

Section 9 – Annual Governance Statement

South Tyneside Council and Tyne and Wear Pension Fund

Annual Governance Statement 2020/21

Introduction

1. Everything the Council does is focused around delivering our ambitious vision for South Tyneside and to ensure we deliver the best possible services and outcomes for our Community whilst providing good value for our stakeholders.
2. To help achieve our vision it is essential that the Council has effective governance arrangements. This means effective leadership, clear direction and controls to ensure that vision and policy is put into practice. These arrangements will ensure that we are resilient and able to withstand any threats that emerge which impact on the Community, on our business or our reputation.
3. This document is the Council's Annual Governance Statement, which shows how the Council is run and the review that has been carried out to check that arrangements are operating effectively. The Council is required by law to publish this statement and review arrangements. The aim is to demonstrate to the public and stakeholders that the Council is run well.

Scope of responsibility

4. South Tyneside Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards. The Council is also responsible for ensuring that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
5. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
6. The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/Solace Framework Delivering Good Governance in Local Government. A copy of the code is on our website. This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6 (3), which require all relevant bodies to prepare an annual governance statement.

The purpose of the governance framework

7. The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and its activities through which it 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.
8. The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to

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the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

9. The governance framework has been in place at the Council for the year ended 31st March 2021 and up to the date of approval of the Statement of Accounts.

The governance framework

10. The Council is made up of 54 Councillors who are democratically accountable to residents of the Borough. The full Council appoints the Leader and the Leader appoints the Cabinet and Deputy Leader. The Cabinet is responsible for most day to day decisions. The Council holds the Cabinet to account by appointing scrutiny committees to question decisions and to propose policy changes where appropriate.
11. In November 2020, Cllr Tracey Dixon was appointed as the new leader of the Council following the resignation of Cllr Iain Malcolm. Cllr Dixon was re-appointed to the role at the Council's annual meeting in May 2021. The Council has also appointed a new Chief Executive, Jonathan Tew, who will take up the role from summer 2021.
12. The Council has been structured to ensure that it is able to deliver upon its strategic objectives and refreshed community priorities. The Council's objectives are delivered through three strategic groups:
 - Business and Resources
 - Regeneration and Environment
 - Children, Adults and Health
13. The Council's overarching governance arrangements at Member level, at strategic and operational level and the monitoring arrangements put in place are illustrated in the following diagram.

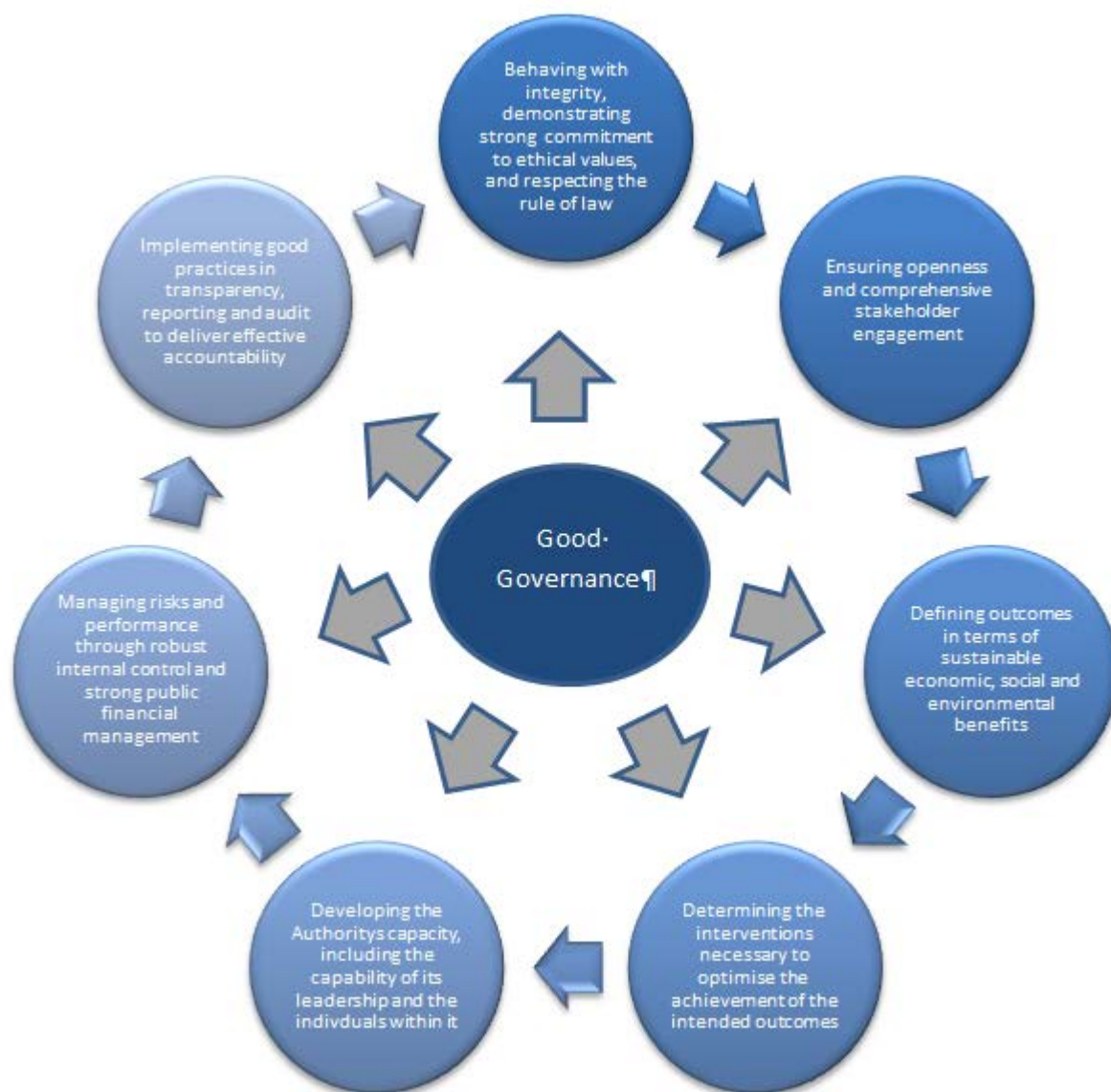
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Governance Arrangements: Shaped to Deliver

Member Governance	<p>Leadership Meeting</p> <ul style="list-style-type: none"> Weekly forum where Leader, Deputy Leader and Chief Executive agree political and managerial leadership of strategic and regional responsibilities. Officers attend to provide information and progress reports when required. <p style="text-align: right;">1</p>	<p>Strategic Lead Member Briefing</p> <ul style="list-style-type: none"> 26 strategic planning meetings per year between Cabinet Members and Senior Officers to plan the delivery of our Shaping Our Financial Future programme. Officers attend to provide information and progress reports when required. <p style="text-align: right;">2</p>	<p>Cabinet</p> <ul style="list-style-type: none"> Lead Members make strategic and operational decisions that affect all areas of the Council. Officers attend 4 weekly meetings to provide information to support decision making when required. <p style="text-align: right;">3</p>	<p>Council</p> <ul style="list-style-type: none"> All Members of the Council make strategic and operational decisions that affect all areas of the Council. Meets 9 times a year. <p style="text-align: right;">4</p>		
	<p>Scrutiny Committees</p> <ul style="list-style-type: none"> To scrutinise the discharge of any of the Council's executive functions. Meets monthly if required. Power to make recommendations. <p style="text-align: right;">5</p>	<p>Performance Panels</p> <ul style="list-style-type: none"> Contract and Housing Performance Panels review performance and report direct to Cabinet. Meet bi-monthly. Power to recommend urgent action. <p style="text-align: right;">6</p>	<p>Standards Committee</p> <ul style="list-style-type: none"> Promote and maintain high standards of conduct by Councillors. Meets quarterly. Deals with allegations of non-compliance with Code of Conduct <p style="text-align: right;">7</p>	<p>Audit Committee</p> <ul style="list-style-type: none"> Advisory committee to provide independent assurance of risk management and control environment to Council. Meets quarterly. <p style="text-align: right;">8</p>	<p>Constitution Committee</p> <ul style="list-style-type: none"> To review and amend the constitution ensuring it is up to date and fit for purpose <p style="text-align: right;">9</p>	
Supported by Officer Recommendation	<p>Corporate Leadership Team</p> <ul style="list-style-type: none"> Chief Executive and Corporate Directors weekly strategic planning meeting for Senior Officers to consider local, regional and national priorities and develop strategy to deliver our Shaping Our Future programme. Acts as a programme board for significant projects. Leads on Shaping Our Financial Future programme. To strategically oversee the planning and delivery of the Council's long term business and financial strategy. Develops new thinking and implementation plans around new models of service delivery. <p style="text-align: right;">10</p>		<p>Extended Leadership Group</p> <ul style="list-style-type: none"> Quarterly planning meeting between Corporate Leadership Team, Heads of Service and Corporate Leads to consider key strategic and operational issues. Two way forum for Heads of Service and Corporate Leads to disseminate key messages across the organisation. <p style="text-align: right;">11</p>		<p>Top 100 Managers</p> <ul style="list-style-type: none"> Chief Executive half yearly forum for key officers to consider and contribute to the progress of our Shaping Our Future programme. Opportunity to bring a wide range of operational expertise to organisation wide priorities. Two way forum for key officers to disseminate key messages across the organisation. <p style="text-align: right;">12</p>	Strategic
	<p>Corporate Delivery Group</p> <ul style="list-style-type: none"> Heads of Service and Corporate Leads focus on day-to-day Council business that requires corporate managerial decision. Meets weekly. Acts as a 'route finder' to keep the operational business of the council moving forward. <p style="text-align: right;">13</p>		<p>Leadership Teams</p> <ul style="list-style-type: none"> Focuses on day-to-day Council business that requires group managerial decision. Corporate Directors meet with their senior managers on a weekly basis. Monitors group-wide performance (including finances). <p style="text-align: right;">14</p>		Operational	
	<p>Capital Investment Group</p> <ul style="list-style-type: none"> Acts as programme board for the 5 Year Capital Spend Programme. Determines necessary interventions in agreement with Strategic Leadership Group. <p style="text-align: right;">15</p>		<p>Corporate Assurance Board</p> <ul style="list-style-type: none"> Monitors council-wide performance, including finance, programme and capital dashboards, HR, complaints, indicators and risk. Meets quarterly. <p style="text-align: right;">16</p>			<p>Monthly Budget / Performance Monitoring</p> <ul style="list-style-type: none"> Chief Financial Officer meets individually each month with senior officers to discuss budget and performance. <p style="text-align: right;">17</p>

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14. The authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officers in Local Government (2010). CIPFA/SOLACE published '*Delivering Good Governance in Local Government*' in 2016. This sets out the fundamental principles of corporate governance as shown in the following diagram:



15. Underpinning these principles CIPFA have identified the features that need to be in place for Councils to demonstrate that they comply with the framework. The next seven diagrams describe how the Council complies with the seven principles of good governance. In some cases these principles interrelate. They outline:
- the core principle,
 - what the Council is trying to achieve, and
 - the **key** policies, procedures and systems that the Council has put in place to ensure that it complies with the principles.
16. These diagrams reflect the key features of the Council's governance arrangements. The Council has a number of detailed policies and procedures to run its business which are available on the Council's website or on request.

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CORE PRINCIPLE 1:

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

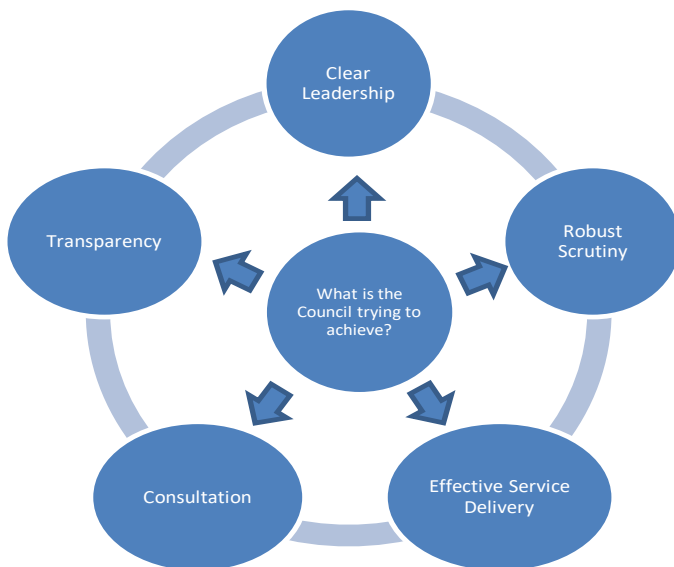


How does the Council demonstrate that this core principle is achieved?

- Constitution
- Members Codes of Conduct
- Procedure for dealing with complaints against members
- Standards Committee
- Member Induction Programme
- Elected Member Development Strategy
- Code of Corporate Governance
- Employees Code of Conduct
- Procurement Procedure Rules
- Employment Procedure Rules
- Financial Procedure Rules
- Access to Information Procedure Rules
- Information Security Policy
- Counter Fraud Strategy
- Corporate Induction Programme
- Register of Interests, Gifts and Hospitality
- Speakout Policy
- Proper Officer Roles
- Complaints Procedure

CORE PRINCIPLE 2:

Ensuring openness and comprehensive stakeholder engagement



How does the Council demonstrate that this core principle is achieved?

- Council Strategy
- Council Annual Report
- Member Surgeries
- Committee Report Online
- External Inspections/Consultations
- Performance Management Framework
- Complaints Procedure
- Published Annual Accounts
- Transparency Code
- Community Area Forums

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CORE PRINCIPLE 3: Defining outcomes in terms of sustainable economic, social and environmental benefits



How does the Council demonstrate that this core principle is achieved?

- Council Strategy
- Medium Term Financial Plan
- Business Plans
- Performance Management Framework
- South Tyneside Partnership
- Treasury Management Strategy
- Procurement
- Capital Strategy
- Economic Recovery Plan
- Sustainable South Tyneside Strategy

CORE PRINCIPLE 4: Determining the interventions necessary to optimise the achievement of the intended outcomes



How does the Council demonstrate that this core principle is achieved?

- Council Strategy
- Performance Management Framework
- Corporate Assurance Board
- Risk Management Framework
- Scrutiny Committee
- Committee Structures
- Accurate Management Data

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CORE PRINCIPLE 5:

Developing the Authority’s capacity, including the capability of its leadership and the individuals within it

How does the Council demonstrate that this core principle is achieved?



- Induction Training
- Members Induction and Training
- Job Descriptions
- Organisational Development Strategy
- Wellbeing Strategy
- Employee Performance Management
- Corporate Training Programme
- Managers Toolkit
- Succession Planning Programme
- Occupational Development Strategy
- Occupational Health

CORE PRINCIPLE 6:

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

How does the Council demonstrate that this core principle is achieved?



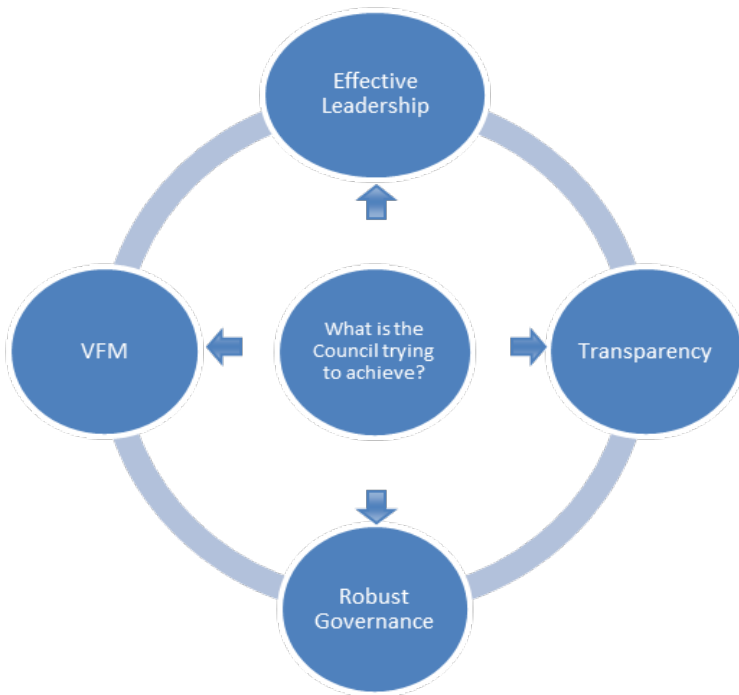
- Medium Term Financial Plan
- Business Plans
- Risk Management Framework
- Performance Management Framework
- Internal Audit
- Counter Fraud Strategy
- Speak Out Policy
- External Audit
- Audit Committee
- Publish Annual Accounts

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CORE PRINCIPLE 7:

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

How does the Council demonstrate that this core principle is achieved?



- Committee Reports
- Freedom of Information
- Transparency Reporting
- Publish Accounts
- Annual Governance Statement
- Audit Committee
- Internal Audit

Review of effectiveness

17. 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 was carried out under the supervision of the Council's Business and Resources Leadership Team involving both the Chief Financial Officer and Monitoring Officer.

18. The review follows the methodology set out by CIPFA:

- Establish statutory obligations and organisational objectives
- Identify principal risks to achievement of objectives
- Identify and evaluate key controls to manage risks
- Obtain assurance on effectiveness of key controls
- Evaluate assurances and identify gaps in controls/assurance
- Action plan to address weaknesses
- Produce Annual Governance Statement
- Report to Audit Committee and General Purposes Committee

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Sources of assurance

19. The Council has identified sources of assurance to review governance arrangements and confirm that they are operating adequately or where they are found to be falling short, identify areas for improvement. The key areas of assurance are as follows:

Corporate Assurance

20. The impact of Covid 19 and associated lockdown has impacted upon the daily lives of many residents especially those that are more vulnerable, has caused disruption to the delivery of services and resulted in significant loss of income to the Council. The Council promptly established a support hub to largely assist residents who are shielding to meet food and medication needs as well as general support. The vast majority of services continued to be available to residents and operated effectively albeit working practices have adapted due to social distancing requirements. Financial modelling has been undertaken reflecting upon the financial pressures and taking account of additional Government funding.

21. The impact of Covid 19 around the start of lockdown resulted in a number of Council Committee meetings being cancelled due to Government guidance on social distancing. All of these meetings did re-start to ensure that strategic and operational decisions are made with appropriate oversight. Key member and officer governance arrangements, including meetings with lead members, Corporate Leadership Team, Leadership Teams, Covid Strategic Planning and Budget Monitoring meetings continued through the Covid 19 lockdown using digital platforms. In addition, emergency response co-ordination and decision-making was supported using a Gold, Silver and Bronze governance structure.

22. There are robust financial governance processes in place to set and monitor the budget. Cost pressures are factored into the budget. There is a track record of delivering savings with 87% of the 2019/20 budget savings achieved. The comparative figure for 2020/21 fell to 56% due to the impact of the pandemic. The shortfall was effectively covered by additional Government funding.

23. The CIPFA resilience index provides a range of financial sustainability measures such as reserve levels and trends, dependency upon Government grant etc. Applying the measures in the index the Council compares favourably with other authorities that have a similar population demographic.

24. There is an agreed affordable Capital Programme for 2021-26. The Council has a track record of delivering the programme within budget and timescales. There is a significant track record of attracting significant external funding for major capital projects with the Council receiving over £23m contribution towards our capital programme.

25. Internal Audit conclude that there are sound financial controls in place. The accounts continue to have an unqualified opinion from the External Auditors. The Council's control and risk management framework is monitored through the Council's Audit Committee. Actions to mitigate the Council's strategic risks are monitored through the Corporate Assurance Board which now meets more frequently.

26. An Organisational Development Strategy is in place to support effective succession planning and ongoing talent management and an Employee Wellbeing Strategy has also been developed to promote a healthy and resilient workforce. Effective absence monitoring and

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reporting procedures are in place, with absence clinics being facilitated in services where absence rates are high and stress-related absences regularly reviewed to ensure appropriate support is offered. Advice on Covid -19 vaccines and how to access has been promoted as well as ensuring the availability of lateral flow testing. This has been supported by rigorous Covid related risk-assessments on workplace settings. A reduction of sickness absence has been achieved during the year.

27. Employee productivity continues to be maximised through refreshed mobile-working technology, ongoing rationalisation of workspaces, 'drop down' zones and the launch of a broader Modern Workplace Programme underpinned by the planned adoption of new digital tools to support collaborative, efficient and flexible working.
28. A health and safety governance framework is in place with good attendance at Health and Safety meetings from service and trades union representatives as well as robust accident and near-miss reporting.
29. Lone working procedures (governing training, risk assessments, sharing intelligence on potentially violent clients, and protocol for raising alarm in the event of an incident) are continually being reviewed. Training and lone working devices have been offered to all Elected Members and provided to those who have requested it. A review of safety and security for Council staff and within Council facilities has been carried out resulting in the implementation of additional measures.
30. There are robust and continually improved-upon corporate assurance arrangements now in place to monitor and regularly report to senior managers on the Corporate Plan delivery plan actions and associated key performance indicators, including FOI, Data Protection and Complaints performance.
31. Robust Emergency Planning arrangements are in place. A range of appropriate staff participate in Emergency planning and strategic and tactical response training on a regular basis. Increased resourcing and improved governance have been put in place around cyber security. Effective IT disaster recovery plans are in place and tested. Staff and members receive regular guidance around information security and associated training. This complements a strengthening of technical measures to the Council's ICT infrastructure to combat the increasing incidence of cyber-attack.
32. Business Continuity Plans are in place for all services with critical functions and an overarching Corporate Business Continuity Plan is under development. Exercises have been carried out to assess the effectiveness of business continuity responses in the event of a major cyber-attack and further improvements are being implemented.

People Assurance

33. In response to the pandemic, a Covid Leadership Board was established that meets weekly to oversee amongst other issues support in the care sector and monitor risks to maximizing vaccine take-up, reduce infection rates and the impact of Covid in agreeing upon the delivery of the agreed Winter Plan. It is supported by an Health Protection Board that monitors and responds to local increases in infection rates as well as a Care Home Support Group focusing upon the prevention of such incidences within the residential care sector.
34. Strengthened governance has been put in place to support a new domestic abuse strategy aimed at tackling the historic and continued high incidence of such abuse within the Borough.

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The Domestic Abuse Partnership Board will adopt a whole system approach to ensure appropriate support but also work with perpetrators.

35. There has been a review of the Special Educational Needs and Disability (SEND) Leadership Board to better understand and monitor the experiences of children & young people 0-25 with SEND.
36. Children's Services received an overall judgement rated of Good by Ofsted. Work continues with regional local authorities as part of the Tyneside Alliance (Partners in Practice programme). Monthly Director Children's Services (DCS) Assurance and monthly Director Adult Services (DASS) assurance meetings and monthly performance clinics also take place to review and challenge performance using independent data.
37. The statutory Safeguarding Partnership provides assurance that local safeguarding measures are in place and effective as defined by statutory guidance covering both adults and children. The Partnership works closely with a number of member agencies.
38. There are a number of strategies and plans in place to continue to manage demand. The implementation of the ASC Accommodation Strategy and Help to Live at Home Model are two key projects critical to managing demand and delivering the ASC Business Plan. The Council's "Let's Talk Together" approach is helping to focus upon the strengths and assets of individuals and developing associated professional practice.
39. There is a Statutory Health and Wellbeing Board in place that monitors improvements in health inequalities. There are performance mechanisms in place to monitor and measure progress. Some key pieces of work to improve health inequalities include development of Best Start in Life Model, new misuse service, Alcohol Hard Reduction Strategy and Physical Activity Strategy.
40. Closer integration and joint working across the health and care system is led through the Alliance Executive Committee adopting the principles of alliancing. Formal governance covering commissioning and resourcing decisions across the health care system within the Borough of South Tyneside is being developed in response to the recently published Government White Paper – "Working Together to Improve Health" which will lead to legislation creating new structures across the NHS.

Place Assurance

41. There is extensive project governance in place associated with key economic development and infrastructure projects such as IAMP, redevelopment of town centres, the strategic highways programme and the Housing Delivery programme. These include detailed risk assessments that are regularly reviewed and updated when necessary.
42. Programmes and projects such as the International Advanced Manufacturing Park (IAMP) and Holborn development are also supported by a partnership board bringing together the local authority and other partners.
43. Strategic partnership working is governed through the Economic Regeneration Board and Cleaner Greener Communities Board. Both these bodies report to the Local Partnership Board which includes representatives from the commercial sector, emergency services, DWP, third sector, health and the Council.

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Overall conclusion of the Council’s governance arrangements

44. The annual review of the governance framework found that overall the Council has robust governance arrangements in place. This conclusion is based on the assurances and improvements identified from the review and detailed in the following table.
45. Only those improvements identified which are felt to be **significant** to the delivery of the Council’s objectives are outlined in the table below. The Council has also agreed action plans for other areas felt to be less significant to ensure continual improvement.

Way forward

46. The steps that have been taken or need to be taken to improve the issues identified are set out in the Action plan that follows.

No	Issue	Action taken/proposed	Responsible Officer	Target Date
1	<u>Member Conduct</u> The tone and impact of debate and associated standards of conduct and behaviour has been inappropriate on a number of occasions. This has resulted in a huge increase in complaints under the Member’s Code of Conduct which have had to be considered resulting in a disproportionate impact upon Council resources and which also undermine local democracy and decision - making.	The importance of effective member conduct has been strengthened through a substantially revised constitution, new member induction training and adoption of the LGA model code of conduct and a more active Standards Committee which have all been used to improve informal dialogue between political groups and as a tool to support members in achieving good standards in public office.	Monitoring Officer	Ongoing
2	<u>Impact of Covid 19</u> The pandemic and associated lockdown has impacted upon the daily living of many residents especially those that are more vulnerable, disruption to the delivery of services and significant loss of income to the Council	Working with partners, the Council established a support hub to largely assist residents who are shielding to meet food and medication needs as well as general support. All services are now available to residents and are operating effectively albeit working practices have adapted due to social distancing requirements. Increased digital capacity and resilience ensures that flexible working can be carried out effectively	Chief Executive	Ongoing

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		<p>Financial modelling has been undertaken reflecting the financial pressures and taking account of additional Government funding.</p> <p>Due to the ongoing threat of Covid-19, the Council has developed a robust local outbreak management plan supported by appropriate member and partner governance. The Council has also developed and is implementing a recovery and reset programme through various strategies such as the Economic recovery Plan and a refresh of the Adult Social Care Living Better Lives Strategy. This has a clear focus around tackling the economic impact of Covid-19 and addressing challenges in the provision of care and support to vulnerable children and adults ensuring longer-term sustainability.</p>		
3	<p><u>Financial Resilience</u></p> <p>The Council has set another challenging budget for 2021-22 with efficiency savings of £8m to be achieved. This is in addition to £175m saved over the last 11 years.</p>	<p>Shaping Our Financial Future 2021-2026 programme established to reshape Council services through cross cutting work-streams. Governance framework in place to support programme with financial management embedded into the process.</p>	<p>Corporate Director Business & Resources</p>	<p>Ongoing</p>
4	<p><u>Social Care</u></p> <p>The Council cannot effectively manage increasing demand in Adults and Children's Social Care within resources. The easing of lockdown has resulted in a spike of additional demand for children's social care assessments.</p>	<p>The Council has a change programme in place with Adult Social Care to continue to manage the improvement of the service to deliver better outcomes in a more effective and efficient manner.</p> <p>Within Children's Social Care a new strengths based practice framework for practitioners has been implemented to identify and</p>	<p>Director of Adult Services / Director of Children's Services</p>	<p>Ongoing</p>

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		build on positive relationships and interventions with families. This will continue to be embedded over the coming year.		
5	<p><u>SEND Inspection</u></p> <p>Council has received a written statement of action and will be re-inspected within the next three months.</p>	SEN Leadership Board re-structured and jointly chaired with health partners supported by a number of workstreams. Ofsted assessed positive progress in implementing Written Statement of Action during recent monitoring visit.	Director of Children's Services	Ongoing