

EASTSUFFOLK
C O U N C I L

**Annual
Governance
Statement**

2020/21

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1. SCOPE OF RESPONSIBILITY

1.1 East Suffolk Council's responsibilities are to:

- ensure its business is conducted in accordance with the law and proper standards;
- safeguard and properly account for public money;
- use public money economically, efficiently and effectively; and
- meet its duty under the Local Government Act 2000 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 The Annual Governance Statement (AGS) reports publicly on the extent to which the Council has to comply with its governance duties on an annual basis, including how the Council has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

1.3 East Suffolk Council has produced a [Code of Corporate Governance](#) which is consistent with the principles of the revised CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The document was reviewed on 14 December 2020 by the Audit and Governance Committee and due to be reported to Full Council in July 2021.

1.4 The AGS also explains how the Council has complied with governance elements within the Accounts and Audit Regulations.

1.5 This document supported the East Suffolk Strategic Plan 2020-24 adopted by Full Council on 26 February 2020.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

2.1 The governance framework is the systems, processes, culture and values which direct and control the Council. The framework also includes the activities with which the Council accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 The system of internal control is a significant part of that framework. It is designed to manage risk to a reasonable level. This is an ongoing process:

- to identify and prioritise risks to the achievement of the Council's policies, aims and objectives;
- to evaluate the likelihood of those risks occurring and the impact if they do;
- to manage risks efficiently, effectively and economically.

2.3 The system of internal control cannot eliminate all risk of failure so only provides reasonable and not absolute assurance of effectiveness.

2.4 The governance framework has been in place at the Council for the year ended 31st March 2020 and up to the date of approval of the annual report and statement of accounts.

3. THE GOVERNANCE FRAMEWORK

- 3.1 The Council has committed itself to the pursuit of proper corporate governance throughout its services and to establishing the principles and practices by which this can be achieved. To support this, briefings on topical issues are held to enable Member development.
- 3.2 Corporate governance is the system by which the Council leads, directs and controls its functions and relates to the community and its partners. Through various systems and processes the Council strives to adhere to the principles of good governance: openness, inclusivity, integrity, and accountability.
- 3.3 The Council's governance environment is consistent with the seven core principles of the revised CIPFA/SOLACE framework, pictured below, which illustrates the various principles of the good governance in the public sector and how they relate to each other.

Extract from CIPFA/SOLACE 'Delivering Good Governance in Local Government' entitled 'Achieving the Intended Outcome while Acting in the Public Interest at all Times'



- 3.4 Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.
- 3.5 Each of the core principles above have multiple sub principles and the framework in operation is evidenced at Appendix A 'The Council's Governance Assurance Framework', and Appendix B 'Documents/Processes Supporting the Code of Corporate Governance'.
- 3.6 The framework in operation directly supports the Council's five strategic themes, namely economy, communities, financial sustainability, digital transformation and environment.

4. REVIEW OF EFFECTIVENESS

Governance

- 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 Heads of Service within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Auditor's annual report, and also by comments made by the External Auditor and other review agencies and inspectorates.

External Audit

- 4.2 The Council's auditors, Ernest & Young LLP (EY), independently audit the Council and provide an opinion on the truth and fairness of the financial statements, the Council's use of resources and provide a value for money judgement. In reaching an opinion EY take account of statutory requirements, national standards, their own audit work and the reports of Internal Audit. The Council aims to achieve an unqualified audit opinion for the financial years 2020/21 and will respond to any improvements suggested. No interim recommendations for 2020/21 have been made to date by the External Auditor.

Risk Management

- 4.3 Risk Management covers all services and operations throughout the Council and is continuously monitored and managed across the Council by Corporate Governance Group (CGG) and as part of the governance arrangements for Strategic Plan Delivery Board and Strategic Theme Delivery Teams. The CGG meets at least every quarter and reviews the corporate risk register. Corporate risks continue to be fully integrated into the Council's overall performance management and embedded as part of the Strategic Plan Delivery Board meetings. Risks are also reviewed monthly at each Strategic Theme Delivery Team meeting
- 4.4 The risk management e-learning module is a mandatory requirement for all members of staff and is part of the induction programme for new members of staff.
- 4.5 As part of the ongoing risk management training programme, Zurich Insurance Group delivered, on behalf of the council, risk management training to members on 13 January 2021. The event was delivered to increase knowledge and understanding on risk management (including reporting and responsibilities and achieving objectives of the Council). On 9 November 2020 a session involving CMT focused on Covid-19 and how it impacted on the Council's existing risks and identification of new and emerging risks. Following this session an 'horizon scanning/risk session' was delivered to CMT on 22 January 2021 which reviewed and challenged existing risks and identified new risks. There is also a training programme to ensure risk management needs continue to be met.
- 4.6 The Council's risk management activity is co-ordinated and led by the CGG, chaired by the Chief Executive and supported by CMT members who have delegated responsibilities along with other senior officers. A risk management framework is also in place clearly identifying responsibilities and roles.
- 4.7 An annual report on corporate risk management, including any changes to processes, is reported to the Audit and Governance Committee. The Risk Management Strategy continues to provide details of risk management roles and the responsibilities of individuals and groups across the Council.

Senior Information Risk Owner

- 4.8 Senior Information Risk Owner (SIRO) – The Council has a designated SIRO (the Head of Internal Audit) who has responsibility for the Council's information management (governance) framework and acts as the champion for information risk. The SIRO aims to mirror the model prescribed by central government (Cabinet Office). Following this 'best practice' approach allows for uniformity across the public sector as it strives to meet the competing demands of further transparency and public/private engagement in contrast to increased cybersecurity threats and the need to prevent data leakage. By treating information as a business priority and not as an ICT or technical issue, the Council can ensure that risks are addressed, managed, and capitalised upon.

- 4.9 SIRO Annual Report - The following paragraphs represents the SIRO Annual Report. The main purpose of such reporting and management is to provide accountability and greater assurance that information risks are addressed.
- 4.10 Risk Register – Information Governance is recognised as a serious risk on the Corporate Risk Register and is regularly monitored, with mitigation plans implemented, when necessary, by the Corporate Management Team and Councillors.
- 4.11 Information Governance – Information is treated as a priority by the Council which acknowledges that information is of value to enable effective and efficient outcomes for all stakeholders.
- 4.12 Data Quality - The importance of data quality is communicated at all levels throughout the organisation, via workshops covering business planning, performance and risk management and report writing, etc. The Council acknowledges that information is a priority, which aids the delivery of its services effectively and efficiently. Moreover, protecting personal data is the overarching responsibility of the Council to meet obligatory legal duties and to fulfil its public service duty to everyone.
- 4.13 Designated Posts – Job Descriptions are appropriate and filled i.e., Data Protection Officer, Deputy Data Protection Officer, and Senior Information Risk Owner, Freedom of Information Strategic Lead, ICT Security Officer. Plus, appointed Information Champions exist across all services.
- 4.14 Policies – Key information governance documents are promoted across the organisation, and some are listed at Appendix B.
- 4.15 Compliance – The Council is currently compliant with the Central Government Public Service Network (PSN) information security requirements (this is a mandatory annual process). The Council acts upon any advice from the Cyber Security Information Sharing Partnership and National Cyber Security Centre. Internal ICT training has been provided to all staff.
- 4.16 General Data Protection Regulations and UK Data Protection Act 2018 – Qualified and experienced staff in post. The impact on GDPR of the exit from the EU is also being closely monitored, and Government guidance on this will be followed.
- 4.17 Personal Data Breaches. The Data Protection Officer has investigated 71 potential personal data breaches, 32 were confirmed breaches. Zero breaches were reported to the Information Commissioners Office (ICO). Data Protection Act – Subject Access Requests and requests for advice has increased significantly, as expected given the change in the law in 2018 and post Brexit data protection amendments to the General Data Protection Regulation. There is recognition that the process of capturing and reporting any breaches is operating effectively.
- 4.18 Freedom of Information Act (FOI) – 3413 FOI requests (including EIR request) were received by the Council in 2020/21 of which 98.6% were answered within 20 days. One case has been referred to the ICO by a customer which is still being investigated. Twelve requests required an internal review (six upheld, four partly upheld, and two not upheld).
- 4.19 Training - Data Protection Act and Freedom of Information Act training is provided throughout the year and forms part of the induction process. Increased cyber security precautions including an e-learning training module for all staff and sponsoring a cyber security qualified officer demonstrates the Council's commitment to good information governance.
- 4.20 Whistleblowing - The Council has a whistleblowing policy, which encourages staff and other concerned parties to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment. Zero whistleblowing cases were reported in 2020-21.
- 4.21 Local Government Transparency Code – The Council provides all information that must be published to comply with this Code by ensuring local people can see and access data covering:
- How money is spent – for example, all spending transactions over £250, all Corporate Credit Card spend, and contracts valued over £5,000;

- Use of assets – ensuring that local people can scrutinise how well their local authority manages its assets enabling local people the information they need to ask questions about how their authority is managing its housing stock to ensure it is put to best use;
- Decision making – how decisions are taken and who is taking them, including how much senior staff are paid, and,
- Issues important to local people – for example, parking and the amount spent by an authority subsidising trade union activity.

East Suffolk Strategic Plan

4.22 Comprehensive governance arrangements have been established to ensure the delivery of the East Suffolk Strategic Plan. The Strategic Plan Delivery Board has overall responsibility for delivery of the Strategic Plan and receives updates on progress to deliver the Strategic Plan including priorities, risks (corporate and risks relating to each theme), achievements and ongoing work. Membership of this Board comprises Cabinet and Senior Management Team, and all councillors are invited. Six meetings are held throughout the year, five meetings focus specifically on each theme and one annual meeting focusing on the Annual Report including achievements and progress. Five Delivery Themes meetings and Corporate Governance Group meet regularly to oversee and manage the programme of planned projects and actions relevant to each theme.

Project Management

4.23 The Project Management Framework is fully established and can be adapted according to the scale of a particular project. Advice and support continue to be offered to relevant staff on the application of good project practices, particularly surrounding changes in service delivery.

4.24 A new governance structure has been implemented for projects delivering to the Strategic Plan, approved by full Council in February 2020. Each Theme of the Strategic Plan has a programme delivery team to monitor projects feeding into that theme including to govern the progress and delivery to the objectives. The Digital Theme Programme Team, for example, monitors all ICT and digital projects. All corporate projects and tasks are recorded on service plans to build up the programme for each Theme, covering the whole authority.

4.25 Where necessary, programme or project boards combining members and officers are established for specific large capital projects and where necessary the Council also works with various stakeholders to deliver significant projects. These boards ensure adequate project controls are in place and allow fast reaction to any specific project issues if they occur.

Contract Management

4.26 Contract Procedure Rules are in place and form part of the Council's Constitution. The Contracts Procedure Rules support effective procurement by setting out key responsibilities and actions that are required when undertaking procurements within the Council. They support officers to meet legislative requirements and to meet the Council's ambitions for procurement, the Council's Procurement Strategy and related policies and procedures.

4.27 Procurement reported the new Procurement Strategy to Cabinet in July 2021 summarising work carried out by cross party group. In addition, an external review by the East of England LGA was commissioned on our Procurement Team and processes to ensure that it is fit for the future and, in particular, implementing the Council's own strategy and the Government draft Procurement Strategy.

4.28 Guidance is published on the intranet, and support is offered by the specialist procurement and legal teams to relevant managers. In addition, a corporate contracts register is maintained by the Procurement Team, and contracts are monitored to ensure effective management. Comprehensive contract manuals are available detailing requirements of contracts, setting out business continuity arrangements, key personnel and key performance indicators.

4.29 A health and safety review has been carried out by an external organisation. A health and safety checklist has been produced for contract managers, and this will be used to carry out audits throughout the year of high-risk areas.

Corporate Governance Group

- 4.30 Membership of the Corporate Governance Group is those officers that hold statutory roles within the Council, such as Head of Paid Service, Monitoring Officer, Section 151 Officer and Head of Internal Audit. The group met regularly to discuss management of:
- finances and governing business (value for money / Medium Term Financial Strategy (MTFS) and budget setting / risk management / internal audit / ethical issues / business continuity);
 - resources (workforce planning / recruitment monitoring / absences / health & safety / asset management); and
 - performance (inspections / business plan / service plans / partnerships / measuring performance / emerging issues).

Head of Internal Audit

- 4.31 The Council's Head of Internal Audit conforms with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit in Local Government, <https://www.cipfa.org/roleofthehia>. The Internal Audit Service is also compliant with the Public Sector Internal Audit Standards. A sound system of internal control and the management of risks are integral elements of the Council's corporate governance arrangements. Based on the findings of the managed audits and governance reviews carried out throughout 2020/21 and considering the current climate in which the Council is operating it is the opinion of the Head of Internal Audit that the Authority's control environment provides **Reasonable Assurance** of sound systems of control. Generally, risks are professionally managed but some areas require internal control improvements to ensure strategic objectives are met.
- 4.32 This opinion is based on internal work undertaken, and completed, alongside emergency measures being implemented because of the Coronavirus Pandemic. These measures have resulted in significant levels of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation continues. All findings that are found to be of a significant corporate concern have been considered during 2020/21 and are reported within the Annual Governance Statement for this year under areas called Ongoing Governance Issues.
- 4.33 Internal Audit is an independent and objective function with all audit work carried out in this capacity and in accordance with the Internal Audit Charter, Code of Ethics and Public Sector Internal Audit Standards. The Head of Internal Audit has performed her duties in accordance with CIPFA's guidance on the Role of the Head of Internal Audit. In giving the audit opinion, it should be noted that assurance can never be absolute. The most that can be provided is a reasonable assurance that there are no major weaknesses in risk management, governance, and control processes.
- 4.34 Quantifying the additional risks arising from the current short-term measures or the overall impact on the framework of governance, risk management and control brought about by the Coronavirus Pandemic continues. Ongoing assessments will take place by the Head of Internal Audit and be reported accordingly.

Financial Management

- 4.35 A new set of financial procedure rules were introduced for East Suffolk Council from 1st April 2019. It is planned to review these in mid-2021/22 as part of the implementation of the CIPFA Financial Management Code and a refresh of Financial Management.
- 4.36 The Government had announced proposals for Councils to retain 75% of all locally raised business rates and had intended to consult on Relative Needs and Resources as they look to revise the distribution of core grant from central Government. However, the Covid-19 pandemic has now meant that reforms to the local government finance system have been deferred until 2022/23 at the earliest and the planned national business rates revaluation exercise has also been postponed. The continuation of the current arrangements into 2021/22 is of significant financial benefit to the Council, given its advantageous position under the current system. The Government implemented a wide range of support measures to

local authorities, including additional grant and compensation for lost income, mitigating the financial impact of the Covid-19 pandemic to a significant degree. However, there is still a net impact on the Council's General Fund in 2020/21 and some continuing impacts, primarily income reductions in areas such as car parking and increased spend in areas such as leisure provision are forecast in 2021/22. The most significant impacts on the Council's income streams of council tax and business rates are now anticipated to be avoided as a result of Government support measures, the nature of the economic recession, and Government action to legislate against pandemic-related business rate appeals. Impacts over the rest of the MTFs period are uncertain and dependent on the scale and duration of the economic recession, and the speed and nature of economic recovery. Significant changes are likely to be implemented for the New Homes Bonus (NHB), following consultation on replacement of the current scheme, although this has been of reducing importance in recent years.

- 4.37 The MTFs report to Council in February 2021 indicates that future years beyond 2021/22 showed continuing budget shortfalls of core funding sources compared with budgeted expenditure. This position will be updated at high level summary level to Cabinet in July 2021 as part of reporting the outturn for 2020/21. Addressing this situation is the key objective of the Financial Sustainability theme of the Strategic Plan, highlighting the importance of continuing to develop and implement entrepreneurial and commercial models, efficiencies and some key changes to service provision in order to be sustainable over the medium and long term.

Chief Finance Officer

- 4.38 In accordance with the 'Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the Chief Financial Officer in Local Government' (published in April 2016), the Section 151 Officer / Chief Finance Officer, is a professionally qualified Accountant, and is a member of the Council's Corporate Management Team, reporting directly to the Chief Executive and Leader on key strategic finance matters. The Council's financial management arrangements conform with the governance requirements of the CIPFA [Statement on the Role of the Chief Financial Officer in Local Government](#).
- 4.39 In October 2019, CIPFA published the Financial Management Code (FM Code), which provides guidance for good and sustainable financial management in local authorities and will provide assurance that authorities are managing resources effectively.
- 4.40 The FM Code requires authorities to demonstrate that the processes they have in place satisfy the principles of good financial management. CIPFA's intention is that the FM Code will have the same scope as the *Prudential Code for Capital Finance in Local Authorities*, which promotes the financial sustainability of local authority capital expenditure and associated borrowing. Although the FM Code does not have legislative backing, it applies to all local authorities, including police, fire, combined and other authorities.
- 4.39 Local authorities are required to apply the requirements of the FM Code with effect from 1 April 2020. CIPFA originally considered that the implementation date of April 2020 should indicate the commencement of a shadow year and that by 31 March 2021, local authorities should be able to demonstrate that they are working towards full implementation of the Code. However, CIPFA has recognised that the pandemic has severely affected the work of local authority finance departments, and although the first full year of compliance with the FM Code is 2021/22, CIPFA has indicated that direction of travel will be important rather than full compliance.
- 4.40 A review of compliance has been carried out and a draft action plan produced categorised by reference to the CIPFA financial management standards. Changes to processes and strategies required by the Code will be implemented during 2021/22, and financial management and financial reporting in the Council refreshed.

Monitoring Officer

- 4.41 The role of the Monitoring Officer is to ensure decisions made are legal and to promote high standards of conduct amongst members.

5. SIGNIFICANT GOVERNANCE ISSUES

- 5.1 In arriving at the areas to address during 2020/21, the Council has been informed by the results of the review of the effectiveness of the governance framework within the Council arising from last year's reports, by the outcomes of internal and external review bodies that report on the Council's performance to date, by undertaking a gap analysis of the seven core principles that underpin delivering good governance in local government, and by consulting Members.

Ongoing Actions – Significant Governance Issues Identified in 2018/19

- 5.2 'Significant Governance Issues Identified and Improvement Plan' outstanding records one carry forward issue identified in the 2018/19 Annual Governance Statement relating to contract management and asset management. The Council is committed to completing agreed actions.

Ongoing Governance Issues	Progress/Improvement Plan	Status
<p>Contract Management The Council's strategic governance arrangements over contract management requires strengthening specifically around:</p> <p>a) Procurement Strategy b) Contracts Register</p> <p><i>Carry forward from 2017/18 and 2018/19</i></p>	<p>Head of Operations comment: A significant amount of work continued to be undertaken by the service area including:</p> <ul style="list-style-type: none"> • Contracts register now in place and regularly updated. • New Contract and Financial Procedure Rules implemented for East Suffolk Council from 1st April 2020. • Review of major contracts took place, including work being undertaken to review the contract for Norse, and the work to re-procure a leisure contract for East Suffolk. This work has been completed. • Task Group set-up to look at how the council can maximise benefit of council procurement to people in East Suffolk. Group has agreed a new policy for procurement for East Suffolk, which was considered by Cabinet in July 2021. • An external review of the procurement function has been commissioned by the East of England LGA and will be reported by July 2021. • The draft procurement strategy has been prepared and was considered by Cabinet in July 2021. 	<p>Ongoing</p>

Significant Governance issues identified in 2019/20

- 5.3 There were no governance issues in 2019/20 other than ongoing issues identified in 2018/19 (as stated in paragraph 5.2 above).

Other Governance Issues Identified in 2020/21

- 5.4 On the basis of assurance statements produced by the Heads of Service and the Council's Corporate Risk Register (CRR), the Corporate Governance arrangements are adequate and operating effectively. In 2020/21, issues under review with the intention to improve processes in 2020/21 were identified in the following areas:

AGS Action	Issues/Challenges Identified	Progress
External Audit Results Report 2019/20	2019/20 External Audit results reports for East Suffolk Council delayed due	<ul style="list-style-type: none"> • External Audit work was due to commence in August 2020 but was delayed. Planning work began in September and the main audit work was started

AGS Action	Issues/Challenges Identified	Progress
	to Covid-19 pandemic and changes to the Accounts and Audit Regulations.	<p>in November 2020. A significant amount of work was undertaken by the Council to ensure accounts were presented ready for audit to be undertaken. The draft Statement of Accounts was published on 10 August 2020, before the 31 August 2020 publication deadline prescribed in the amended Accounts and Audit Regulations.</p> <ul style="list-style-type: none"> External Audit anticipate sign-off of audit by end of May 2021.
Brexit	Impact of national policy changes on the Council due to Brexit	<ul style="list-style-type: none"> Extensive engagement with Government departments relating to Brexit. Countywide Brexit Task Group established and chaired by ESC's Strategic Director. Suffolk Public Sector Leaders funding of 2 Brexit advisor posts (hosted by the Suffolk Chamber of Commerce), more recently known as the Suffolk Trade Business Advisers. Additional funding from FSA and Defra made available. Recruitment/training plans in hand. Implications of Brexit and identification of possible issues managed by senior management. Business continuity planning in place. SCPHA plan approved by Cabinet – implementation in progress.
Procurement review	Review procurement in line with council's new procurement strategy, and Government's green paper on post-Brexit procurement rules.	<ul style="list-style-type: none"> An external review of the procurement function has been commissioned from the East of England LGA and will be reported to Cabinet by July 2021. This will make recommendations on any changes needed in order to be able to implement East Suffolk Council's Procurement Strategy. Make recommendations for service improvements where needed.
Delivery of Energy and Sizewell C Projects	Ongoing requirements for Sizewell C and offshore wind projects on resources and impact on Council, the District and wider community.	<ul style="list-style-type: none"> Mechanism in place for ESC to influence Central Government. Resource to support projects monitored and reviewed. Additional resource has been made, through PPA's to address capacity, although uncertainty remains relating to future funding. Senior Officer Group in place looking at Sizewell C and its impact in short, medium and long term. Detailed negotiations underway with EDF Energy (SZC developer) to ensure adequate local staffing capacity will be funded to co-ordinate interventions to maximise local economic benefit and ensure a strong economic legacy beyond construction phase. Good progress is being made in certain areas agreeing capacity to co-ordinate economic inputs and specialist capacity in areas such as inward investment, supply chain and business support is proving challenging. Discussions continuing.
Covid-19 Pandemic	Impacts from the Covid-19 pandemic upon all service areas within Council, residents, partners,	<ul style="list-style-type: none"> Significant work undertaken to ensure the Council continued to deliver essential services to residents, businesses and communities. Work involved

AGS Action	Issues/Challenges Identified	Progress
	communities, and businesses.	<p>ensuring that those who were most vulnerable received support.</p> <ul style="list-style-type: none"> • Financial impact on Council’s costs and income is monitored and reported on regularly – internally to officers and members, to central Government via monthly returns and information sharing with other Suffolk Local Authorities. The financial impact of Covid-19 is taken into consideration for updating the MTFS and the budget setting process for 2021/22. • Systems and processes for paying grants to businesses implemented and administered including establishment of local authority determined Discretionary Grant and Additional Restrictions Grant schemes (within Government guidelines). • Functions and services impacted by Covid-19 including resources reallocating to support grant payments by Finance, Internal Audit, Corporate Fraud and IT teams. Economic Development and Community Teams focused on supporting communities and those most vulnerable and businesses (making high streets safe). Economic Development programme being refreshed to reflect Covid economic impact. • Delay in migrating new version of NAV financial management system due to project being committed to administering Covid-19 Business Grants. • ESC attends Local Resilience Forum Strategic Coordinating Group meetings (multi agency). • Established Tactical Management Team meetings and increased Senior Management Team frequency to deal with Covid-19 and organisational issues. • Remote council meetings implemented to continue ordinary council business. Homeworking and flexible working in place. Package of support available to promote mental health and wellbeing. • Council’s interim response to pandemic considered by Scrutiny Committee (15 October and 26 November 2020) which considered Community and Business Support, Homelessness, Emergency Planning, Winter Preparedness, Track and Trace and Communications. • The Council will be monitoring the impact of the transition to long term recovery.
Local Authority Trading Companies	Work continues on business cases for the four trading companies in readiness to begin trading.	<ul style="list-style-type: none"> • The companies are registered as ‘Dormant’ for tax and accounting purposes however there is now an ambition for these companies to commence trading in 2021/22. • Governance Board commission arrangements to be reviewed before companies become active.

AGS Action	Issues/Challenges Identified	Progress
Completed in 2020/21		
Performance Framework (ARP)	Overview Improvement Board (OIB) requested further transparent reporting of performance	<ul style="list-style-type: none"> Principles of new Framework requirements and links to ARP Strategic Themes agreed in 2019/20. Framework and dashboard approved by OIB and Joint Committee and improved reporting.
Leisure Contracts	Review of existing partnership	<ul style="list-style-type: none"> In March 2020, ESC commenced a procurement process for an operator for Waterlane and Waveney Valley Leisure Centres following termination of its contract with Sentinel Leisure Trust. Process temporarily paused due to Covid 19 but resumed Autumn 2020 with new operator procured. New partnership with Everyone Active commenced in January 2021. Refurbishment works to leisure centres completed.

Examples of Good Governance in Operation in 2020/21

5.5 In the period covered by this Annual Governance Statement the following governance actions have taken place:

AGS Action	Good Governance and Improvements	Progress
General Data Protection Regulation (GDPR) Training	Target 100% staff and Councillors to receive refresher GDPR training.	<ul style="list-style-type: none"> Rollout of refresher Data Protection Act/ GDPR training for staff and Councillors. Completed training for staff and ongoing training programme in operation. Training for members planned June 2021 following elections in May 2021.
Corporate Fraud Plan and Internal Audit Plan	Refocussed corporate fraud plan and internal audit plan due to changing risks due to Covid-19	<ul style="list-style-type: none"> Significant anti-fraud work regarding Coronavirus Pandemic grant awards and other corporate anti-fraud activity e.g., cybercrime. Risk based holistic Internal Audit Plan in operation.
East Suffolk Strategic Plan	Strategic Business Plan has been embedded within the organisation and is the driver for everything the Council does.	<ul style="list-style-type: none"> Each of the five themes is supported by a themed group which meet regularly and reports to overarching Strategic Plan Delivery Board. Service Plans in place for each theme. Each theme adapted to take account of impact of Covid 19. Corporate report template updated to ensure appropriate links with Strategic Plan
Digital Transformation	Stakeholder Engagement: Building on customer satisfaction / customer access work. Looking to engage customers to better understand channel choice and channel performance.	<ul style="list-style-type: none"> Further work to be undertaken to upskill staff to engage with customers in a robust manner and understand data collected. Digital transformation a main theme within East Suffolk Strategic Plan and clearly identifies priorities for delivery. Channel shift group set up as part of the Digital Transformation Group. Digitally responded to Covid 19 in terms of Customer Services call centre, changes to IVR

AGS Action	Good Governance and Improvements	Progress
		call menu, Zoom and MS Teams roll-out, specific emergency web/e-form processes/ updates/new content and support the Full Fibre (Suffolk Cloud project) and Smart Towns initiatives.
Implement CIPFA Financial Management Code	Requirements of the Financial Management Code to be applied with effect from 1 April 2020. 2020/21 was shadow year for full compliance in 2021/22.	<ul style="list-style-type: none"> Review of compliance carried out and a draft action plan produced, categorised by reference to the CIPFA financial management standards. Changes to processes and strategies required by the Code will be implemented during 2021/22, including enhanced budget monitoring and reporting, and review of Financial Procedure Rules tested and embedded during 2020/21. CIPFA recognise the Covid-19 has delayed implementation and direction of progress will be important in 2021/22.
Review of other Partnerships	Review of existing partnerships including contracts to ensure value for money and good service delivery.	<ul style="list-style-type: none"> Ongoing review of major partnerships. Review to be completed June 2021, and recommendations due to be presented to Members in June/July 2021.
Corporate Peer Review	It is recognised that peer reviews are important to good governance and performance of the Council. Corporate Peer Review to be undertaken by LGA.	<ul style="list-style-type: none"> In October 2021 we will have a Remote Peer Support Review and we are currently in discussion with the LGA as to the scope of the review and timeline. The Corporate Peer Challenge will take place in February 2022.
Partnership working with other Councils	Partnerships in place including Building Control, Coastal Management, Internal Audit and Emergency Planning which ensure good governance, resilience and valuable delivery of services.	<ul style="list-style-type: none"> Regular partnership board meetings and aligned working practices. Work ongoing to ensure programmes are met and necessary legislation changes implemented. East Suffolk Building Control play a key part in the Suffolk Group collaboration between East Suffolk, Babergh and Mid Suffolk, Ipswich and West Suffolk.
Forums for Towns and Parish Councils	Forums for town and parish councils undertaken to ensure two-way communication relating to planning matters within District and specific local areas.	<ul style="list-style-type: none"> Forums held every six months. One for developers and one for town and parish councils. Due to Covid-19 forums did not take place in 2020/21 but will be re-established in quarter 4 of 2021/22. Identified outcomes and issues are monitored and rectified where appropriate.
Community Partnerships	Community Partnership Board and eight Community Partnerships in place to meet ambitions within East Suffolk Strategic Plan	<ul style="list-style-type: none"> Community Partnership Board oversees governance of Community Partnerships. Regular Community Partnership meetings held. Delivers into East Suffolk Strategic Plan. Each Partnership had funding of £25k and £300k for the Board in in 2020/21. Full spend achieved and report taken to Scrutiny Committee in May 2020.

AGS Action	Good Governance and Improvements	Progress
Corporate Training Plan	Improvements relating to Corporate Training Plan	<ul style="list-style-type: none"> Corporate training plan continues to provide training to meet identified individual/team needs. Working closely with Strategic Plan Theme Delivery Groups to align corporate training plan to organisational priorities.
Management Development Programme	Ongoing management development programme in place.	<ul style="list-style-type: none"> Given the pandemic and number of vacancies/ absences in Corporate Management Team, the senior management development programme has been temporarily paused and will resume when the vacancies have been filled.
Member Development	Charter Plus status adopted for Member Development	<ul style="list-style-type: none"> East Suffolk Council adopted “Charter Plus” status for Member Development at its first Council meeting on 22 May 2019. A Member Development Strategy and Action Plan was approved by full Council in July 2020.
Staff Wellbeing	Health and wellbeing resources available to all staff.	<ul style="list-style-type: none"> Access to health and wellbeing information on Council’s internal intranet. Up to date wellbeing information on topics such as domestic violence, anxiety, sleep, depression, money and debt advice. Care First website available. Mental first aiders in place. Regular managers bulletins focusing around staff wellbeing (e.g. 24 hour counselling).
Review of Safeguarding within Council	Our commitment to safeguarding is audited on an annual basis by the Suffolk Safeguarding Partnership.	<ul style="list-style-type: none"> Safeguarding is internally communicated through the Services for All Group and through regular training.
Waste Management Strategy	The council needs to identify opportunities and challenges arising as a result of the Resources and Waste Strategy (RAWS)	<ul style="list-style-type: none"> Overview to be reported to Cabinet in June 2021. ESC appointed external waste specialist to advise on implementation of RAWS, and impact on the council. ESC due to recruit permanent lead for waste services. This is anticipated to give the council better oversight of policy and improve controls that the council has over the service. Post anticipated to start October 2021.
FOI Improvement Plan	Continue to implement work identified in the recent FOI review (undertaken with working partners – Audit and Legal Services) to improve processes internally and externally.	<ul style="list-style-type: none"> Work is well underway in respect of process (to move to a more automated system) and providing clear guidance to all involved. Work now on track and continuous cycle of improvement embedded across the 3 departments with responsibility for this area.
Implement Customer Charter	Set out Customer Standards to ensure ESC delivers clear, accessible consistent service to all customers.	<ul style="list-style-type: none"> Draft has been signed off and to be released in Summer 2021.
Governance arrangements and operation (ARP)	Joint Committee and Operation Improvement Board (ARP)	<ul style="list-style-type: none"> Both groups maintained oversight of performance in all areas. GDPR group (GDPR officer from each Council) meet with ARP regularly to discuss protocol and any breach Customer Strategy Group meets

AGS Action	Good Governance and Improvements	Progress
	Various groups inform and direct ARP to ensure corporate needs for each Council are met.	regularly to ensure that link between front end and Back end (ARP) is seamless for customers and looks to improve online offering.
Carbon neutral by 2030	ESC Climate Action Plan sets out recommended actions required for the Council to progress towards its aspiration declared in 2019 to become a carbon neutral organisation by 2030.	<ul style="list-style-type: none"> • First draft of ESC Climate Action Plan had been developed with steer from the Environment Task Group.
Lowestoft Place Board	ESC established the Lowestoft Place Board to oversee and provide strategic direction on the development and delivery of the Lowestoft Town Investment Plan.	<ul style="list-style-type: none"> • Board comprises of local, regional and national stakeholders representing business, public and CVS sectors and has an independent chair. ESC is represented by Deputy Leader, provides secretariat and officers provide technical support. • Board agreed the Lowestoft Town Investment Plan and projects which we successfully put forward for the Towns Fund award. They will provide oversight and direction of the delivery of these projects over next 5 years.
Freeport East	ESC is the Accountable Body and Lead Authority for the Freeport East initiative. Freeport East is one of eight Freeports nationally established by the Government in March 2021. It covers a contiguous area encompassing the ports of Felixstowe and Harwich and provides a range of business investment incentives in specified tax and customs site to encourage economic growth.	<ul style="list-style-type: none"> • As Accountable Body/Lead Authority ESC is responsible for holding any monies associated with Freeport East, hosting Freeport East staff and acting as main conduit to MHCLG on financial, legal and governance issues. Due to initiative in early stage the extent of responsibilities is subject of discussion with MHCLG. • An interim CEX and chair had been appointed and a draft governance model agreed by the shadow Freeport East Board and submitted to MHCLG for approval. The shadow board also agreed a draft implementation plan and risk register. These two documents will form the basis of the business plan and must be agreed with MHCLG before Freeport East can become operational. Business case phase will only commence once MHCLG agree governance model. Appointment of a permanent CEX and Chair will also only take place after this milestone. • Agreement of the governance model will trigger release of £200k to support business case development.
Data-led services and performance monitoring	A planned programme of work has been established to create performance dashboards for each theme of the Strategic Plan, to understand how we are performing as an authority.	<ul style="list-style-type: none"> • Using data to improve and address issues and aid transparency in accessing information on our performance measures. • Significant work underway to progress and develop dashboards. • Projects using data (e.g. LIFT project and Community Partnerships)

AGS Action	Good Governance and Improvements	Progress
Digital Strategy	A new Digital Strategy is being produced to underpin the Digital Theme of the Strategic Plan to govern the way in which we will work as authority from a digital perspective.	<ul style="list-style-type: none"> New Digital Strategy being implemented and will be rollout across the Council.
Completed in 2020/21:		
E-enabled consultation on all planning applications	E-enabled consultation on planning applications to improve service delivery and processing.	<ul style="list-style-type: none"> Successfully Implemented in April 2020. All details and information accessible via the Council's website.
Workforce Values	Work being undertaken to continue to embed the corporate values, including review of the People Strategy in 2020.	<ul style="list-style-type: none"> Strategy reviewed and updated following a number of staff engagement workshops which took place in October 2020.
Coastal Change Supplementary Planning Document across ES, GYBC and NNDC	Guidance for developers and local communities to support the implementation of Local Plan coastal change policies	<ul style="list-style-type: none"> Initial consultation completed 16 October 2020. Draft document being prepared.
Assets included on GGP and Uniform	Details of assets (including properties) owned by ESC included on GGP and Uniform.	<ul style="list-style-type: none"> Assets mapped on GGP and details held on Uniform relating to each property/asset owned by ESC. Work continues to ensure information is accurate and update to taken. Internal Audit undertaken assurance review outcome in future.
Cashless payment facilities in all Car Parks	All ESC car parks to have cashless payment facilities.	<ul style="list-style-type: none"> Undertook full review of existing car parking systems and facilities. Identified improvements/efficiencies which could be achieved by cashless payments. Most recent data indicates cashless payments increased from 5% in 2019 to 30% in 2021.
Asset Management Strategy (2019-2023)	Asset Management Strategy sets out high-level strategic framework for managing our non-residential property portfolio effectively for four years. It will guide future strategic property decisions to ensure we manage our property portfolio sustainability and efficiently.	<ul style="list-style-type: none"> Approved by ESC Cabinet in July 2019. Asset Management Strategy clearly identifies Key Performance Indicators which will be monitored. Asset Management Group meets regularly and has clearly defined objectives and aims that are detailed within the terms of reference ensuring the Council's assets are governed appropriately.

Leisure Operations

- 5.6 During the course of 2019/20 there were two developments concerning the Council's relationship with related parties and associated companies which will entail governance changes during the course of

2020/21. Waterlane and Bungay Leisure Centres had been operated by Sentinel Leisure Trust since 2011.

5.7 As part of a contract review, East Suffolk Council gave Sentinel 12 months' notice in respect of the Waterlane Leisure Centre in October 2019. In respect of the Bungay Leisure Centre, Sentinel were given 12 months' notice of a major re-development in June 2019.

5.8 East Suffolk Council carried out a procurement exercise during 2020, with a nine year contract being awarded in December 2020 to Everyone Active. This was a contract to operate both Water Lane and Bungay Leisure Centre.

5.9 Bungay Leisure Centre was renamed Waveney Valley Leisure Centre upon completion of the redevelopment.

5.10 Commercial Partnerships

East Suffolk Holdings Limited

5.11 East Suffolk Holdings Limited is wholly owned by the Council and was incorporated on 24 October 2019. Three Council employees, Stephen Baker (Chief Executive), Andrew Jarvis (Strategic Director) and Nicholas Khan (Strategic Director) are named as Directors of East Suffolk Holdings Limited.

East Suffolk Construction Services Limited (dormant) / East Suffolk Property Developments Limited (dormant) / East Suffolk Property Investments Limited (dormant)

5.12 East Suffolk Holdings is the sole shareholder of East Suffolk Construction Services Limited, East Suffolk Property Developments Limited, and East Suffolk Property Investments Limited, all of which were incorporated on 26 November 2019. Two Council employees, Andrew Jarvis (Strategic Director) and Nicholas Khan (Strategic Director) are named as Directors of all three of these companies. All these companies were dormant in 2020/21 and are intended to commence trading in 2021/22.

5.13 Impact of Covid-19

During 2020/21, the Coronavirus pandemic resulted in nationwide lockdowns and an emergency response, which significantly impacted our 'business as usual' service delivery and alternative models were used to deliver critical services. This had an impact on the Council's governance arrangements. The impacts on governance will fall into the following broad categories:

- Impact on business as usual delivery of services;
- New areas of activity arising from the national response to coronavirus and any associated governance issues;
- Funding of financial implications and logistical consequences of delivering the local governance response;
- Assessment of the long-term disruption and consequences arising from the coronavirus.

In the last week of March 2020 over 170 members of staff were diverted to Covid-19 related work. The cost associated with staff time diverted to Covid-19 is estimated at over £995,000 for the 12 month period since April 2020. This includes activities such as, supporting communities, administration

During the lockdown period, temporary governance arrangements were put in place to allow for essential decision-making, either by making changes to the Scheme of Delegation to Officers, or by relying on the cascade of delegations to Officers in the Council's Constitution. Examples of this included:

- Officers being able to make financial decisions up to £250K in consultation with the relevant Portfolio Holder.
- All development control decisions being delegated to the Head of Planning and Coastal Management, acting in consultation with Advisory Panels of Members.
- Some few formal meetings being cancelled during the early weeks of the lockdown whilst regulations were awaited from Government to allow meetings to be held remotely.
- Remote meetings were held from 6 May 2020 onwards, the relevant regulations to allow for this came into force on 4 April 2020. Following the end of this Regulation in May 2021 statutory function meetings were no longer required to be held remotely.


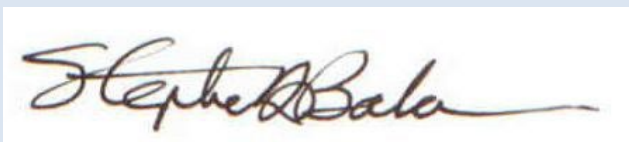
Significant Governance issues identified in 2021/22 – Updated March 2022

A significant governance issue has been identified during the course of 2021/22 and is referred to below.

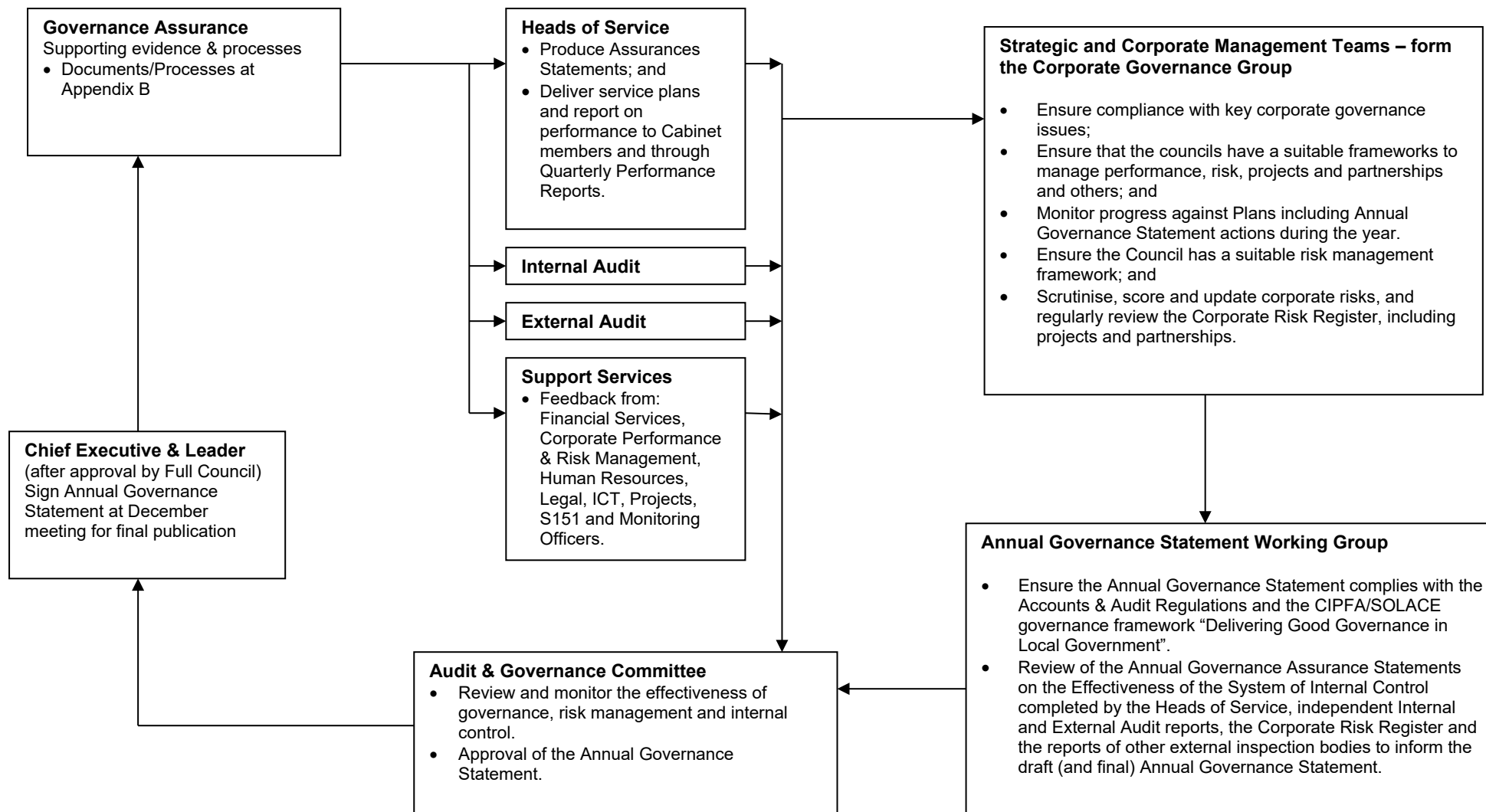
AGS Action	Issues/Challenges Identified	Progress
Housing Regulation	Breach of the Rent Standard and potentially also the 'Home' Consumer Standard.	<ul style="list-style-type: none"> • In-depth review of the Housing Service was conducted in line with the Regulatory (Rent) and Consumer Standards • Independent consultants appointed to review historic approach to rent conversions and also to assess whether there are/were any other areas of non-compliance against the rent standard. • Legal opinion sought on other service charges. • Compliance consultant employed to ensure the right policies, processes and mechanisms for monitoring are in place to provide assurance that the housing stock is compliant with the Homes Standard. • Thorough audit of all aspects of compliance and development of action plan. • Forensic audit of potential overpayments of rent, being conducted looking at every rent account line by line. Definitive figure for overpayments, and split between those paid by tenants and paid via housing benefit will not be available until completed. • Council has self-referred to Regulator of Social Housing (RSH).

6. ASSURANCE BY CHIEF EXECUTIVE AND LEADER OF THE COUNCIL

We approve this statement and confirm that it forms the basis of the council's governance arrangements.

Post	Signature	Date
Stephen Gallant Leader of the Council		3 March 2022
Stephen Baker Chief Executive		3 March 2022

The Council's Governance Assurance Framework



DOCUMENTS/PROCESSES SUPPORTING THE CODE OF CORPORATE GOVERNANCE

<ul style="list-style-type: none"> • Access and Customer Care Strategy • Air Quality Consultation • Air Quality Reports • Annual audit letters • Annual Governance Statement • Anti-Bribery Policy and Procedure • Anti-Money Laundering Policy • Anti-Fraud and Corruption Strategy • Asset Management Strategy 2019-24 • Assurance Statements • Audit & Governance Committee • Budget process • Business case appraisal process • Business Continuity Plan • Capital Programme • Capital Strategy • Code of Corporate Governance • Committee reports, agendas and minutes • Compliance and Enforcement Policy • My Conversation Managing Performance – people • Compliments, Comments and Complaints Policy • Complaints process and procedure • Contaminated Land Strategy • Contracts Register • Corporate Governance Group • Corporate Risk Register • Constitution <ul style="list-style-type: none"> - Part 2: Functions and responsibilities (including Scheme of Delegation) - Part 2: Terms of reference for committees - Part 3: Council Procedure Rules (contracts, budget & policy framework, financial, employment, meetings, scrutiny) - Part 4: Codes and Protocols - Part 4: Members' Code of Conduct - Part 4: Officers' Code of Conduct - Part 4: Suffolk Local Code of Conduct - Part 5: Members' Scheme of Allowances • Council newsletter • Council website • Customer feedback process • Data Protection Policy • Data Quality Strategy • Digital Strategy 	<ul style="list-style-type: none"> • East Suffolk Strategic Plan (2020-2024) • East Suffolk Economic Growth Plan 2018-2023 • East Suffolk Housing Strategy 2017-2023 • East Suffolk Partnership priorities • East Suffolk People Strategy • East Suffolk Quarterly Performance Reports • Economic Growth Plan • Economic Development Delivery Plan • Efficiency Plan • Efficiency Strategy • Enabling Community Strategy • Enabling Communities Delivery Plan • East Suffolk Environmental Policy • Equality & Diversity Policy • External audit (and other reviews) • Felixstowe Town Forward Improvement • Financial procedure rules and standing orders • Financial services • FOI and EIR request performance statistics • Freedom of Information • Green Infrastructure Strategy • Head of Internal Audit • Head of Paid Service • Health and Safety Officer • Human Resources • Health and Safety Policy • Health and Safety policies • Housing Strategy • ICT Strategy and action plan • ICT Acceptable Use Policy • ICT Security Policy • Independent remuneration panel • Internal audit • JNC terms & conditions • Job evaluation process • Job descriptions • Joint Emergency Response Plan • Key decisions • Law & governance • Leisure Strategy • Licensing Policy • Local Plan • Local Government Ombudsman (report) 	<ul style="list-style-type: none"> • Medium Term Financial Strategy • Member training • Member Communication Guidelines • Member Development Strategy • Modern Slavery and Human Trafficking Statement • Monitoring Officer • Neighbourhood Plans • Our Values • Partnership framework • Pay Policy Statement • Petty Cash Policy • People Strategy • Performance Management (business) framework (including service plans) • Private Sector Housing Strategy • Procurement Forward Plan • Procurement regulations • Procurement Strategy • Prudential code • Record of decisions • Record Retention Policy • Recruitment Policy • Register of Councillors' interest • Risk management process • Risk Management Strategy • S151 Officer • Safeguard Policy • Salary scales • Senior management remuneration report • Service plans • Staff surveys • Social Media Enterprise Project • Social Media Policy • Social Value Policy • Statement of Accounts • Suffolk Care Leavers Policy • Suffolk Code of Conduct • Suffolk Growth Strategy • Temporary Accommodation Policy • Timetable of council meetings • Tourism Strategy • Transparency publications • Training programs • Treasury Management Strategy • Treasury Management Policy Statement • Whistleblowing Policy • Workforce development and plans
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Blue = Available on Internet / Purple = processes / Green = Internal Use