example, the recent review of day care services) or major capital projects are proposed. The Council has a new Project and Programme Governance process which requires an options appraisal on all significant projects. Significant service changes such as the implementation of savings programmes are treated as projects.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Does the leadership team nurture a culture of effective governance and robust internal control across the authority? 	yes	The leadership team seek to comply with new codes of practice as they are issued by relevant public or professional bodies for example the new CIPFA capital and treasury management code. The Council participates in various awards schemes such as the purple flag scheme and the green flag scheme. All internal audit reviews and external audit recommendations are responded to appropriately and reported to CGSC. The council's organisational behaviour framework rewards good governance behaviour and officers are held to account against the framework as part of their performance monitoring process.	NFAN	NFAN	NFAN
D. The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)					
<ul style="list-style-type: none"> Has the authority sought to apply the principles, behaviour and actions set out in the framework to its own governance arrangements? 	yes	The Annual Governance Statement demonstrates how GBC has achieved good governance and complied with the 'CIPFA/SOLACE Delivering Good Governance in LG Framework 2016'. The AGS is reviewed and updated annually and considered and approved by CSGC. The annual governance statement sets out in detail how the authority complies with each of the core principles within the Delivering Good Governance Framework and sets out actions for improvement where improvement is required. The AGS is signed by the Leader and Joint Chief Executive.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Does the authority have a robust assurance process to support its AGS? 	yes	The AGS is agreed by Members of the Corporate Governance and Standards Committee (CGSC) and Executive, subject to external audit, and published as part of the annual Statement of Accounts.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Does the authority have in place a suitable local code of governance? 	yes	The Council's local code of governance is set out within its constitution, risk and performance management frameworks as documented within the AGS.	A separate local code of governance will be developed to bring together all the separate guidance. The code will be approved by the CGSC.	Monitoring Officer	Mar-23
E. The financial management style of the authority supports financial sustainability					
<ul style="list-style-type: none"> Does the authority have in place an effective 		The CFO is an active member of the leadership team. The Financial procedure rules as set out within the councils constitution provide an effective framework of financial accountability. The Council adopted a new Service planning and performance monitoring system in 2020-21. Each service (including the finance service) is required to do a service plan which is subject to continual review and reporting to directors throughout the year. Investment and efficiencies set out in the service plan form part of the annual budget report.	The financial procedure rules that form part of the constitution need to be reviewed and updated following recent restructures. This is scheduled for 2022-2023, following which training will need to be roled out to managers and budget holders to ensure that they understand their roles and responsibilities.	Lead finance specialist	Sep-22
		Budget Strategy is set out in the Budget Assumptions report agreed by Executive. The Council also has an Executive approved Savings Strategy and Council approves the medium term financial strategy as part of the budget process.	NFAN	NFAN	NFAN

Key Questions	Yes/No	Commentary	Possible Improvement Actions	Action Responsibility	Due date
framework of financial accountability?	yes	As part of Future Guildford Transformation (completed 2018 to 2021) we have completed transformed the Council and implemented a new full ERP system, Unit 4 BusinessWorld (BW). BW allows full accrual and commitment accounting and holds a comprehensive scheme of delegation from having named cost centre managers through to team managers, service managers and directors in the system. All cost centre managers have access to plan their budget for the following year and to monitor performance against budget on the system. Further development was undertaken to BW to implement Income Manager and Bank Reconciliation.	NFAN	NFAN	NFAN
		Both Financial monitoring and corporate performance monitoring reports are reported to CMT and CGSC.	Financial literacy of some budget managers still needs development. Further training to be provided on budget and financial management.	Lead finance specialist	Sep-22
<ul style="list-style-type: none"> Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services? 	yes	The Council commissioned a value for money review ahead of the 2019-20 budget to help the Council assess the need for Future Guildford transformation project and its business case. The value for money review was reported to council in February 2019. The Council has various plans and policies in place to achieve value for money however this has not been brought together in an over arching value for money strategy or statement. The financial implications section of committee reports should cover value for money however this could be more explicit. The programme and project management framework requires a business case for projects which includes an assessment of value for money as part of the financial and economic section of the business case for the project.	A short value for money statement should be developed and included within the annual budget report. The template for committee reports should be updated to include an explicit section on value for money which is a credit to the financial implications section.	Director of resources	Feb-23
		The Council subscribes to and uses benchmarking reports from LGFutures which looks at unit costs and income compared to similar authorities nationally and also CIPFA nearest neighbours.	The output of benchmarking could be reported to CMT/ councillors on an annual basis as part of a value for money report.	Director of resources	Feb-23
<ul style="list-style-type: none"> Does the authority's finance team have appropriate input into the development of strategic and operational plans? 	yes	The Council's finance team are key enablers responsible for helping to review service plans and priorities and project mandates under the councils programme and project management framework. All committee reports are required to have the financial implications assessed by the finance team prior to reporting to committee. Members of the finance team or included within various project boards and working groups across the council.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Do managers across the authority possess sufficient financial literacy to deliver services cost-effectively and to be held accountable for doing so? 	yes	Financial literacy of some budget managers still needs development.	Further training to be provided on budget and financial management.	Lead finance specialist	Sep-22
<ul style="list-style-type: none"> Has the authority sought an external view on its financial style, for example through a process of peer review? 	yes	LGA peer review was undertaken in 2018 which included a peer review of finance. KPMG undertook an internal audit of the Council's compliance with the CIPFA financial management code in 2021-2022. The internal audit found that there is significant assurance with minor improvement opportunities.	Implementation of the minor improvements outlined in the internal report.	Director of resources	Feb-23
<ul style="list-style-type: none"> Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities? 	yes	Financial management responsibilities are set out within the financial procedure rules in the Councils constitution. New procurement strategy and updated procurement rules were adopted in 2020-21.	as above further training required.	Lead finance specialist	Sep-22
F. The authority has carried out a credible and transparent financial resilience assessment					

Key Questions	Yes/No	Commentary	Possible Improvement Actions	Action Responsibility	Due date
<ul style="list-style-type: none"> Has the authority undertaken a financial resilience assessment? 	partially	The External Auditors, Grant Thornton undertook a value for money review on the 2019 budget and recommendations have been implemented. Which incorporated key aspects of a financial resilience assessment and concluded the budget was produced using robust arrangements and realistic assumptions. However, the Council has not undertaken an explicit external assessment of financial resilience. The Council maintains a long term 5 to 30 year budget forecast, based on prudent assumptions, growth projections in the local plan, implications of capital programme and long term inflation outlook, to demonstrate its long term financial resilience and sustainability. The 4 year medium term forecast is updated at least annually and submitted to Full Council in February each year. The CFO undertakes sensitivity analysis on the MTFP and reports this as well as the long-term financial sustainability assessment as part of the CFO report to Budget Council. In addition, a review and commentary of the CIPFA financial resilience index is included in both the CFO report to the Budget and also the CFO foreword in the statement of accounts.	Consider the need to undertake a formal external financial resilience assessment in 2021-2022 or 2022-23	Director of resources	Feb-23
		The Capital and Investment Strategy covers a 5 year medium term plan horizon and is updated and reported to Council annually. The strategy is consistent with the medium term financial plan.	NFAN	NFAN	NFAN
		The Council has an asset management strategy and framework in place although this was developed in 2018 and need to review.	The asset management strategy and framework to be updated and reported to councillors.	Head of asset management	Feb-23
		A financial risk register is submitted annually to Full Council containing details of significant financial risks faced by the Council, and how these are mitigated/managed along with an assessment of the level of reserves in comparison to the risks. The risk register informs the CFO's Section 25 LGA 2003 Statement on robustness of estimates and adequacy of reserves.	NFAN	NFAN	NFAN
		A savings strategy is in place. The savings strategy incorporates a review of all operational assets. The CFO chairs the savings programme board which oversees the implementation of savings plans.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Has the assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios? 	yes	Sensitivity analysis is undertaken as part of the budget setting process and reported to council as part of the CFO's report on the budget.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Has the authority taken appropriate action to address any risks identified as part of the assessment? 	yes	A savings strategy is in place to address the medium term budget gap and is being monitored through the savings programme board.	NFAN	NFAN	NFAN
G. The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members					
<ul style="list-style-type: none"> Does the authority have a sufficiently robust understanding of the risks to its financial sustainability? 	yes	The Council's corporate plan was reviewed and updated following the elections in May 2019. The corporate plan was adopted in 2021 following a delay caused by Covid. The Council's financial strategy through the service planning process is to support delivery of the corporate plan and its priorities the council's capital and investment strategy is heavily linked to the priorities set out in the council's corporate plan when capital expenditure and investment decisions are undertaken officers are required to demonstrate how such investment meets the corporate plan priorities. Executive and CMT are aware of long term threats to financial sustainability and working with a partner authority on further collaboration.	NFAN	NFAN	NFAN

Key Questions	Yes/No	Commentary	Possible Improvement Actions	Action Responsibility	Due date
<ul style="list-style-type: none"> Does the authority have a strategic plan and long-term financial strategy that adequately address these risks? 	yes	A long term financial strategy and was put in place as part of the 2022 budget process this is linked to the longer term 20 to 30 year budget forecast and sets out overall parameters within which the council will operate financial. A financial risk register is in place to address the core financial risks faced by the council this is reported to council as part of the budget report and is used to assess the adequacy of the level of reserves.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (eg using a technique such as scenario planning)? 	no	The Council has a corporate plan in place but it has not undertaken scenario planning techniques to articulate different versions of the future and as such a financial plan based on a different scenarios has not yet been produced.	Consider the need to undertake scenario planning to determine distinct but different visions of the council's future using PESTLE Analysis and scenarios to be used to develop updated MTFP	CMT	Feb-23
<ul style="list-style-type: none"> Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short and medium-term decision making? 	partially	Prospects for longer financial sustainability are articulated in the CFO report on the budget but will need updating if scenario planning is undertaken.	NFAN	NFAN	NFAN
H. The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities					
<ul style="list-style-type: none"> Has the authority prepared a suitable capital strategy? 	yes	Capital and Investment strategy prepared and submitted to Council annually for approval as part of the Budget covers 5 years. The strategy is compliant with the prudential code and sets our all required prudential indicators as well as a number of local indicators. A new Programme and Project management framework was introduced in 2020-21 and has continued to develop with regular reporting during 2021-22.	Continue development of the PPMframework	Strategy and communications manager	Feb-23
<ul style="list-style-type: none"> Has the authority set prudential indicators in line with the Prudential Code? 	yes	Pis are included in the capital and investment strategy.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has set? 	yes	Regular financial monitoring reports in year to CMT and Corporate Governance and Standards Committee incorporate capital monitoring and treasury monitoring. Capital Outturn report is also presented to Executive and CGSC for approval.	NFAN	NFAN	NFAN
I. The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans					
<ul style="list-style-type: none"> Does the authority have in place an agreed medium-term financial plan? 	yes	The Council has a rolling 4-year MTFP which is reported to Council each Feb with the annual budget report.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy? 	yes	The MTFP takes into account growth / savings arising from corporate plan and service plans and revenue implications of the capital programme.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand? 	yes	At a district council the drivers of cost are mainly population / households and this is taken into account along with relevant legislative changes and future changes. Sensitivity analysis is carried out on the MTFP forecasts. Sensitivity analysis takes into account demand for core services for which we generate fees and charges income such as parking.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand? 			NFAN	NFAN	NFAN

Key Questions	Yes/No	Commentary	Possible Improvement Actions	Action Responsibility	Due date
<ul style="list-style-type: none"> Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims? 		Asset management strategy and framework in place with annual maintenance programme. Is currently being refreshed. Plans in place to do a full operational asset review in 2021-22 as part of asset management service plan and Savings strategy.	The asset management strategy and framework to be updated and reported to councillors.	Head of asset management	Feb-23
J. The authority complies with its statutory obligations in respect of the budget setting process					
<ul style="list-style-type: none"> Is the authority aware of its statutory obligations in respect of the budget-setting process? 	yes	Comprehensive budget report and council tax demand resolution presented to Council in February each year. Council tax demand set before 11th March each year. Report sets out I+E estimates (incl contingencies), use of reserves and overall balances on reserves. Projections for the medium term also included. CFO report sets out the Section 25 statement on robustness of estimates and adequacy of reserves. Core assumptions used in the budget are also set out along with growth / savings. Balanced budget for 2021-22 and savings strategy in place to try to balance the budget over the MTFP period. FM code training provided to budget managers in February 2022.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Has the authority set a balanced budget for the current year? 	yes	Yes. Balanced budgets set for 2021-22 and 2022-23. Emergency budget introduced in 2020-21 due to COVID but did not cover emergency savings programme due to the nature of the emergency & need to introduce new services. COVID emergency budget proposed use of reserves to cover the pandemic emergency. Councillors advised to rebuild reserves in 2021-22 and 2022-23.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so? 	yes	CFO is aware of circumstances where she would need to issue a S114 and how to do so. An informal expenditure freeze was agreed in 2021-22 to manage an in year overspend, minimise spending and protect reserves.	NFAN	NFAN	NFAN
K. The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves					
<ul style="list-style-type: none"> Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves? 	yes	Section 25 statement is in the CFO report which is appendix 1 to the report. includes specific commentary on robustness of estimates and adequacy of reserves. Budget report is subject to review by Joint EAB Budget Working Group, Joint EAB and Executive before being presented to Council. Full details regarding assumptions made are included in the budget report. Assumptions include key areas such as staff pay, pensions, service demand, capital programme impact, MRP and interest, government funding and savings plans. Guidance from professional advisors is taken into account in the capital and investment strategy report.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case? 	yes	Section 25 statement is in the CFO report which is appendix 1 to the report. Sensitivity analysis undertaken on key estimates as part of budget process and included within the CFO report.	Include commentary on historical TAX collection rates in the budget assumptions	Director of Resources	Feb-23
<ul style="list-style-type: none"> Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future? 	yes	Budget report is accompanied by a financial risk register which is used to assess the sufficiency of the level of reserves to meet the operating demands of the council. CFO Report covers whether reserves are adequate to meet risks.	NFAN	NFAN	NFAN

Key Questions	Yes/No	Commentary	Possible Improvement Actions	Action Responsibility	Due date
<ul style="list-style-type: none"> Does the report set out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is to take to address any shortfall? 	yes	Key reserves and commentary on why they are held is set out in the CFO report. MTF Policy sets out the conditions under which the authority would use reserves eg, planned investment, capital projects, change programmes and unexpected events.	NFAN	NFAN	NFAN
L. The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget					
<ul style="list-style-type: none"> How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget? 	yes	Budget consultation carried out in 2020 ahead of 2021-22 budget. It was a public consultation with engagement from citizens panel and undertaken externally by recognised market research agency. Results of the consultation identified spending priorities and were used to help develop the savings strategy and were reported to Council. Further stakeholder engagement undertaken by key services particularly where service changes are proposed as a result of savings strategy. Stakeholder analysis and engagement done on some projects but not all.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> How effective has this engagement been? 	partially	results of consultation used to inform decisions and spending priorities. Public support for spending reductions and changes not always forthcoming regardless of how much engagement is undertaken.	repeat communication about reasons why savings are required	Director of Resources	Feb-23
<ul style="list-style-type: none"> What action does the authority plan to take to improve its engagement with key stakeholders? 		consistent application and feedback	Stakeholder analysis to be undertaken consistently across capital and savings projects. Feedback on how results of engagement have been used to be provided in decision reports.	CMT	Feb-23
M. The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions					
<ul style="list-style-type: none"> Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal? 	Partially	The new Programme and Project governance framework requires a mandate to be prepared for all significant projects or service changes. This includes options appraisal. Option appraisals should be more detailed and considered further at Strategic business case and outline business case stages. Option appraisal doesn't follow a consistent methodology to be assessed against a consistent set of criteria or documentation. NPV analysis is not always undertaken on capital projects	Need a standardised methodology and guidance on undertaking options appraisal (see below)	NFAN	NFAN
<ul style="list-style-type: none"> Does the authority offer guidance to officers as to when an option appraisal should be undertaken? 	Partially	Capital and Investment strategy requires significant corporate projects are required to carry out options appraisals in line with HMTreasury green book and an NPV options analysis to be undertaken but there is no guidance on how it should be undertaken.	Use of Sustainable Value Creation: Principles in Project and Investment Appraisal (2013) or CIPFA guidance Option Appraisal: A Practical Guide for Public Service Organisations(2017) to be used and incorporated within capital and investment strategy and PPM Governance framework.	Lead finance specialist	Feb-23
<ul style="list-style-type: none"> Does the authority's approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options? 	Partially	Options appraisals have been undertaken on significant capital projects and programmes using external professional advice. There is no standard methodology in place.	capital and investment strategy to be updated to incorporate cost-benefit analysis, NPV and IRR.	Lead finance specialist	Feb-23
<ul style="list-style-type: none"> Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty? 	Partially	business case templates include risk analysis section	impact of risk and uncertainty to be improved at project level through use of costed risk registers.	Lead finance specialist	Feb-23
<ul style="list-style-type: none"> Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s)? 	Partially	Results are reported at summary level where full options appraisal has been undertaken.	formalise how output of options appraisal is reported through business case template as part of PPM governance framework	Strategy and communications manager	Feb-23

Key Questions	Yes/No	Commentary	Possible Improvement Actions	Action Responsibility	Due date
N. The leadership team takes action using reports, enabling it to identify and correct emerging risks to its budget strategy and financial sustainability					
<ul style="list-style-type: none"> Does the authority provide the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability? 	yes	CMT and CGSC receive regular financial monitoring reports which incorporates revenue, capital and treasury management monitoring across both general fund and HRA. It now also includes debt monitoring. Variances over £20k are explained. Corrective action to address the variance however, needs to be more clearly articulated in reports. The reports focus on forecasts of outturn and so are forward looking to the end of the year. Where corrective action requires a virement or supplementary estimate over amounts set out in the constitution then a report is submitted to Executive or Council.	Financial monitoring reports to detail actions to be taken to address variances and to monitor risks on the financial risk register.	Lead finance specialist	Feb-23
<ul style="list-style-type: none"> Do the reports cover both forward and backward-looking information in respect of financial and operational performance? 	partially	Planning assumptions are mainly inflation tax base etc so monitoring against them is not deemed necessary unless there is a significant variance. Divergence from interest rate assumptions is reported for treasury. Progress in implementing savings strategy currently overseen by the savings strategy steering group but is not formerly reported as part of monitoring reports. Since Jan 2021, CMT and CGSC also receive corporate performance monitoring reports show performance against a range of indicators which have been set out to assess the achievement of the Council's corporate plan priorities. The report however are backward looking but this is deemed appropriate at this time as at District Council's we are not subject to the same demand led service activity as say, a county council.	Progress on achieving savings to also be reported in either financial monitoring reports or to CMT when it sits as enterprise portfolio board.	Lead finance specialist	Feb-23
<ul style="list-style-type: none"> Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such a contract monitoring data? 	yes	Performance of key contracts such as GLive and Leisure management are submitted to CMT and Overview and Scrutiny committee on annual basis.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Are the reports provided to the leadership team in a timely manner and in a suitable format? 	yes	Financial monitoring to CMT now monthly and quarterly to CGSC. Performance monitoring quarterly to CMT/CGSC. Staff surveys are undertaken as necessary and results reported to CMT.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action? 	yes	positive feedback received and amendments made where necessary.	NFAN	NFAN	NFAN
O. The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability					
<ul style="list-style-type: none"> Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability? 	yes	Key aspects of balance sheet management are reported as follows: · Loans, investments and cash are monitored through the regular financial monitoring reports to CMT / CGSC which incorporates treasury management · Expenditure on non-current assets is monitored through the capital programme monitoring (part of the financial monitoring reports) · Key Pls on debtors and creditors payment are monitored through service and corporate performance monitoring · Level of reserves are monitored and reported as part of the budget and outturn reports. Movement in reserves are monitored as part of the financial monitoring reports to CMT / CGSC. Aged debt analysis is also now included within the financial monitoring reports.	Regular performance and financial monitoring of the Council's companies is currently not undertaken. This should be an activity reported to Exec Shareholder and Trustee Committee.	Director of Resources	Feb-23
<ul style="list-style-type: none"> Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet? 	yes	Risk management framework currently being updated	Regular reporting against corporate risks to be considered	Strategy and communications manager	Feb-23
<ul style="list-style-type: none"> Is the authority taking action to mitigate any risks identified? 	yes	through financial monitoring reports	NFAN	NFAN	NFAN

Key Questions	Yes/No	Commentary	Possible Improvement Actions	Action Responsibility	Due date
<ul style="list-style-type: none"> Does the authority report unplanned use of its reserves to the leadership team in a timely manner? 	yes	through financial monitoring reports. Unplanned use of reserves, if it were to happen would require a supplementary estimate and therefore be reported to the Executive.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Is the monitoring of balance sheet risks integrated into the authority's management accounts reporting processes? 	yes	through financial monitoring reports	NFAN	NFAN	NFAN
P. The chief finance officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom					
<ul style="list-style-type: none"> Is the authority's CFO aware of their responsibilities in terms of the preparation of the annual financial statements? 	yes	CFO is fully aware of responsibilities and signs the statement of responsibilities set out in the statement of accounts each year. CFO always undertakes a review of the accounts and provides feedback to the Lead Finance Specialist prior to approval.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Are these responsibilities included in the CFO's role description, personal objectives and other relevant performance management mechanisms? 	yes	The Job Description of the Resources Director includes that the role occupant is the Section 151 officer and has accountability for ensuring that the statutory role is fulfilled. The description includes the Council must be statutorily compliant on all financial matters and that the Council is compliant with legislation concerning the management of its finances.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom? 	mostly	The Council has always adhered to statutory deadlines on the preparation of accounts up to 2020-21 and has always had an unqualified audit opinion from the external auditors. The accounts are prepared in accordance with the code of practice and key accountants involved in their preparation undertake regular professional development and training with CIPFA to ensure knowledge is kept up to date. Accounts for 2020-21 were delayed beyond deadline due to COVID impact, change of finance system and finance team resource levels, as a consequence the accounts audit is still on going, but the accounts for 2021-22 are targeted to be on time. Team is fully staffed and trained for 2021-22.	closedown and production of 2021-22 accounts by statutory deadline	Lead finance specialist	Jul-22
Q. The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions					
<ul style="list-style-type: none"> Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget? 	yes	GF Revenue, HRA and Capital and Investment Outturn reports are provided annually to CMT, CGSC and Executive. Capital outturn report goes on to full Council. Format of the reports is similar to the regular financial monitoring reports presented throughout the year. Cost drivers aren't analysed in the report but this is not felt appropriate at a D&B.	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Is the information in these reports presented effectively? 	yes	Leadership team have online access to BusinessWorld in order to drill down into either directorate figures (but need training).	NFAN	NFAN	NFAN
<ul style="list-style-type: none"> Are these reports focused on information that is of interest and relevance to the leadership team? 	yes	Outturn reports are more relevant than the statutory accounts and follow the format of in year financial monitoring.	Report progress against savings targets in financial monitoring reports and outturn reports?	Lead finance specialist	Mar-23
<ul style="list-style-type: none"> Does the leadership team feel that the reports support it in making strategic financial decisions? 	yes		NFAN	NFAN	NFAN