

# ANNUAL GOVERNANCE STATEMENT

## **Introduction**

The Leader of the Council (Councillor Richard Millard) and Chief Executive (Gill Kneller) both recognise the importance of having good systems in place to manage and deliver services to the residents of East Hampshire. Each year the Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements have been working by assessing the previous year's activities against the Local Code of Corporate Governance and the Corporate Governance Policy. This AGS is in respect of 2020-21.

The Council also publishes an Annual Statement of Accounts which provides further information on the opportunities and challenges faced by the Council.

## **The purpose of the governance framework**

The governance framework comprises the systems, processes, culture and values by which the Council directs and controls its activities, and how it leads, engages with and accounts to the community it serves. The framework brings together an underlying set of legislative requirements, good practice principles and management processes, and enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve the Council's aims and objectives, and seeks to provide reasonable rather than absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify, prioritise and manage the risks to the achievement of the Council's aims and objectives.

The governance framework addresses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The framework recognises that the Council's business is focused upon its corporate priorities and seeks to facilitate delivery to our local communities.

The risk management processes and other internal control systems such as standards of conduct and audit form part of this framework. Members and senior Officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. This task is managed by the Executive Board which comprises the Chief Executive, Executive Director and Chief Finance Officer (Section 151 Officer) with advice and guidance provided by the Monitoring Officer. The Executive Board is provided with assurance by the Corporate Governance Board.

## **Governance during Covid-19**

The year 2020-21 has been characterised by the challenges around delivering services while maintaining good governance during the Covid-19 pandemic. The Council has adapted by introducing remote and/or hybrid Council meetings which adhered to lockdown restrictions and government guidance for the relevant points in time, and allowed robust and appropriate decision making to continue. In addition, the majority of our staff have been working remotely, as per government instruction to 'work from home if you can', with all statutory Council services continuing to be delivered throughout the year. Staff have also been redeployed to cover Covid-19 guidance requirements, such as providing Covid marshal support in town centres, staffing community testing centres and monitoring business premises compliance with regulations. Health and safety has been prioritised throughout, with the Council offices achieving Covid secure status and a robust procedure established for office attendance and undertaking site visits. Our business continuity arrangements were drawn upon to prioritise the delivery of key services, working with the Local Resilience Forum and partner organisations to ensure that the Council's resources were targeted to effectively support the communities of East Hampshire.

# ANNUAL GOVERNANCE STATEMENT

Our organisational response has been reviewed through targeted audits and the Overview & Scrutiny Committee has reviewed same and provided feedback. A Cabinet report detailing the Council's response to the initial phase of the pandemic in spring 2020 can be viewed at <https://easthants.moderngov.co.uk/ieListDocuments.aspx?CId=126&MId=2640>. In addition, the Council has commissioned specialist advisors to produce a Covid-19 Recovery Plan which will set out how best to assist the town centres in the district as they emerge from the pandemic.

External audit has reviewed the annual accounts and cashflow position in relation to Covid-19 financial pressures and these were signed off within the required timeframe. Internal audit have provided assistance in relation to the administration of Covid support grant certification and assurance in relation to financial stability of the organisation during Covid and on the welfare support provided to the Council's staff.

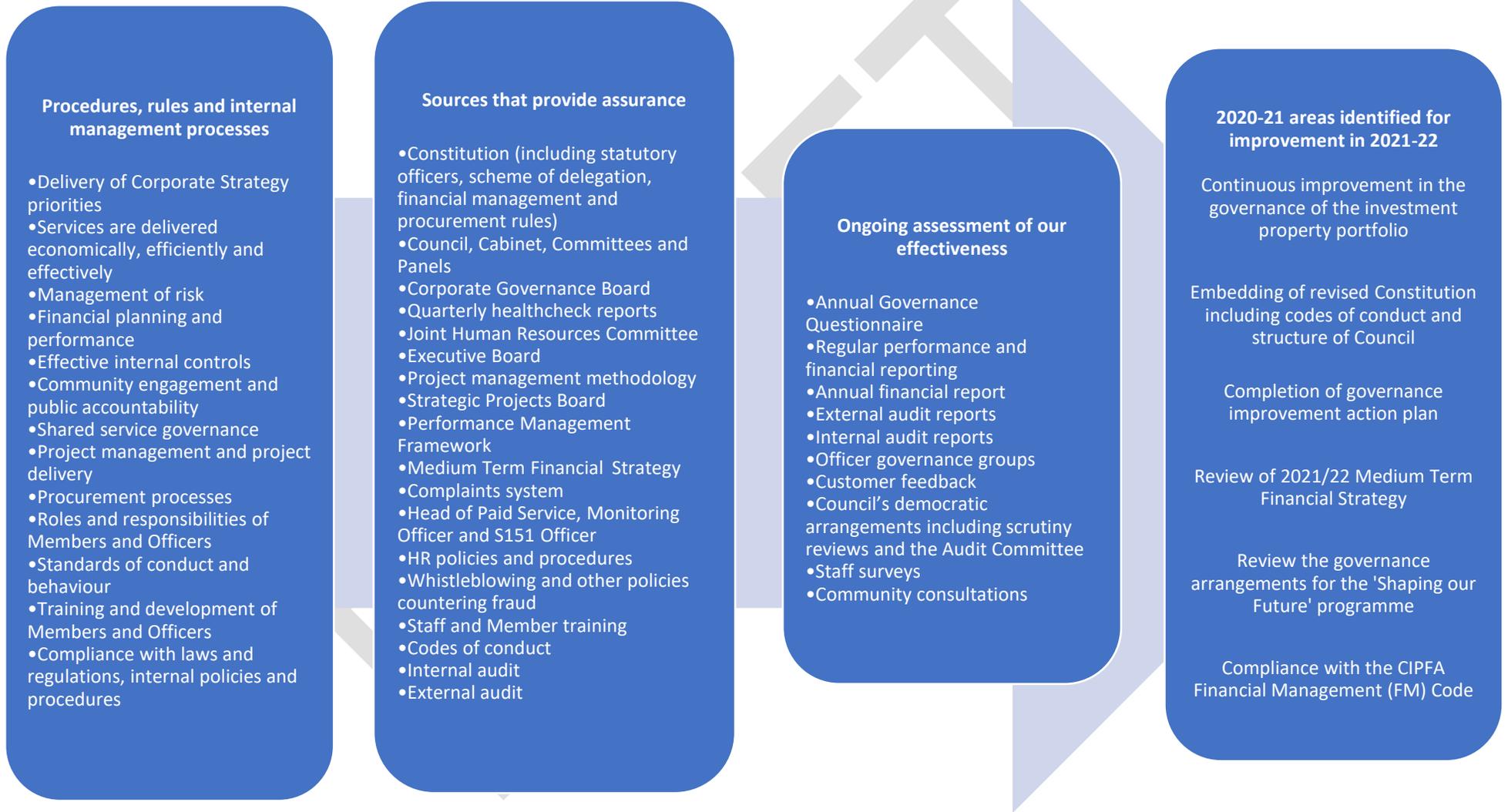
## **Governance review**

During the year 2020-21 a governance review was commissioned by the Leader and the Chief Executive to review the existing governance structures within the Council. This has occurred in parallel with the introduction of a refreshed Constitution which was adopted in November 2020. The governance review report (which can be viewed at <https://easthants.moderngov.co.uk/ieListDocuments.aspx?CId=390&MId=2662>) made 17 recommendations, which the Council has committed to implementing via a governance improvement action plan. Further details on the governance improvement action plan are contained within this Annual Governance Statement.

# ANNUAL GOVERNANCE STATEMENT

## How do we know the governance framework is working?

The annual process that we use to maintain and review effectiveness of our governance arrangements includes a wide input.



# ANNUAL GOVERNANCE STATEMENT

## How we apply the governance framework to the Local Code of Corporate Governance

The Council aims to achieve effective corporate governance through the Local Code of Corporate Governance. The table below highlights examples of how the Council has adhered to its governance commitments as set out in the Code and includes hyperlinks to sources of further information which include more detail about how the Council has implemented its commitments.

A. BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES AND RESPECTING THE RULE OF LAW	
How the Council meets these principles	Where you can see Governance in action
<p>There are codes of conduct in place for all Councillors and Officers which can be found in Part 4 of the Constitution. The Council has appointed independent persons to investigate any allegations of misconduct, and the Standards Committee receives reports from the Monitoring Officer on any complaints regarding Councillors.</p>	<p>Councillor Code of Conduct Staff Code of Conduct Standards Committee</p>
<p>The Council's Constitution contains the standing orders, scheme of delegation, financial regulations and contracts procedure rules. The Constitution also contains the policies for anti-fraud and corruption, anti-bribery and whistleblowing. A comprehensive review of the Constitution has taken place throughout 2020-21 by Audit Committee and the Monitoring Officer to ensure that it is an effective and up-to-date document. The revised version was approved at full Council in November 2020 and took effect in January 2021.</p>	<p>Constitution Anti Fraud &amp; Corruption Policy including Fraud Response Plan Whistleblowing Policy</p>
<p>All Council employees have clear conditions of employment, and roles and responsibilities are set out in job descriptions. Mandatory performance objectives are set for all staff which ensure compliance with data protection law, Health and Safety regulations, and the Council's Safeguarding Policy. Staff must also undertake mandatory e-learning courses throughout the year on such topics to ensure their knowledge and understanding is up to date.</p>	
<p>There is a requirement for Councillors to make a Declaration of Disclosable Pecuniary Interests within 28 days of taking office and to notify the Council of any changes to the interests made in this declaration within a specified time period. Councillors must also disclose interests which are not registered but which are relevant to matters to be discussed at a meeting of the authority. Councillors are barred from participating in any discussion on, or voting on, the matter in relation to which the Member has a disclosable pecuniary interest. There is an up-to-date register of gifts and hospitality, and an annual register of declarations. Any declarations of interest made during meetings are recorded in the minutes.</p>	<p><a href="http://easthants.moderngov.co.uk/mgMemberIndex.aspx">http://easthants.moderngov.co.uk/mgMemberIndex.aspx</a></p>
<p>The Council has in place a complaints procedure including weekly reminders to relevant managers responsible, and the number of complaints and completion rate are monitored in quarterly performance reports.</p>	<p><a href="http://www.easthants.gov.uk/complaints">http://www.easthants.gov.uk/complaints</a></p>
<p>The Council has a shared Monitoring Officer with Havant Borough Council and as a member of the Executive Board they are kept appraised</p>	

# ANNUAL GOVERNANCE STATEMENT

<p>on the Council's projects and actions and are ultimately responsible for legal compliance.</p> <p>Statutory officer roles are the Head of Paid Service who is the Chief Executive, the Chief Financial (S151) Officer, who carries overall responsibility for the Council's financial administration, and the Monitoring Officer, who ensures the Council acts lawfully. The Data Protection Officer is also a statutory role under the new GDPR legislation. All of these roles are shared with Havant Borough Council.</p>	<p>Management structure</p>
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B. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT	
How the Council meets these principles	Where you can see Governance in action
<p>The Council has laid out its purpose, direction, vision and objectives in its Corporate Strategy which can be obtained either on the Council's website or from the Council's offices. The Council's Corporate Strategy is comprehensively reviewed on a regular basis. During 2020-21, the refreshed Corporate Strategy has been subject to a consultation with residents and other stakeholders and was adopted in August 2020 as a 'living' document in order to best reflect our shared ideals and visions.</p>	<p><a href="http://www.easthants.gov.uk/performance-and-strategy">http://www.easthants.gov.uk/performance-and-strategy</a></p>
<p>The Council is committed to transparency and an open culture and publicises information in line with the publication scheme under the Freedom of Information Act. In addition, we subscribe to the Government's transparency agenda and publish information such as remuneration for senior management and information on items of expenditure over £500.</p>	<p>Freedom of Information</p>
<p>The Council's democratic function is responsible for ensuring agendas and key decisions are published in line with the statutory legal requirements. They are also responsible for supporting the scrutiny function of the Council and publishing a corporate calendar of dates annually. During the Covid-19 pandemic, Council meetings have been held remotely and/or in a hybrid manner according to government guidance and legislative requirements at the time, and these have been livestreamed via the Council's website which has resulted in increased public engagement with these meetings.</p>	<p>Committees and Papers</p>
<p>The Council usually carries out a residents' survey every two years, but during the Covid-19 pandemic has increased the frequency to be able to monitor the concerns and feelings of residents as the situation changes.</p>	<p><a href="#">Covid-19 residents' survey</a></p>
<p>The publication of the residents' magazine, called 'Partners', is used to provide updates, upcoming events and contact information, and is converted into accessible formats to ensure that residents can access it. To promote transparency and wider engagement with Council decisions, residents can use social media such as Facebook, Twitter, LinkedIn and Instagram to get updates from and interact with the Council. Where remote meetings have taken place in 2020-21 due to the Covid-19 pandemic, these have been broadcast live via Skype and promoted on the Council's social media.</p>	<p>Partners magazine EHDC Facebook Twitter Instagram YouTube</p>
<p>The Council has a Parish Charter which sets out how we will work with Parish and Town Councils across the district. The Council works closely with the South Downs National Park Authority and the 40 Town and Parish Councils.</p>	<p>Town &amp; Parish Charter</p>

# ANNUAL GOVERNANCE STATEMENT

The Council's website is set out in a clear and easily accessible way, using infographics and plain language. The information which residents use most, such as Council Tax and Waste and Recycling, can be accessed quickly and easily from the homepage. During the Covid-19 pandemic, the Communications team have made regular updates to dedicated pages on the website to provide residents and business with reliable information on legislative changes and public health guidance as it has shifted throughout the year. Accessibility improvements have also been made to the website in 2020-21 to meet new accessibility requirements.

<http://www.easthants.gov.uk/>

The Statement of Accounts provides a clear summary of the Council's activity over the previous year, so that residents can see where money has been spent and what this has achieved.

<http://www.easthants.gov.uk/accounts>

Let's Talk events are run by the Council to allow residents to express their opinions on particular themes. Whilst these have been delayed due to the Covid-19 restrictions on large gatherings, the Council is committed to resuming public consultations when it is safe to do so.

Let's Talk events

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# ANNUAL GOVERNANCE STATEMENT

C. DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS	
How the Council meets these principles	Where you can see Governance in action
<p>The four themes in the Council's Corporate Strategy (approved by full Council in August 2020) are:</p> <ul style="list-style-type: none"> <li>• A fit for purpose Council</li> <li>• A safer, healthier and more active East Hampshire</li> <li>• A thriving local economy with infrastructure to support our ambitions</li> <li>• An environmentally aware and cleaner East Hampshire</li> </ul> <p>These evidence-based themes are used to guide the Council's corporate planning and decision making.</p> <p>The Council has also developed a Digital Strategy which supports the Corporate Strategy delivery and to create digitally 'savvy' staff and councillors and services designed to be accessible and convenient for our customers.</p> <p>The Council takes an annual approach to business planning, allowing a close link between business and financial planning. The Medium Term Financial Strategy is reviewed annually and forms the basis of the annual budgeting process.</p> <p>A Corporate Action Plan is prepared each year to support the delivery of the vision laid out in the Corporate Strategy, and progress against the objectives in the Corporate Action Plan is reported quarterly. Each service's Key Performance Indicators are monitored corporately and reported to the Executive Board on a quarterly basis to ensure that the objectives in the Corporate Action Plan are on target. Monthly financial forecasts are submitted to the Executive Board and quarterly to Councillors alongside the quarterly performance report. During the Covid-19 pandemic, financial monitoring reports have been improved, with modelling of the likely impacts of the pandemic on income and expenditure carried out to provide assurance on the Council's financial sustainability.</p> <p>The Council's major contracts are overseen by client teams. The Council's environmental services (waste collection, grounds maintenance, street cleaning and public conveniences cleaning) are provided via delegation to Havant Borough Council through its joint venture partnership Norse SE. The performance of this contract is monitored by Key Performance Indicators to ensure that both a good quality service and value for money are delivered.</p> <p>The Council's budget report contains a summary of the budget and business plans that has been set for East Hampshire District Council for 2020-21, as approved by the Council on the 27 February 2020. It shows on what service areas money is spent, and how this expenditure is funded. Also within this document is information showing the forecast financial position over the next five years, taking into account changes in government funding, other income and spending.</p>	<p><a href="http://www.easthants.gov.uk/performance-and-strategy">http://www.easthants.gov.uk/performance-and-strategy</a></p> <p><a href="#">Digital Strategy</a></p> <p>Council Budget</p>

# ANNUAL GOVERNANCE STATEMENT

The Council uses evidence based insight to inform decision making and uses the data available to understand residents and local businesses better. The Council is committed to consulting with and engaging with residents and local businesses in the planning and delivery of services to meet the needs of the community.

Residents' Survey

Planning SCI (Statement of Community Involvement)

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# ANNUAL GOVERNANCE STATEMENT

D. DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES	
How the Council meets these principles	Where you can see Governance in action
<p>The Council has a Medium Term Financial Strategy (available on the Council's website as part of the budget for the forthcoming year) which is used to align resources to key priorities.</p> <p>The Council has report templates to ensure authors cover all the requirements to enable a decision to be made; they include options appraisal (if required), cost and risk analysis in addition to key signatories such as legal and finance and must include the portfolio holder. This process has been significantly improved in recent years to increase the robustness of decision making.</p> <p>All decision-making meetings are held in public and decisions made by Cabinet members and Officers are published in line with the statutory legal requirements, although some items are considered as exempt. Minutes of all Council meetings are made available to the public, and members of the public have the opportunity to contribute to Council meetings.</p> <p>The Council has a complaints and feedback system, which records and monitors customer comments, complaints and requests for information.</p> <p>The Council has an internal audit service sourced through the Southern Internal Audit Partnership. The internal audit service has an annual audit plan based on a risk analysis carried out by the auditors each spring. Audit recommendations are monitored to ensure that they are completed by the service within a reasonable timeframe, and any actions which are not completed are reported to Executive Board.</p> <p>The Overview &amp; Scrutiny Committee has responsibility for the performance of overview and scrutiny functions under the Local Government Act 2000 Section 9F. The role of Overview &amp; Scrutiny Committee is to hold Cabinet decision makers to account by monitoring and scrutinising the decisions being made, both before and after they take effect. Members of the Overview &amp; Scrutiny Committee must not be members of the Cabinet and, where possible, should be from different political parties.</p>	<p>Medium Term Financial Strategy</p> <p>Committee structure</p> <p><a href="http://www.easthants.gov.uk/complaints">http://www.easthants.gov.uk/complaints</a></p> <p>Internal audit</p> <p>Overview &amp; Scrutiny Committee</p>

E. DEVELOPING THE COUNCIL'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT	
How the Council meets these principles	Where you can see Governance in action
<p>The Council has a joint management team with Havant Borough Council. This management team is made up of the Chief Executive, Chief Finance Officer (S151 Officer), Executive Director and the Heads of Service, most of which are shared with Havant Borough Council. The costs of all shared management posts are shared between the Councils.</p> <p>Some of the Council's corporate services are delivered through the 5 Councils Partnership with Capita which is monitored via a shared Client Team.</p>	<p>Management structure</p>



# ANNUAL GOVERNANCE STATEMENT

<p>Risk is considered and recorded as part of the business planning process, and monitored throughout the year as part of the quarterly review of performance and financial management (quarterly performance report). The Council has a wide range of performance indicators, which are used to measure progress against the Council's priorities. Performance indicators are reported quarterly to the Executive Board, to Audit Committee and informally to Cabinet. Performance indicators clearly link individual services to the corporate objectives in the Corporate Strategy and include details of national and local performance indicators and risk. Performance indicators are reviewed annually as part of the business planning process to ensure they continue to be relevant and stretching.</p> <p>A Corporate Governance Board has been established with an objective of providing a pragmatic layer of assurance to the business. Specifically, the Corporate Governance Board ensures that the organisation develops and implements an effective approach to corporate governance which enables the business and affairs of the Council to be carried out, directed and managed with the objective of enhancing value to the public. This will be underpinned by the Local Code of Corporate Governance. In addition, the Corporate Governance Board is responsible for ensuring that an adequate risk management framework and associated control environment exists within the Council, and for monitoring the arrangements in place for the identification, monitoring and management of risks. The Board's Terms of Reference have been reviewed during 2020-21 in consultation with the Monitoring Officer.</p> <p>The Council has in place a number of policies and procedures to ensure decisions made are robust. These include the Finance and Contracts Procedure rules in the Constitution. Compliance with these policies is the responsibility of all Officers.</p>	<p>Corporate Governance Policy</p> <p>Local Code of Corporate Governance</p>
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G. IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY	
How the Council meets these principles	Where you can see Governance in action
<p>The Council publishes the Statement of Accounts annually within the statutory timescales. Accounting statements incorporate the full requirements of best practice guidance.</p> <p>The Council has an Audit Committee to provide assurance to the Council on the effectiveness of internal audit and the robustness of the Council's Annual Accounts. Risk management is controlled through the Corporate Governance Board and reported to Executive Board through the quarterly performance report. Risks rated as above the risk threshold are reported as part of the quarterly performance report to Audit Committee. In 2020-21 these quarterly performance reports have begun to be published on the Council's website.</p> <p>Full Council is responsible for agreeing new policies and amendments to existing policies. It also sets out the policy and budget framework, and approves the annual budget. Audit Committee approves the Annual Statement of Accounts.</p> <p>The Council is subject to independent external audit currently by KPMG. The external audit plan outlines the work undertaken and the timing of external audit reports.</p> <p>The Council supplements this work with an internal audit service sourced through the Southern Internal Audit Partnership. The internal audit service has an annual audit plan based on a risk analysis carried out by the auditors each spring. This</p>	<p>Statement of Accounts</p> <p>Audit Committee</p> <p><a href="https://www.easthants.gov.uk/performance">https://www.easthants.gov.uk/performance</a></p> <p>Full Council</p>

# ANNUAL GOVERNANCE STATEMENT

minimises the risk of fraud and error, and provides management with assurance that policies and procedures are robust. The Chief Internal Auditor is required to provide a written status report to the Executive Board, summarising the assurance opinions arising from the internal audit reviews carried out during the year.

The Council has appointed the Chief Finance Officer as the Section 151 Officer with the statutory responsibility for the proper administration of the Council's financial affairs.

Internal audit

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# ANNUAL GOVERNANCE STATEMENT

## Review of effectiveness

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 following areas:

Area	Review of effectiveness
Political leadership	<ul style="list-style-type: none"> <li>• The Leader of the Council (along with the Chief Executive) commissioned an independent review of governance arrangements in 2020. The report by David Bowles articulated a number of recommendations which have been taken forward during the latter part of 2020-21 and will continue into 2021-22 in order to improve the robustness of the Council's governance framework (see governance improvement action plan update later in this document).</li> <li>• Following the separation of the combined Governance, Audit &amp; Scrutiny Committee in 2019-20, work has continued during 2020-21 to embed the roles and responsibilities of the three new overview committees. The Overview &amp; Scrutiny Committee is responsible for monitoring, scrutinising and holding the decision makers to account. The Audit Committee ensures that the internal and external audit reports it receives are robust and provides assurance to the Council that the governance processes in place are sufficient. The role of the Standards Committee is to monitor standards of conduct of Members and advise the Council on probity issues.</li> <li>• A significantly improved Councillor Development Programme has been developed with mandatory and optional training modules. This is being rolled out in 2021 to ensure that Members are equipped with the right skills and knowledge to be able to fulfil their duties.</li> <li>• A new Corporate Strategy covering the period from 2020 to 2024 was developed and was subject to consultation with residents and other stakeholders during 2020-21, to ensure that it best reflects the Council's ambitions for the district in the coming years. All councillors were given an opportunity to comment on the draft and the Corporate Strategy was adopted at full Council in August 2020. The Corporate Strategy is a key strategic document that articulates the vision, values and priorities of the organisation and provides a framework for putting the Council's resources to best use.</li> <li>• The Council's response to the initial phase of the Covid-19 pandemic was reviewed by the Overview &amp; Scrutiny Committee in summer 2020.</li> </ul>
Officer leadership	<ul style="list-style-type: none"> <li>• The Chief Executive of the Council (along with the Leader) commissioned an independent review of governance arrangements in 2020. The report by David Bowles articulated a number of recommendations which have been taken forward during the latter part of 2020-21 and will continue into 2021-22 in order to improve the robustness of the Council's governance framework (see governance improvement action plan update later in this document).</li> <li>• The Council's Constitution underwent a comprehensive review in 2020-21, led by the Monitoring Officer, to ensure that it remains an effective and up-to-date document, and a revised version was approved in November 2020 and came into effect in January 2021. The document has been modernised and streamlined in order to make it easier to understand and to put into practice and its introduction is being accompanied by training to ensure that the new version is embedded.</li> <li>• The Corporate Governance Board report to the Executive Board on a quarterly basis on governance matters covering risk, health and safety, business continuity, emergency planning, information governance and financial risk. Updates are also provided to Audit Committee through the quarterly performance report which has undergone significant improvements during 2020-21 both in format (with a colour-coded dashboard format now being used to show the performance of different services) and content (with an extended range of quantitative performance indicators now being included). The Corporate Governance Board Terms of Reference have also been reviewed during 2020-21 to strengthen and clarify the Board's role in the organisation.</li> </ul>
Internal assessment and monitoring	<ul style="list-style-type: none"> <li>• There are regular reporting arrangements in place regarding the financial affairs of the Council. The budget for 2020-21 was agreed by Full Council on 27 February 2020 and financial performance is reported on a quarterly basis to Members. The Covid-19 pandemic posed a potentially significant threat to the</li> </ul>

# ANNUAL GOVERNANCE STATEMENT

	<p>Council's finances, but extensive modelling of different economic scenarios and identification of discretionary spending that could be reduced if income pressures continued throughout the year provided assurance on the financial sustainability of the Council.</p> <ul style="list-style-type: none"> <li>• Effective operation of the Performance Management Framework throughout the year: monitoring information on key areas of performance has been provided by the Governance Hub for review and action. The majority of service performance indicators were met during the year despite pressures caused by responding to the Covid-19 pandemic.</li> <li>• The Annual Governance Questionnaire is a survey run every January which asks officers for their self-assessment of the effectiveness of governance arrangements in their service area. Participation has improved in recent years following the extension of the questionnaire to all staff to reflect that good governance is everyone's responsibility - the number of responses received for the January 2021 survey had increased by 50% compared to the 2020 survey. The results of the questionnaire highlighted the following:             <ul style="list-style-type: none"> <li>○ 89% of responses said there was evidence of meeting the criteria – this was consistent with last year (90%)</li> <li>○ Areas of strength:                 <ul style="list-style-type: none"> <li>▪ Engagement with Members on a regular basis</li> <li>▪ Performance appraisals and other people management policies</li> <li>▪ Compliance with FOI procedure</li> </ul> </li> <li>○ Areas for improvement:                 <ul style="list-style-type: none"> <li>▪ Awareness of structure and operation of Committees</li> <li>▪ Awareness of staff Code of Conduct</li> <li>▪ Completion of e-learning courses</li> </ul> </li> <li>○ Significant changes from 2020 survey:                 <ul style="list-style-type: none"> <li>▪ Confidence in the use of evidence-based insight when making decisions has improved - percentage of respondents saying there was limited or no evidence of meeting the criteria was 26% last year; this has now decreased to 12%</li> <li>▪ Confidence in robustness of information governance arrangements has decreased - percentage of respondents saying there was evidence of consistently meeting the criteria) was 72% last year; this has now decreased to 55%</li> </ul> </li> </ul> <p>Areas that scored poorly in the questionnaire will be targeted with a programme of improvements throughout 2021-22 and the questionnaire will be repeated to see if any trends can be identified.</p> </li> </ul>
<p>Responsibilities of Chief Finance Officer (s151)</p>	<ul style="list-style-type: none"> <li>• The Chief Finance Officer is the Responsible Financial Officer and is a member of the Executive Board, reporting directly to the Chief Executive. They are responsible for delivering and overseeing the financial management arrangements of the Council. East Hampshire District Council shares a Chief Finance Officer with Havant Borough Council.</li> <li>• They are also responsible for ensuring alignment with the Code of Practice on Local Authority Accounting for 2020-21. East Hampshire District Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the CFO in Local Government (2016).</li> <li>• During 2020-21 an internal audit review of the Council's financial sustainability was commissioned to provide assurance in the context of the Covid-19 pandemic and the resulting financial pressures on the authority. The audit review was completed with a 'substantial' assurance rating and no management actions to be implemented, showing a high degree of confidence in the Council's financial management arrangements.</li> </ul>
<p>Internal Audit</p>	<ul style="list-style-type: none"> <li>• The Council's internal audit programme is provided by the Southern Internal Audit Partnership which is hosted by Hampshire County Council. An audit plan, based on a full risk evaluation, is approved annually.</li> <li>• Progress against the audit plan is reported quarterly to the Audit Committee. Any outstanding high risk actions are addressed as a matter of priority.</li> <li>• Internal audit attend Corporate Governance Board every quarter to provide an update on progress of management actions. Any outstanding actions are reported to Executive Board to ensure that these are escalated where necessary and completed within a reasonable timescale.</li> </ul>

# ANNUAL GOVERNANCE STATEMENT

	<ul style="list-style-type: none"><li>• The Southern Internal Audit Partnership delivered 16 internal audit opinions over the course of the year ending 31 March 2021, with 6 'substantial' assurance reports, 8 'reasonable' assurance reports, 2 'limited' assurance reports and no 'no assurance' reports. Additional reviews were conducted which did not lead to an audit opinion as they were advisory reviews and/or follow-up reviews.</li><li>• The Chief Internal Auditor's annual opinion of East Hampshire's framework of governance, risk management and management control is 'reasonable' and audit testing has demonstrated controls to be working in practice.</li></ul>
External Audit	<ul style="list-style-type: none"><li>• The Council's external audit requirement is provided by KPMG.</li><li>• The role of external audit is to ensure that the Council's Accounts are free from material error, to provide a value for money conclusion and to certify key grant claims.</li><li>• In November 2020 the external auditor KPMG provided the Council with an unqualified opinion on the Council's accounts within their Audit Results Report.</li><li>• KPMG also provided an unqualified opinion of the Council's arrangements to secure Value for Money.</li></ul>

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# ANNUAL GOVERNANCE STATEMENT

## Last year's key improvement areas

In the 2019-20 Annual Governance Statement, four key issues were identified for improvement. Below are the issues and actions taken during 2020-21.

Improvement area	Issue of concern	Objectives and actions taken
<p>Continuous improvement in the governance of the investment property portfolio</p>	<p>Following improvements made to the governance of investment property acquisition in 2019-20, the management of the existing property portfolio requires continuous improvement to ensure that it remains a sustainable form of investment and generates maximum income to help fund the Council's services.</p>	<p><i>Objective: Complete service review and finalise new roles and responsibilities.</i> The service review of the Property team has now been completed, with a new team structure developed and all roles having been through the evaluation process. The new structure was delivered in November 2020 and subsequent recruitment has been undertaken which has secured appointments to eight roles (from a total of 11). Recruitment to the remaining three roles, which are Lead Estates Manager, Asset Manager and Senior Estates Surveyor, continues.</p> <p><i>Objective: Embed the Place-making and Regeneration Investment Framework approved at Full Council in February 2020.</i> This will be achieved by the establishment of a Property Regeneration Investment Board, the first meeting of which has been scheduled for 10th June 2021. Draft Terms of Reference are to be discussed and agreed at this initial meeting. The governance may need to be reviewed following improvements in robustness to the decision making and report writing process as detailed elsewhere in this document, but this will be addressed once the Board has been established.</p> <p><i>Objective: Develop an Asset Management Strategy to ensure that appropriate governance arrangements are in place and managed accordingly.</i> Governance structure is now in place which includes a Property Investment Board, Asset Management Board and Estates Management Board, all supported by respective Terms of Reference. The Asset Management Strategy development will continue now that the Lead Asset Manager is in place (started April 2021). A review of the Capital Investment Strategy has also commenced and will be completed as part of the 2022/23 budget process.</p> <p><i>Objective: Understand implications of National Audit Office report on local authority investment in commercial property and review of PWLB borrowing announced in March 2020 Budget.</i></p>

# ANNUAL GOVERNANCE STATEMENT

		<p>The Property Investment Board received a detailed briefing from both the Property and Finance teams over a series of sessions and discussed the implications upon the adopted investment strategy. It was resolved to refresh the strategy to ensure it continues to comply with the new PWLB regulations and that has been communicated via a Cabinet briefing.</p>
<p>Potential conflict of interest within partnership arrangements</p>	<p>East Hampshire District Council and Havant Borough Council have had a shared Chief Executive and management team for several years which has allowed both Councils to benefit from salary savings and the sharing of skills and experience. During 2019-20 a number of opportunities to renegotiate contracts have highlighted the importance of acknowledging potential conflict of interest when working across two Councils. The current conflict of interest arrangements cover conflict between corporate and personal interests, but there is no formal policy in place for managing potential conflict of interest for the shared management of the two organisations. As the partnership arrangement with Havant Borough Council continues to develop and change in the coming years, it is imperative that the individual priorities and needs of both Councils are considered as part of decision making processes, especially in contract negotiations.</p>	<p><i>Objective: Develop conflict of interest policy relating to shared management of the two Councils, particularly regarding contract negotiations.</i></p> <p>The Conflict of Interest Policy has been developed in consultation with the Monitoring Officer and this is due to be considered by Cabinet in May 2021.</p> <p><i>Objective: Review all shared service, shared workforce and shared values options for future direction of the partnership with this in mind.</i></p> <p>The 'Shaping our Future' programme has been launched and refined during 2020-21 and a key workstream within the programme will focus on the relationship between EHDC and HBC, with input from the relevant Portfolio Holders.</p> <p><i>Objective: Ensure that shared staff understand the importance of considering potential conflict of interests between the two organisations.</i></p> <p>As above, this will be a key focus within the 'Shaping our Future' programme. The Conflict of Interest Policy will provide a framework for discussion and will be promoted to all staff following its adoption by Cabinet.</p>

# ANNUAL GOVERNANCE STATEMENT

<p>Development and embedding of new Corporate Strategy</p>	<p>Following the expiration of the previous Corporate Strategy in 2019, a revised Strategy covering the period from 2020 to 2024 has been developed and will be subject to consultation with residents and other stakeholders during 2020 to ensure that it best reflects the Council’s ambitions for the district in the coming years.</p> <p>As one of the key strategic documents for the Council, the Corporate Strategy articulates the vision, values and priorities of the organisation and provides a framework for putting the Council’s resources to best use.</p>	<p><i>Objective: In consultation with residents and other stakeholders, finalise and publish the Corporate Strategy.</i></p> <p>The draft Corporate Strategy was subject to consultation during summer 2020 and was approved at full Council in August 2020, along with several supporting strategies including the Welfare and Wellbeing Strategy and the Climate and Environment Strategy. Together these documents provide a strong strategic framework to shape and direct the work of the Council.</p> <p><i>Objective: Ensure that the new Corporate Strategy is embedded and that there are strong links between the strategy and the daily work of officers and councillors, particularly within the Performance Management Framework.</i></p> <p>All councillors were briefed on the Corporate Strategy themes and were given an opportunity to comment on the draft before it was brought to full Council for adoption. The new Corporate Strategy themes have been embedded in the business planning cycle, being used to formulate the Corporate Action Plan 2020-21. Improvements to the report writing and review process, including targeted training for officers in November 2020, have emphasised how all reports coming forward for decision must explicitly identify the proposals’ links to the Corporate Strategy themes. The Performance Management Framework is currently under review, awaiting the conclusion of an internal audit review, and will be taken forward as a key supporting workstream of the ‘Shaping our Future’ programme now that the Corporate Strategy has been approved.</p>
<p>Embedding of revised Constitution including codes of conduct and structure of Council</p>	<p>The Constitution review subcommittee will continue their work to ensure that the Constitution is modernised and streamlined in 2020-21. This will be followed by work to ensure that the revised Constitution is understood by all councillors and staff. This will be key to ensuring that the proper procedures are followed and that the framework of corporate governance remains strong.</p>	<p><i>Objective: Finish review of Constitution and produce revised version which is fit for purpose and able to be understood and used to guide decision making by all.</i></p> <p>The revised Constitution was agreed at full Council in November 2020 and came into effect from January 2021.</p> <p><i>Objective: Embed an improved understanding of the Constitution and its role in the Council’s functioning, taking the opportunity to improve awareness of the governance framework.</i></p> <p>Extensive work has been undertaken alongside the development of the revised Constitution to improve understanding and awareness of corporate governance matters</p>

# ANNUAL GOVERNANCE STATEMENT

		in 2020-21. More details can be found in the governance improvement action plan section of this Annual Governance Statement.
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# ANNUAL GOVERNANCE STATEMENT

## Governance improvement action plan

Following the governance review carried out by David Bowles during 2020, the Council has prepared a governance improvement action plan to address his recommendations. This was reviewed by Standards Committee in March 2021 (papers can be found at <https://easthants.moderngov.co.uk/ielListDocuments.aspx?CId=390&MIId=2663>) and a commitment was made at this meeting to report on progress made thus far in this Annual Governance Statement.

The following table sets out the 17 recommendations from David Bowles' review, along with the actions the Council has committed to taking to fulfil these recommendations, and an update on the progress made since the review was finalised in December 2020.

Recommendation from David Bowles' report	Response / actions to be taken	Responsible person	Deadline for completion	Update on progress
<b>Recommendation 1: Values statement</b>  <i>The Leader and Chief Executive should consult upon and publish a brief statement of the values of the organisation perhaps focusing on behaviours and transparency and measure their actions and those of others against those values. Those values should promote individual personal responsibility for challenging improper and unacceptable behaviours.</i>	<p>The current Corporate Strategy (approved by full Council in September 2020 to cover the period up until 2024) includes the following values:</p> <ul style="list-style-type: none"> <li>• Responsibility for our actions</li> <li>• Fairness and integrity in all we do</li> <li>• Responding to the needs of our community based on evidence</li> <li>• Respect and support for each other and our residents</li> <li>• Considering the future wellbeing of our area over short term expediency</li> </ul> <p>A staff working group has been set up in December 2020 to review these values and consider how values can be embedded into the organisational culture, including through performance management and the work of the Culture Change Champions.</p>	Chief Executive	March 2021	The staff working group set up to discuss values, culture and behaviours has met several times to provide input to a values statement. This has then been taken forward with input from the Chief Executive and Leader with a view to taking to Joint HR Committee for approval shortly.
	<p>The Organisational Development team is also taking the opportunity to review the staff competency framework and ensure that it aligns with the values above and drives the right behaviours for the future.</p>	Head of Organisational Development	March 2021	The values work as detailed above has progressed but must be finalised before this action can be completed. The HR team are ready to review the competency frameworks as soon as the values are agreed.
<b>Recommendation 2: Political conventions</b>  <i>To underpin an ethical culture the</i>	<p>David Bowles notes in his report that 'the value of effective Group Leaders' meetings in particular should not be underestimated. They can help reduce tension and</p>	Group Leaders	December 2021	The Monitoring Officer has been working on an informal protocol document for Group Leaders with a practical lens. This is expected

# ANNUAL GOVERNANCE STATEMENT

<p><i>Council should consider whether to review and then formalise these types of arrangements and document them as 'political conventions' and enshrine them in the Constitution. Group Leaders need to work together to consider how their actions can help promote or hinder an ethical culture and should consider external support to help embed a healthy political culture.</i></p>	<p>can be a way of briefing and obtaining wider input from members on confidential or sensitive matters.'</p> <p>With this in mind, the Group Leaders will be encouraged to meet regularly, and will be supported by Democratic Services and the Monitoring Officer if they wish to enshrine political conventions within the Constitution.</p>			<p>to be taken to Standards Committee shortly.</p>
	<p>A joint working protocol will be prepared that will define regular informal Group Leader meetings, in order to enhance cross-party working and encourage communication on matters such as Council meetings and governance issues.</p>	<p>Monitoring Officer</p>	<p>July 2021</p>	<p>See update above.</p>
<p><b>Recommendation 3: Strengthening the officer culture</b></p> <p><i>While recognising the democratic legitimacy of elected members the Chief Executive needs to work with staff and members to re-establish appropriate roles and change an officer culture which had become overly compliant, to one which supports an ethical culture and where officers and members can talk frankly to each other.</i></p>	<p>In addition to the actions specified for Recommendation 1 which will also address this Recommendation, the following actions will be taken:</p> <p>The adoption of a new Constitution, which takes effect on 4<sup>th</sup> January 2021, will be accompanied by workshops and training sessions for officers to help embed the Member/Officer Relations Protocol.</p>	<p>Monitoring Officer</p>	<p>March 2021</p>	<p>The new Councillor Development Programme features a series of mandatory and optional modules designed to ensure that councillors have the skills and knowledge to be able to fulfil their roles effectively. This includes guidance on transparency, access to information and delegated decision making as set out in the Constitution. The training programme has been approved by the Councillor Development Panel and is now being implemented.</p> <p>Training for officers on decision making and the Scheme of Delegations has been</p>

# ANNUAL GOVERNANCE STATEMENT

				<p>prepared and will be rolled out shortly. Ongoing Covid-related pressures on services due to further national lockdowns in early 2021 have delayed this, unfortunately.</p>
	<p>In order to reinforce the different roles of officers and councillors, a new process has been put in place to ensure Executive Board have oversight of the reports being written and (when the report has been requested by a member of Cabinet) approve the spending of officer time on writing that report. This is becoming embedded via targeted training sessions for officers and by increased visibility of the Forward Plan. This process will be reviewed on an ongoing basis to ensure that it is fulfilling its purpose.</p>	<p>Section 151 Officer / Monitoring Officer</p>	<p>Ongoing</p>	<p>Two Heads of Service have been tasked with reviewing the new process and have reported back to Executive Board on their findings. A separate action plan has been prepared and this is being taken forward internally. The process and progress made will be reviewed again in September 2021.</p>
	<p>A full training programme will be developed for both Members and officers, consisting of a series of modules that require completion. This will be a continual rolling programme of development with mandatory elements which need to be completed and evidenced through learning logs (officers) and Democratic Services monitoring (Members).</p> <p>The Member development programme will include mandatory, recommended and optional elements to ensure that all Members have an awareness and understanding of Council functions and associated governance.</p>	<p>Head of Organisational Development</p>	<p>March 2021</p>	<p>The new Councillor Development Programme features a series of mandatory and optional modules designed to ensure that councillors have the skills and knowledge to be able to fulfil their roles effectively. The training programme has been approved by the Councillor Development Panel and is now being implemented.</p> <p>The 'Be The Best You Can Be' training and development programme for officers has now been launched and new resources are being added as they are identified. The 'learning log' approach allows officers to complete the activities that are relevant and appropriate for their role.</p>

# ANNUAL GOVERNANCE STATEMENT

				<p>In addition, the development and launch of a new staff intranet in spring 2021 has provided an opportunity to completely review and refresh the guidance and resources available for officers on corporate governance matters such as internal audit, report writing and risk management.</p> <p>The performance management process is currently being reviewed by the HR team to ensure that learning and development of officers continues to be prioritised.</p>
	<p>A programme of CEO-led Council-wide events will be agreed to focus on leadership and culture within the organisation. The rolling programme of leadership events will commence from Q1 2021-22.</p>	<p>Chief Executive / Head of Organisational Development</p>	<p>June 2021</p>	<p>The programme is being developed and will be launched when appropriate.</p>

# ANNUAL GOVERNANCE STATEMENT

<p><b>Recommendation 4: Re-establish proper decision taking</b></p> <p><i>The review of the Constitution will provide an opportunity to formally document proper decision taking whether that be by officers, Portfolio Holders, Cabinet or the Council itself. That should be supported by intensive work not just with members but also with officers who may have lost sight of proper process. This should be externally facilitated.</i></p>	<p>The updated Constitution, which was approved at full Council in November 2020, is a more modern, streamlined document that should be far easier to understand and put into practice. The revised Constitution is due to take effect from 4th January 2021 and its introduction will be supported by workshops and training sessions, as we recognise this as an ideal opportunity to strengthen both officers' and councillors' understanding.</p>	<p>Monitoring Officer</p>	<p>March 2021</p>	<p>The new Councillor Development Programme features a series of mandatory and optional modules designed to ensure that councillors have the skills and knowledge to be able to fulfil their roles effectively. This includes guidance on transparency, access to information and delegated decision making as set out in the Constitution. The training programme has been approved by the Councillor Development Panel and is now being implemented.</p> <p>Training for officers on decision making and the Scheme of Delegations has been prepared and will be rolled out shortly. Ongoing Covid-related pressures on services due to further national lockdowns in early 2021 have delayed this, unfortunately.</p>
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# ANNUAL GOVERNANCE STATEMENT

	<p>New resources have been designed and implemented during summer 2020 to improve officers' understanding of the decision making process, including a flowchart, detailed procedure notes and refreshed report template – in particular, taking the opportunity to clarify and formalise aspects of the process to ensure that Executive Board have earlier oversight of the reports that are being written and decisions that are being recommended. All officers taking reports through the decision-making process must now also consult with the Finance and Legal teams prior to the final review by the Section 151 Officer and Monitoring Officer before the report proceeds to Cabinet or full Council. Targeted training sessions were held in November 2020 to develop officers' understanding of report writing in the context of the clarified procedures. A survey circulated after the training sessions showed that, so far, 100% of respondents felt that their understanding of the decision making process had been improved by attending the session. This process and resources will be reviewed on an ongoing basis to ensure that they are fulfilling their purpose. Refresher training sessions on the process will be held in Q1 2021-22 with consideration of additional 'bitesize' training to improve officer understanding.</p>	<p>Section 151 Officer / Monitoring Officer</p>	<p>Ongoing</p>	<p>Two Heads of Service have been tasked with reviewing the new process and have reported back to Executive Board on their findings. A separate action plan has been prepared and this is being taken forward internally. The process and progress made will be reviewed again in September 2021.</p> <p>In addition, the development and launch of a new staff intranet in spring 2021 has provided an opportunity to completely review and refresh the guidance and resources available for officers on corporate governance matters such as internal audit, report writing and risk management. This will be reviewed on an ongoing basis.</p>
	<p>Training for Members will be developed to cover the roles and responsibilities of officers and councillors, the role of scrutiny and best practice for decision making. This will be mandatory for all councillors, both new and long-standing.</p>	<p>Monitoring Officer</p>	<p>August 2021</p>	<p>The new Councillor Development Programme features a series of mandatory and optional modules designed to ensure that councillors have the skills and knowledge to be able to fulfil their</p>

# ANNUAL GOVERNANCE STATEMENT

				roles effectively. The training programme has been approved by the Councillor Development Panel and is now being implemented.
<p><b>Recommendation 5: Transparency in decision taking</b></p> <p><b>a) Forward Plan</b>  <i>The Council has a Forward Plan: the original statutory basis for the publication of a Forward Plan was transparency. Forward Plans may not be the most exciting of publications but in addition to enhancing transparency, used properly they can aid early discussion between members and officers of significant issues. Before an item gets onto the Forward Plan the proper processes for taking the decision should be agreed. A more robust Forward Plan will allow Scrutiny to better understand issues which will be coming forward, assist in prioritising work and smooth the political management of the Council. It should be updated regularly, preferably via discussion with Cabinet and published prominently on the Council's website. It should be a living working document. The title of the</i></p>	<p>During summer 2020 we have introduced a new internal Forward Plan to allow senior officers to track which reports have been commissioned and when they are scheduled to go to EB, Cabinet Briefing, Cabinet, and full Council. This has been shared with Heads of Service to encourage transparency and enable more efficient planning of decision making, and is discussed at Executive Board meetings every week to ensure they have oversight of the decisions that are making their way through the process. The new procedure for taking a report through the decision making process specifies that information such as who the decision maker is, whether the item is a Key Decision and who the Portfolio Holder is must now be agreed at the time that an item is added to the Forward Plan, as well as the importance of a clear and comprehensive title. This has been emphasised in targeted training for officers. Democratic Services are currently undergoing a service review to ensure that they are a multi-skilled team able to support the democratic process, and similar improvements to the external published Forward Plan are to follow when the new team structure is in place and fully recruited to.</p>	Monitoring Officer	March 2021	<p>Clearer titles are now being used for reports when they are added to the Forward Plan.</p> <p>The Democratic Services team service review is now complete and recruitment is underway to fill the posts.</p>
	<p>The Forward Plan will be reviewed at each Cabinet meeting to ensure it captures all upcoming items and that Cabinet are fully aware of the</p>	Monitoring Officer	Ongoing	This is now taking place.

# ANNUAL GOVERNANCE STATEMENT

<p><i>agenda items and other information provided in the Plan should be sufficient to enable members and the public to understand the issues coming forward.</i></p>	<p>programme of work coming forward.</p>			
	<p>The Communications team will consider how best to promote the Forward Plan on the website (currently found within the Democratic section) to make it more visible.</p>	<p>Head of Organisational Development</p>	<p>March 2021</p>	<p>The Communications team have considered several different options for raising the profile of the Forward Plan, including promoting it on the website homepage, issuing periodic messaging on social media about what the Forward Plan is and where to find it, and including links in email newsletters that are sent to residents. During the Covid-19 pandemic, links to watch the digital Cabinet, full Council and committee meetings have been promoted in a banner across the top of the homepage and on social media, which has resulted in significantly larger public engagement with these meetings.</p>
<p><b>Recommendation 5: Transparency in decision taking</b> <b>b) Planning</b> <i>Post Covid, the Council should, as a minimum, record meetings of its Planning Committee and make those readily available to the public.</i></p>	<p>As a result of the Council's shift to digital committee meetings during the Covid-19 pandemic, all committee meetings (with the exception of exempt sessions) are currently being recorded and archived on the Council's website. It is yet to be decided by central government whether the legislation introduced to allow virtual Council meetings will be extended beyond the Covid-19 emergency period, but having seen the increased engagement with residents as a result, the Council is committed to maintaining the recording of committee meetings even if these are no longer streamed live.</p>	<p>Monitoring Officer</p>	<p>Ongoing</p>	<p>The Council plans to continue recording meetings even if they are no longer being held remotely. Confirmation on whether legislation will be extended is due in May.</p>

# ANNUAL GOVERNANCE STATEMENT

<p><b>Recommendation 5: Transparency in decision taking</b></p> <p><b>c) Wider member briefings</b></p> <p><i>The Council should review how confidential information on key developments or from external bodies, such as those dealing with Whitehill and Bordon, is shared within the Council (perhaps via Group Leaders meetings) and how items which are not confidential can be made more widely available.</i></p>	<p>Future Member Briefings will be timetabled for six months in advance and publicised to Members.</p>	<p>Monitoring Officer</p>	<p>Ongoing</p>	<p>Two regular Member Briefings a year have now been added to the programme as agreed by Executive Board.</p>
	<p>The new governance arrangements for Whitehill &amp; Bordon will be shared with Members through a Member Briefing early in 2021.</p>	<p>Head of Regeneration</p>	<p>March 2021</p>	<p>Date for Member Briefing to be confirmed.</p>
<p><b>Recommendation 6: Compromise agreements</b></p> <p><i>The Council should review the wording used in any compromise agreements to ensure that they positively state that any confidentiality clauses do not 'gag' employees from raising legitimate concerns about governance within the Council, whether covered by 'public interest' or not.</i></p>	<p>The Organisational Development team are currently reviewing the exit process and will incorporate guidance to this effect in their written policies and procedures. The advice of the Monitoring Officer will be sought in the case of any future compromise agreement.</p> <p>Compromise/settlement agreements will only be used in accordance with HR policies and to follow sector best practice guidelines.</p>	<p>Monitoring Officer / Head of Organisational Development</p>	<p>March 2021</p>	<p>The exit procedure has been reviewed and updated by the HR team. An exit questionnaire is now available digitally for staff to complete.</p>
<p><b>Recommendation 7: Scrutiny</b></p> <p><i>The Council should consider how it can further develop and strengthen Scrutiny to ensure it is relevant and focused, including through reviewing whether there can</i></p>	<p>Democratic Services are currently undergoing a service review to form a shared, multi-skilled team that is able to support the democratic process both at East Hants and Havant. A shared team with aligned processes will result in improved efficiency and improved resilience and this should enable the development of the scrutiny function at both</p>	<p>Monitoring Officer</p>	<p>August 2021</p>	<p>The service review of Democratic Services is now complete. A new Senior Democratic Services Officer post will be the lead Democratic Services officer for scrutiny and this post has now been recruited to. Interviews and shortlisting for the Democratic Services</p>

# ANNUAL GOVERNANCE STATEMENT

<p><i>be some dedicated officer resources devoted to it. It should also consider whether there is scope for improving the function by some co-ordination with Havant.</i></p>	<p>Councils. The rollout of the new Constitutions at both Councils will provide a coordinated and broadly similar structure of scrutiny and oversight committees.</p>			<p>Team Leader role have taken place and all other vacancies have been filled.</p>
	<p>Mandatory training will be introduced for members of the Overview &amp; Scrutiny Committee to ensure the role of the Committee is clear.</p>	<p>Monitoring Officer</p>	<p>March 2021</p>	<p>A general training session followed by a workshop training session on work planning has occurred for all Overview &amp; Scrutiny Committee members and Cabinet members. The Councillor Development Programme, which includes mandatory training for O&amp;S members as well as broad training on the structure for newly inducted Members, has been approved by the Member Development Panel.</p>
<p><b>Recommendation 8: Standards Committee</b></p> <p><i>Officers and Members need to commit to using the Standards Committee for its stated purpose and the Council acknowledge that the joint failure to act in a timely manner in the past has exacerbated problems.</i></p>	<p>The Council has been working to improve understanding of the role of the Standards Committee since its re-establishment in summer 2019. The independent governance report has provided an opportunity for improved visibility of the Standards Committee and the strengthened role of the Monitoring Officer has already begun to have an effect, with several cases already having been referred to the Standards Committee for investigation in October 2020 (all of which were resolved informally).</p>	<p>Monitoring Officer / Group Leaders</p>	<p>Ongoing</p>	<p>Continuing to raise the profile of the Standards Committee; this is an ongoing commitment.</p>
	<p>Training on the structure and role of committees, including Standards Committee, is currently being developed for officers and will be incorporated into the introduction of the new Constitution.</p>	<p>Monitoring Officer / Head of Organisational Development</p>	<p>March 2021</p>	<p>This has been included in the new Councillor Development Programme which has been approved by the Councillor Development Panel.</p>

# ANNUAL GOVERNANCE STATEMENT

<p><b>Recommendation 9: Application of the Councillors' Code of Conduct</b></p> <p><i>The Code of Conduct, which has been updated, should have a short annex as part of the Code describing many of the more routine issues a Councillor may face and deal with the issues of perception, as set out in 3.2.4.</i></p> <p><i>In the section in the 'Preamble to the Code' reference is made to the need to 'comply with Protocols contained in or linked to the Council's Constitution'. In my opinion the relevant protocols should be explicitly identified, and consideration should be given as to whether any of the Codes or Protocols should form part of the Councillors' Code of Conduct.</i></p>	<p>The Code of Conduct will be updated as recommended.</p>	<p>Monitoring Officer</p>	<p>March 2021</p>	<p>This will be considered at the next Standards Committee meeting in June 2021.</p>
<p><b>Recommendation 10: Group discipline</b></p> <p><i>In serious cases or repeated cases, in addition to reference to the Standards Committee, Group Leaders should commit to the exercise of regulation through political groups.</i></p>	<p>This will be raised at Group Leaders meetings. The Monitoring Officer will provide advice and guidance where appropriate. Group Leaders should remain committed to addressing serious matters within their Groups promptly and with the benefit of advanced discussions with statutory officers.</p>	<p>Group Leaders</p>	<p>Ongoing</p>	<p>This is an ongoing commitment.</p>

# ANNUAL GOVERNANCE STATEMENT

<p><b>Recommendation 11: Monitoring Officer</b></p> <p><i>Monitoring Officers have a key role in supporting the Chief Executive and members on the ethical values of the Council. Some Councils undervalue the post of Monitoring Officer. The Council should not do so and should ensure that at all times the post holder has not just the required technical skills and personality to work constructively with members but also the strength to intervene and take action when advice is not heeded.</i></p>	<p>The Monitoring Officer role has been strengthened in recent years - as the Head of Legal, the post holder now manages both the Legal Services and Democratic Services teams, enabling a more joined-up approach. The Monitoring Officer is also now a regular member of the Corporate Governance Board and is benefitting from increased visibility within the organisation.</p> <p>It is important that the Monitoring Officer display both a depth of knowledge and experience in legal and governance matters but also have sufficient experience in such a role to afford the gravitas required to engage with Members and address interventions where required.</p>	<p>Chief Executive</p>	<p>Ongoing</p>	<p>This is an ongoing commitment.</p>
<p><b>Recommendation 12: Revisions to Codes and Protocols</b></p> <p><i>The Council should consider the observations I make about the content of those documents. There needs to be explicit statements on members not instructing officers, and strong advice cautioning against meetings with developers/possible business partners or contractors.</i></p>	<p>The Codes and Protocols will be reviewed in accordance with the recommendation.</p>	<p>Monitoring Officer</p>	<p>March 2021</p>	<p>These Codes and Protocols are being reviewed by the Monitoring Officer with a view to any proposed amendments coming up to Standards Committee.</p>
<p><i>The Council should consider the observations I make about the content of those documents. There needs to be explicit statements on members not instructing officers, and strong advice cautioning against meetings with developers/possible business partners or contractors.</i></p>	<p>Member training will include a training module on the 'Member Inquiry Programme'.</p>	<p>Head of Organisational Development / Monitoring Officer</p>	<p>March 2021</p>	<p>This has been included in the new Councillor Development Programme which has been approved by the Councillor Development Panel.</p>
<p><b>Recommendation 13: Member development and training</b></p> <p><i>The observations from members about short refresher sessions</i></p>	<p>Mandatory training will be developed and delivered for all Members on these topics. The councillor development programme will be an ongoing programme, refreshed and enhanced every year going forward, and will clearly define the training available to</p>	<p>Head of Organisational Development / Monitoring Officer</p>	<p>Ongoing</p>	<p>The new Councillor Development Programme features a series of mandatory and optional modules designed to ensure that councillors have the skills and knowledge to be able to fulfil their</p>

# ANNUAL GOVERNANCE STATEMENT

<p><i>including on conflicts of interest should be considered. The Council should review how it inducts new members in particular to get them up to speed as soon as possible. If new members cannot navigate the Council properly and effectively it hampers them in their patch role. Training for all members on the new Councillors' Code of Conduct and the revised Codes, Protocols and Policies should be mandatory, emphasising issues such as perception.</i></p>	<p>Members including requirements for mandatory attendance.</p>			<p>roles effectively. The training programme has been approved by the Councillor Development Panel and is now being implemented.</p>
<p><b>Recommendation 14: Staff surveys and exit interviews</b></p> <p><i>The Council should re-introduce exit interviews for staff. Those exit interviews should be used along with staff survey data to assess the health of the organisation. The feedback from such interviews and the staff survey should be made available as part of the annual governance statement and reported to the Standards Committee. There should be specifically worded</i></p>	<p>The HR service returned in-house in April 2020 which has provided an opportunity to review and improve the exit process. The Organisational Development team are currently considering how best to gather the necessary information from exit interviews in order to ensure knowledge gained feeds into lessons learnt and will document this in their policies and procedures.</p>	<p>Head of Organisational Development</p>	<p>March 2021</p>	<p>The exit questionnaire and process has been updated so data can be collated for the future.</p>
	<p>Feedback provided within exit interviews will remain confidential. Analysis by the HR team of data collected will enable trends/concerns to be highlighted to the Staff Welfare Group and interventions identified to address these.</p>	<p>Section 151 Officer / Monitoring Officer</p>	<p>Ongoing</p>	<p>The exit questionnaire and process has been updated so data can be collated for the future. This is an ongoing commitment.</p>

# ANNUAL GOVERNANCE STATEMENT

<p><i>questions in staff surveys about culture and relationships asked on an annual basis so the Council can track the health of the organisation.</i></p>	<p>The Annual Governance Questionnaire, a survey which asks for respondents' self-assessment of how well governance arrangements are working in their service and feeds into the Annual Governance Statement, was opened up to all staff for the first time in January 2020. Each year the results are analysed, circulated and used to inform the governance work programme.</p> <p>In January 2021 the questionnaire will be repeated with new questions asking for respondents' views on the culture and values of the organisation. This will then be reported in the Annual Governance Statement 2020-21 which will be taken to Audit Committee in draft form in June 2021.</p>	<p>Section 151 Officer / Monitoring Officer</p>	<p>June 2021</p>	<p>The Annual Governance Questionnaire run in January 2021 included a new question asking for respondents to select 'strongly agree', 'agree', 'neutral or not sure', 'disagree' or 'strongly disagree' to a range of statements describing the Council's culture and the behaviours displayed by both officers and councillors. The results of the questionnaire were analysed and shared with Executive Board and all staff via Team Talk. The number of respondents increased by 50% from the previous year's survey, which gives a higher degree of confidence in the results (larger sample size implies more representative of the staff population). Notable results included: almost 100% of respondents believe that officers generally act in the public interest, whereas around 62% of respondents believe that councillors generally act in the public interest with a further 35% being unsure. More than three quarters of respondents agreed that councillors and officers are able to work together effectively. Concerningly, around 17% of respondents said they would not feel able to report unethical or improper behaviour if it occurred.</p> <p>The survey will be repeated in January</p>
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# ANNUAL GOVERNANCE STATEMENT

				<p>2022 and the results will be analysed to identify any trends in the data to see if there have been any significant shifts in perception.</p>
<p><b>Recommendation 15: Appraisal and development of officers</b></p> <p><i>Regardless of the comments in this review it is important that members do feel able to feed back to senior officers their perception of the performance of staff in accordance with that protocol. (In so doing they should recognise they may only see how an officer 'performs' in a member environment and may not be able to judge the officer's professional, technical, staff management and other skills). Senior officers should use that feedback to help with the development of staff.</i></p> <p><i>However senior members of the controlling and opposition group should also have appropriate input into the annual appraisal of senior officers of the Council. The Council should consider how that could be structured for the Chief Executive. The Chief Executive</i></p>	<p>The appraisal process for senior officers will be reviewed by the Head of Organisational Development in consultation with the Chief Executive and the Group Leaders and approach will be confirmed for arrangements going forward.</p>	<p>Head of Organisational Development</p>	<p>August 2021</p>	<p>A revised performance management process for all officers will be reviewed by Executive Board shortly. Following agreement, the appraisal process for senior officers will also be reviewed and amended if needed against the backdrop of the revised PM processes.</p>

# ANNUAL GOVERNANCE STATEMENT

<p><i>should consider how this may be structured for direct reports and potentially Heads of Service.</i></p>				
<p><b>Recommendation 16: Looking forward</b></p> <p><i>Members should put their energies into moving forward and consolidating improvements, rather than re-investigating the past.</i></p>	<p>At the 8<sup>th</sup> December 2020 meeting of the Standards Committee, Members praised the work that has already been accomplished to address historic governance issues and acknowledged the importance of looking to the future. The Leader of the Council has made a public apology for behaviour that was allowed to continue under his administration and committed to holding regular Group Leaders meetings. It is hoped that a renewed effort for collaboration between the political groups will ensue and that these relationships will continue to strengthen and improve in the coming years.</p>	<p>Members</p>	<p>Ongoing</p>	<p>This is an ongoing commitment.</p>
<p><b>Recommendation 17: Further assessment</b></p> <p><i>The Council should consider a further assessment of its culture and progress against these recommendations in 12 months' time, perhaps via a review report to Cabinet and the Standards Committee. I understand the Council is to invite the LGA to conduct a peer review next year; the Council should explore whether that process can deliver a suitable progress</i></p>	<p>Progress made against this action plan will be monitored and overseen by the Chief Executive and the Council's Corporate Governance Board, which will provide a follow-up report to Standards Committee in December 2021.</p>	<p>Chief Executive</p>	<p>December 2021</p>	<p>The action plan has been circulated to responsible people (listed against actions) in advance of Corporate Governance Board meetings to collect updates on progress which are then discussed during the meeting. The Board will provide a report to Standards Committee in December 2021 as promised.</p>
	<p>The LGA peer review in 2021 will also consider corporate governance in the context of this review and the Chief Executive will ensure that this is stated in the Terms of Reference (though the final report may not be available until 2022, depending on continued uncertainties as a result of Covid-19).</p>	<p>Chief Executive</p>	<p>December 2021</p>	<p>Work is underway on the LGA peer review, being led by the Director of Corporate Services. Meetings with the LGA taken place and a brief has been pulled together.</p>

# ANNUAL GOVERNANCE STATEMENT

<i>report on these recommendations.</i>				
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# ANNUAL GOVERNANCE STATEMENT

## Identified key improvement areas

The Council is generally satisfied with the effectiveness of corporate governance arrangements and internal control. As part of its continuing efforts to improve governance arrangements the following issues, as highlighted in this Statement, have been identified for improvement in 2021-22.

Issue of concern	Key improvement	Lead officer	Action required
Continuous improvement in the governance of the investment property portfolio	Following improvements made to the governance of investment property acquisition in 2019-20 and the management of the portfolio in 2020-21, continuous improvement is still required to ensure that it remains a sustainable form of investment and generates maximum income to help fund the Council's services.	Head of Property	<p>Now that new service structure is in place and the majority of posts are recruited to, review the team's ongoing operation and development.</p> <p>Continue to embed the Place-making and Regeneration Investment Framework approved at Full Council in February 2020.</p> <p>Continue development of an Asset Management Strategy to ensure that appropriate governance arrangements are in place and managed accordingly.</p> <p>Complete the review of the Capital Investment Strategy commissioned by the s151 Officer to ensure that there is a good understanding of the Council's current investment exposure as well as the tools for evaluating future investments.</p>
Embedding of revised Constitution including codes of conduct and structure of Council	Now that the new Constitution has come into effect, work must continue to ensure that the revised version is embedded and understood by all councillors and officers. This will be key to ensuring that the proper procedures are followed and that the framework of corporate governance remains strong.	Monitoring Officer	Continue work to improve understanding of the Constitution, its role in the Council's functioning, and its relevance to officers' and councillors' daily work.
Completion of governance improvement action plan	The Council has committed to addressing the recommendations made by David Bowles in his independent review of governance by completing the governance improvement action plan, an update on which is provided elsewhere in this Annual Governance Statement. Implementation of the remaining actions will continue in 2021-22 to ensure that the	Chief Executive	Complete all actions in the governance improvement action plan, as set out elsewhere in this document.

# ANNUAL GOVERNANCE STATEMENT

	issues identified by David Bowles are fully addressed.		
Review of the 2021/22 Medium Term Financial Strategy (MTFS)	Considering the recent pandemic response, ensure that the published MTFS remains robust.	S151 Officer	Undertake a thorough review of the MTFS during the early part of 2021 to ensure that the Council's budget and MTFS remains robust in the light of the aftermath of the pandemic response, the withdrawal of government support and the impact of the pandemic on the local and national economy.
Review the governance arrangements for the 'Shaping our Future' programme	Ensure that the programme is well governed, with good control of investments and benefits.	Chief Executive	During the summer of 2021, review the arrangements for the 'Shaping our Future' programme, ideally with outside support such as internal audit, to ensure that the governance is strong and that decisions are soundly evidence based.
Compliance with the CIPFA Financial Management (FM) Code	This Code comes into effect from 2022/23 and the Council will need to be compliant.	S151 Officer	The Council will undertake a compliance review during 2021/22 so that any necessary actions to ensure compliance by 2022/23 are undertaken in a timely and planned manner.

# ANNUAL GOVERNANCE STATEMENT

## Opinion

It is our opinion that corporate governance, along with supporting controls and procedures, is strong. We propose over the coming year to take steps to address the above matters to further enhance our corporate governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and we will monitor their implementation and operation as part of our next annual review.

Signed

CEO

Leader

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