

Annual Governance Statement 2019-2020

Introduction

As Leader and Chief Executive we are acutely aware that everything the Council does relies upon a foundation of solid governance. We are charged by government to run the Council efficiently, effectively and economically. As a resident, you will want reassurance that proper systems are in place, not only to deliver the vital services on which you depend, but also that everything in the background is running properly.

We present this Annual Governance Statement to explain how we deliver on these expectations, to outline what has been achieved in the last year and tell you about the improvements we are currently working on. With the new municipal year having commenced and the new Cabinet and Committees in place, we will be bringing forward some reviews to be carried out by working groups, bearing in mind the changes to all our residents' lives as a consequence of the Covid-19 pandemic. We will also be engaging in a Local Government Peer Review this year, which will bring an added external view on the Council's work in the future.

We hope that in reading this Statement you will be encouraged to explore further the work of your Council. You can read all of the documents to which we refer on our website. You can view Council meetings online to see how we do business. You can discuss any of these matters with your local councillor.

The Council's vision for the Borough

The Council had a Corporate Plan for the period 2016-2019 and a new one for 2020-2023 is currently under preparation.

The Corporate Plan will then feed into the business plans of the different Council Services so that the organisation pulls in the same direction.

The Corporate Plan will take account of the following types of issues for the residents of Spelthorne:

- **Housing.** We have a serious ongoing problem providing our residents with affordable housing. We have started to address this issue by building houses and by setting up a housing company, Knowle Green Estates Ltd. We have reviewed the purpose, corporate structure and governance of this company and a new Business Plan has been approved.
- **The Local Plan.** This is being reviewed and we encourage you to find out more about the changes this could bring. The Government is asking us to house more people and build more properties than ever before. This is a huge challenge in an urban area with a lot of Green Belt. We have to consider if we build higher density developments in our town centres or give up some of our Green Belt.
- **Heathrow Airport expansion.** The current expansion plans have been the subject of High Court decisions. Although we have supported Heathrow's economic success in the past, we have always said it cannot come at any cost. The Council will continue to participate in and further discussions about the future of Heathrow Airport.

- **Southern Light Rail.** For years the infrastructure needed for improved rail transport into Heathrow has not been delivered by the Airport or Network Rail. The Council now believes there is a credible and affordable option to promote a sustainable light railway to link Staines station to Heathrow. We think this option could be privately funded without taxpayer subsidy. If this could be built, this would encourage more people to leave their cars at home and provide better transport links for Airport workers. We will continue to explore this with Heathrow, Network Rail and the Department of Transport.
- **Town Centre Regeneration.** It is clear that there are changes in the way people shop and spend their time in town centres. We are determined that our town centres will not suffer. We will take steps to plan for the vibrant places you will want to visit.
- **Sustainability.** A Climate Change working group has now been set up and Action Plan will be developed. We have an Energy & Water Efficiency Policy (2015-2020). We have increased our renewables capacity with solar PV installations on 2 of our Day Centre's – these produce 15% of the energy used by both sites. We have installed PV panels on our West Wing housing development in Knowle Green and are looking to install PV on other sites in the future. We have a continuing requirement on all new development to source 10% of the energy used onsite from renewable generation. We have provided EV charging provision at two of our public car parks and the same facility is available for staff at the Council Offices. We are actively seeking opportunities for further funding to roll out charging infrastructure across the Borough. We continue to support residents in Fuel Poverty through the utilisation of Energy Company Obligation (ECO) Grant funding and a small capital fund (£30,000). The funding enables households in fuel poverty to cut their bills and reduce carbon emissions through installing energy efficiency measures. We have developed a Single-use Plastics Policy & Strategy.

How we run the Council

The Council is governed by democratically elected councillors and managed by professional staff. There is a clear demarcation of roles and numerous systems and processes in place to make sure that things get done properly:

- **Constitution.** This document remains a modern and effective document. We will review it again during the course of the next year as amendments need to be made in the light of recent events and changes in legislation.
- **Policy Framework.** We have a number of important policies which are approved by a majority of all councillors. These are reviewed regularly. The most important policy is the Local Plan and this is being reviewed at the present time.
- **Governance Framework.** We adhere to standards jointly published by the Society of Local Authority Chief Executives (SOLACE) and the Chartered Institute of Public Finance and Accountancy (CIPFA). These standards are adopted by most councils. We reviewed the framework in 2018 and we will keep it under review.

- **Scrutiny of decisions.** Although the majority of decisions are made by the Cabinet or delegated to staff, there are structures and processes in place to hold these to account. We have an Overview and Scrutiny Committee and an Audit Committee which have cross party representation to review our performance, influence policy and review our decisions. As a result of our commercial property investments, there is now more focus on how these decisions are made and the risks around property management. A new sub-committee of Cabinet has been set up to deal with certain decisions relating to the investment portfolio, to enable timely decision-making.
- **Knowle Green Estates Ltd.** As our wholly owned company becomes more important in the delivery of our housing targets, we have ensured that it has independent auditors and that such audits feed into the Council's overall Statement of Accounts. Further work on the appointment of independent non-executive directors will be done in the coming year.

How we manage the finances

Nothing can happen in the Borough unless there is the money there to provide it. We have successfully delivered a programme of financial change. Our previous, *Towards a Sustainable Future* programme, delivered the sound basis on which we now proceed.

- **Commercial Property Investments.** Thirty percent of the money we need to run the Council and provide services for residents now comes from our commercial property investments. It is essential that these investments work for us and that we protect those investments for the long-term. We have a range of measures in hand to ensure that this happens. We have already strengthened our staff resources and implemented changes to our governance systems to ensure that we are proactively and professionally managing this £1billion portfolio. We will continue to do this. We have been open and transparent with residents' associations about what we are doing, why and how they are protected. We will continue this dialogue. The impact of Covid-19 will also need to be factored in for the new financial year 2020-21 and beyond.
- **Capital Strategy.** In February 2020 the Council approved its updated Capital Strategy which is a plain English document explaining council borrowing and spending. It describes where we have come from, what we are doing with commercial property and how we are now subsidising provision of affordable housing. The Strategy also has a plain English Executive Summary to make it even more accessible for residents and it is backed up with technical appendices which explain the detail behind the strategy. We encourage you to read it. We will keep this document up to date so that it always explains what we are doing and how we are doing it.
- **Systems of internal control.** Apart from the specific overview of the Council's investments and housing schemes, we have adequate systems in place to effectively manage risks, ensuring the day-to-day running of the business and the sound management of cash-flow. Managers are responsible and accountable for operating adequate systems of internal control to effectively manage risks within their Services, giving due

consideration to fraud risks. We have a Chief Finance Officer (CFO), also known as the s151 Officer, who oversees these systems and they are regularly audited proportionate to the level of risk. Internal Audit findings are raised with management, and recommendations reported to the Audit Committee. There is regular budget monitoring by the Cabinet and Overview and Scrutiny and these papers are published on our website for you to read. We have a Medium Term Financial Plan and we review our finances against this. The CFO is a member of the Council's senior Management Team.

How we ensure we are listening to you

- **Consultation with residents.** Many of our policy changes require formal consultation with residents. In other cases we consult informally to understand residents' priorities. In the last year we changed our approach on the building of a new replacement leisure centre as a result of public feedback. As we develop new facilities we will continue to consult using the most appropriate methods. We will publish details of all consultations on our website.
- **Channels of communication.** The Council has a number of ways it can engage with residents. We are always reviewing the most appropriate ways to communicate, from formal statutory consultations through to the Council's use of social media.

How we are accountable

The Council is a democratic body and the powers which we exercise are derived from the electors. There are numerous systems in place to allow members of the public to get information, ask questions, challenge the Council and get involved. Ultimately the entire organisation is governed by residents just like you. This gives the Council tremendous strength in deciding what needs to be done in the Borough and how we prioritise scarce resources for best effect. You can consider some of the many ways to get involved:

- Speak to your ward councillor or the Cabinet member responsible for the issue
- Complain about services you think are not performing
- Request information under the Freedom of Information Act and the Environmental Information Regulations.
- Ask questions at the Council and the Spelthorne Joint Committee
- Present petitions
- Speak at Planning Committee about applications in your neighbourhood
- Join your local residents' association

Almost all of the information you need can be found on our website and we only restrict the publication of a very limited quantity of material where there is good reason, such as the need to respect the data protection rights of individuals or commercial confidentiality.

How we promote high standards in public office

The Council has a dedicated Members' Code of Conduct Committee. This Committee is guided by an Independent Chairman and Vice-Chairman. A Panel of

Independent Persons is now in place. They are consulted on any complaints against councillors to say whether they should be investigated.

We have numerous policies and procedures in the Constitution to back up a strong ethical approach to local government. In the last year we received five complaints about councillors. One was considered by the Assessment Hearings Panel which decided not to take any further action. The other complaints were rejected by the Monitoring Officer, one of which was reviewed by the Local Government Ombudsman who upheld the Monitoring Officer's decision.

Training was given to Councillors on Probity and Decision Making in Planning.

The Council has in place a policy on Gifts, Hospitality and Sponsorship which applies to both staff and councillors. There also policies dealing with Anti-Fraud and Corruption and Whistleblowing.

How we learn and improve

Internal audit

The Council has an internal audit team which provides independent assurance to management and the Audit Committee on the adequacy of Council Services, systems and processes. This team has an annual internal audit plan which is discussed and agreed each year by the Audit Committee. The internal team operates to the Public Sector Internal Audit Standards. The effectiveness of internal audit is reviewed annually and an external quality assessment undertaken once every five years, with the last external review being undertaken in 2018.

The internal audit team works closely with the Council's external auditors.

Every year, the Internal Audit Manager issues an independent opinion in an annual report on the adequacy of the authority's internal control environment. This comments on the risks facing the Council and the adequacy of the Council's arrangements to manage those risks. It represents one of the key assurance statements the Council receives.

During 2019/20 the Internal Audit Manager reported on twelve areas and noted a number of assignments that are work in progress, of which two were deemed 'effective' (satisfactory), five were assessed as requiring 'some improvement'. The remaining areas reviewed were identified as high risk or requiring 'major improvement'.

The Internal Audit Managers opinion for 2019/20 is that the Council's internal control environment and systems of internal control in the areas audited were generally adequate, with the exception of the areas where improvements were recommended to address medium to high risks.

The Council maintains a Corporate Risk Register, which is coordinated by the Internal Audit Manager and which is reported regularly to Management Team, Cabinet and Audit Committee. The Corporate Risk Register identifies and evaluates the key corporate risks facing the Council, the mitigating measures in place, and tracks outstanding issues to address risks. As part of refreshing the Council's approach to Risk Management, the format and structure of the Corporate Risk Register has been reviewed and the proposed changes shared with Audit Committee. The revised register aims to focus on a smaller number of corporate risks relating directly to delivery of the Corporate Plan Priorities/Objectives. It also aligns to

methodology set out in the revised Corporate Risk Management Policy. The Policy and guidance has been fully refreshed and reviewed this year.

The internal audit team has carried out a number of audits in accordance with the agreed annual plan. Full details of these findings and the management response to them, as well as any key themes arising from Internal Audits work for 2019/20 are to be found on the Audit Committee pages on our website (Annual Audit report 2019/20).

External audit

KMPG have still not delivered a Value for Money opinion on the 2017/18 accounts and this matter is overdue. The Council has repeatedly pressed KMPG for this matter to be resolved as a new auditor (BDO) has now been appointed for the Council by the independent Public Sector Audit Appointments body. BDO took over the audit of the Council's accounts for 2018/19 and 2019/20 and we look forward to concluding all outstanding matters.

Audit Committee

Terms of reference are set out in Constitution. There are regular meetings and work plan is published.

How we learn from complaints and feedback

The Council is always keen to hear from residents and staff about how it can deliver better services to residents. We also have feedback questionnaires for some services. We have a number of procedures in place:

- Our Complaints procedure is working well after a review in recent years. However, we are always looking at ways to improve it and are currently undertaking a Root and Branch Review of the complaints process.
- We have a staff whistleblowing procedure which has been reviewed in the past year. No issues were identified but we are considering a number of suggestions for improvement to our procedures.

The Local Government and Social Care Ombudsman has yet to report to the council for the year 2019/20, due to the implications of Covid-19. The Annual Letter when it is received will be duly published.

FOI/GDPR

The step up from the requirements of the 1998 Data Protection Act to the requirements of the GDPR presented a challenge to the Council and our long term project to ensure compliance with the General Data Protection Regulations and improve the Council's information governance arrangements continues. This project has already delivered, and will continue to deliver, significant improvements in the Council's information governance arrangements.

The Group Head of Commissioning and Transformation is the Council's Senior Information Risk Owner who has responsibility for managing information risk across the council.

The Council's full time Data Protection Officer is responsible for overseeing data protection strategy and implementation.

The Council has clear processes for managing Freedom of Information Act, Environmental Information Regulations, and Data Protection Act requests. The aim of the process is to promote transparency across the organisation and deliver an efficient approach to handling requests.

Staff continue to ensure compliance with the Freedom of Information Act / Environmental Information Regulations, Data Protection Act, and Privacy and Electronic Communication Regulations. An audit of GDPR has been undertaken.

Monitoring includes reports to Management Team, internal and external audits and Information Commissioner reviews as appropriate.

Covid-19 has brought unprecedented challenges due to the need to share information quickly and adapt the way the Council's essential services work. Data protection staff are assisting colleagues to ensure that the Council only collects as much personal data as is strictly necessary for the relevant purposes and to continue to comply with Data Protection legislation.

How we will deal with significant governance issues

Review of significant governance issues:

- **Investment Assets portfolio management.** We have a £1bn property portfolio and we have put in place staff capacity skills and resource to manage it, reduce risk and deliver the benefits from it. We will continue to increase the team and review our governance arrangements. There is also a framework involving councillors: reports to Property Investment sub-committee, Cabinet, Full Council and Overview and Scrutiny Committee, as appropriate.
- **Building the homes residents need.** We have strengthened all aspects of procurement and project management to ensure that we can deliver the projects which are envisaged by the Capital Strategy. We have ensured there is appropriate oversight and scrutiny of these projects, as they are delivered either by the Council directly, Knowle Green Estates or other third party developers.
- **Delivery of local government.** Given the cuts made by Surrey County Council and the financial position of our key partner, we have monitored their cuts on delivery of services to our residents. We will continue to speak up for Spelthorne.

Significant issues for the year 2020/21:

- **Covid-19 implications:** An Extraordinary Full Council meeting held on 21 May 2020 received a detailed report setting out the Council's response to date on the Covid-19 pandemic. There is no doubt there is a significant impact on the delivery of council services as well as financial costs and anticipated income shortfall. There will be further reporting to Cabinet, Overview and Scrutiny Committee and Audit Committee as events unfold during the coming year. Risks and opportunities which continue to emerge and evolve through various

stages of the pandemic (and beyond recovery phase) will be identified, prioritised, managed and monitored. If there are any wider lessons learnt these will be considered to ensure continuous improvement of crisis management, emergency and business continuity planning and organisational resilience. The opportunities may include an emphasis on climate change and sustainability issues.

- Property portfolio: The Council will continue to keep actively manage its property portfolio. A new Asset Management Plan will come forward setting out how this will be done.
- Review of the Constitution: this is planned for the new municipal year, as resources permit and will be overseen by the Monitoring Officer and the Members Code of Conduct Committee.
- Role of KGE in delivering housing: the delivery of housing in the Borough will be kept under constant review.
- Setting up of trade waste company: this is a new commercial venture for the Council and again will be overseen by Cabinet.

Conclusion

We think that Spelthorne is a special and unique place. We are dedicated to providing the very best public services for you. In the last five years the Council has changed. We have evolved from a medium sized borough council reliant on central government funding, to become a leader in our sector. We have secured the financial future of the Council. We have protected you from cuts to services and also shielded you from cuts made by Surrey County Council. We now “punch above our weight” and we think that this is something you can take pride in.

As we deal with the challenges of the next few years in the light of the impact of Covid-19 on our economy, health and safety and well-being, you can be assured that we are doing so from a solid foundation. We have the finances, the people, the systems in place to deliver for you. We encourage you to find out more.

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Cllr John Boughtflower
Leader of the Council

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Daniel Charles Mouawad
Chief Executive