

ANNUAL GOVERNANCE STATEMENT

2019-2020

CUMBRIA COUNTY COUNCIL

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1. THE COUNCIL'S RESPONSIBILITIES

Cumbria County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is properly accounted for, and is used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and the effective exercise of its functions, including arrangements for the management of risk and for dealing with issues which arise.

The Council is required to review its corporate governance arrangements annually against its Local Code of Corporate Governance. This Code, approved in 2018, aligns with the principles of the CIPFA/SOLACE 'Delivering Good Governance in Local Government Framework 2016'. The Code is due to be reviewed in 2022.

The Council's Local Code of Governance 2018-22 can be found at:

<http://www.cumbria.gov.uk/eLibrary/Content/Internet/543/854/43292153218.pdf>

The Annual Governance Statement provides assurance on the effectiveness of the Council's governance arrangements up to the date of approval of the Council's Annual Report and Statement of Accounts.

In 2020 the UK has been significantly impacted by the coronavirus pandemic and this has impacted on the governance of all organisations, including the Council. In 2020 the statement includes assurance around the impacts on the Council's governance of the coronavirus pandemic in line with guidance issued by CIPFA in April 2020: 'The Annual Governance Statement 2019/20: Matters to consider as a result of the coronavirus pandemic'.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The Council's governance framework comprises all the systems, processes, values and culture by which the Council directs and controls its activities, and through which it accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic objectives, manage risk and address issues that have a significant impact on the Council's finances, the achievement of its objectives or its reputation. Full details of those arrangements can be found in the Local Code of Corporate Governance (see link above).

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the

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

The governance framework, described in Section 3 below, has been in place at Cumbria County Council for the year ended 31 March 2020 and, subject to the changes outlined in Section 5 below, up to the date of approval of the Council's Annual Report and Statement of Accounts.

3.THE GOVERNANCE FRAMEWORK

The Council's Local Code of Corporate Governance sets out its framework for corporate governance.

The principles which underpin the Local Code of Governance are summarised below, along with a description of the types of arrangements which the Council has put in place to secure robust corporate governance. Full details of these arrangements can be found in the Code.

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

The Chief Legal Officer acts as the Council's Monitoring Officer and is responsible for ensuring the lawfulness of decision making. The responsibilities of this post are codified within the Constitution. The Monitoring Officer ensures that the Council acts within legal and statutory requirements. This is achieved through the provision of frontline legal advice to Council services on a daily basis, the active participation of the Monitoring Officer within the Corporate Management Team (CMT) and the active participation of Legal Services in the preparation and consideration of legal implications arising from reports for decision.

The Chief Executive is the Council's Head of Paid Service.

The Director of Finance is the appointed Chief Financial Officer (Section 151 Officer) with responsibility for the proper administration of the Council's finances. Financial governance is underpinned by the Council's Financial Standing Orders in the Constitution. Each year, the Director of Finance carries out a review of financial arrangements against the CIPFA Statement on the Role of the Chief Financial Officer to confirm that the Council's arrangements comply with the requirements.

The Chief Executive, Chief Legal Officer and Director of Finance meet regularly as the Council's Corporate Governance Group, which following review in 2019 comprises its 3 statutory officers: the Head of Paid Service (Chief Executive), Monitoring Officer (Chief Legal Officer) and Section 151 Officer (Director of Finance) to oversee the effectiveness of governance arrangements and deliver improvements.

All reports to members, and significant decisions made by officers, are subject to review by the Council's Legal Services, Finance and Corporate Health and Safety teams to ensure that decisions are taken within the law and that expenditure is lawful and adheres to the commitments outlined in the Annual Health, Safety and Wellbeing Policy agreed by Cabinet. In 2019 the arrangements for Legal and Finance to review officer key decisions were strengthened to include other significant officer decisions.

The Constitution sets out the responsibilities of staff and elected members by defining decision-making powers, providing clear terms of reference for committees and specifying the delegated power of officers. In early 2020 a Managers Handbook was launched which explains these arrangements and sets out the responsibilities of managers and staff in an accessible format.

Standards of behaviour and a commitment to ethical standards are set out within the Constitution in the following Codes and Procedures:

- Members' Code of Conduct and Guidance
- Officers' Code of Conduct
- Member / Officer Protocol
- Code of Good Practice for Members and Officers involved in the Planning process
- Whistleblowing Policy and Speak Up document.

These Codes were reviewed and where appropriate updated in 2019 as part an 'Improving Governance' project delivered by the Monitoring Officer. They are subject to regular periodic review through the work programme of the Corporate Governance Group and Constitution Review Group.

PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement

The Council has an approved Constitution which sets out how the Council works, how decisions are made and the procedures that are followed to ensure efficiency, openness, transparency and accountability to the people of Cumbria. The Constitution is available on the Council's website.

All Council business is conducted in public unless legislation deems it appropriate for it to be considered in private.

The Council's Constitution sets out how it engages with stakeholders and partners through a combination of joint working arrangements, partnership boards and annual appointments to external organisations including local NHS bodies, certain charities, third sector organisations and other local authority bodies.

The Council carries out a wide range of public consultation, for example consultations on its draft Integrated Risk Management Plan and its Budget

proposals, as well as on specific service change proposals. In addition, the Council regularly undertakes more targeted engagement with service users, an example of which is having service user representation on boards such as the Learning Disability and Autism Partnership Board.

The Council has an Employee Engagement Framework which aims to ensure an engaged workforce, working collaboratively with recognised trade unions who can support the delivery of the priorities of the Council Plan and deliver the best services possible to the people of Cumbria, within the available resources. New initiatives, including focus groups, were introduced in 2019 to strengthen engagement with employees on a range of topics. Senior managers are additionally engaged through regular meetings of the Extended Leadership Team and management development conferences.

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

The Council's vision is set out in its Council Plan (2018-2022) adopted by full Council in February 2018. This plan was in place during 2019/2020 and sets out objectives focused on outcomes for citizens and communities. The Council Plan specifically has as one of its outcomes working with partner organisations and communities to achieve shared aspirations. The Council Plan is published on the Council's website and is available to all.

The Council has in place arrangements through the Council Plan Delivery Plan to ensure delivery of its aims and objectives, and that services are delivered economically, efficiently and effectively. The Plan is reviewed annually by Cabinet and implemented through Service Plans. The Council has established effective arrangements to manage performance and the corporate risks facing the Council, which are overseen by the Audit and Assurance Committee.

The Council's decision-making process takes account of the economic, social and, where relevant, environmental impacts of policies and plans. Reports to decision makers require a consideration of these factors along with risk, health and safety, strategic planning, equalities and financial implications.

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

The Council has a clear statement of aims articulated in its Council Plan and uses this as a basis for service planning. The Medium Term Financial Plan is fully integrated with the Council Plan and sets the framework for how the Council intends to use its available financial resources to fund the activity to deliver the outcomes of its plans.

There are a number of organisational strategies and plans which support the delivery of the Council's objectives, such as the ICT Plan, Workforce Plan and the Customer Strategy.

The Council works with private, public and third sector organisations (charities, social enterprises and voluntary bodies) to deliver its objectives for Cumbria. Closer collaboration and partnership is a continued focus as a way to meet the challenges facing public bodies, in particular with NHS partners to align and integrate services, to ensure residents receive the best possible services within available resources. During 2019 the Council renewed its arrangements through the Health and Wellbeing Board for collaboration towards more integrated services.

The Council has continued to explore different models for transformation of its service delivery, while maintaining existing arrangements such as Cumbria County Holdings Limited.

The Constitution sets out the key requirements when the Council is considering entering into partnerships. In addition, the Local Code of Corporate Governance 2018-2022 sets out principles and expectations relevant to the Council's work with others.

PRINCIPLE E: Developing the entity's capacity including the capacity of its leadership and the individuals within it

The Council has in place arrangements to provide assurance about the capability and capacity of its officers, including appropriate management arrangements, induction and appraisal processes. New 'Valuing Individuals and Performance' (VIP) arrangements were introduced in 2019 to promote focused conversations between managers and their staff throughout the year.

Work has continued during the last year to embed effective contract management arrangements, new corporate performance and risk management arrangements and health and safety arrangements at the centre of management processes. The Monitoring Officer led a project in 2019 to improve awareness and understanding of governance across the organisation. In early 2020 new web pages (Health & Safety and My Governance) providing health and safety and governance information in an easily accessible form were launched, with accompanying training modules.

The Council maintains a Workforce Plan which sets out its commitment to engage, empower, support and develop the workforce now and in the future. The plan is focused on three main themes: improving employee engagement, building on skills and behaviours and promoting employee wellbeing. The Plan is reviewed annually by Cabinet. The Council has continued to develop a learning and development programme for staff at all levels.

The Council provides a comprehensive induction programme for elected members and works with them through the Members Development Group to identify training and support needs, which are met in a variety of ways, including direct training.

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

A performance and risk management framework is in place to ensure that the Council continuously monitors the delivery of its services and manages its risks effectively. The arrangements include reports to CMT and Cabinet, monthly performance reporting and meetings, programme board reports and meetings, reports to service and directorate management team meetings and scrutiny reports and meetings.

The Council maintains a Constitution that sets out detailed financial and other procedure rules which must be followed when conducting Council business.

The Council maintains a Corporate Risk Register, which is reviewed regularly by CMT and has quarterly oversight from the Audit and Assurance Committee.

The Council Plan Delivery Plan is reviewed by Cabinet annually and kept under review during the year, incorporating changes as required. In 2019 new objectives were included to address the recommendations of an LGA Critical Friend review. A Corporate Performance Management Report providing an update on progress is provided to Cabinet on a quarterly basis.

The Council has developed a Business Assurance Framework that provides strategic assurance that the Council is effectively managing its business and that good governance is in operation. The Framework pulls together existing information and intelligence from across a range of business activities including internal audit, performance, risk and key policies to provide a business overview of the organisation. The Corporate Governance Group receives and reviews the Framework on a regular basis.

There is an approved Anti-Fraud, Bribery and Corruption Policy in place within the Constitution. Where allegations have been received, these have been investigated under the Policy. The Council's arrangements for reporting suspected wrongdoing ('whistleblowing') were refreshed in 2019 and are kept under review by the Corporate Governance Group.

The Council has a Group Audit Manager who is the Head of Internal Audit. The Council reviews its Internal Audit arrangements against the CIPFA Statement annually to ensure continued compliance with the requirements.

The annual report and opinion of the Head of Internal Audit (Group Audit Manager) is a key contributor to the Annual Governance Statement. The Head of Internal Audit's annual opinion, which was finalised on 29 July 2020, has been considered

when preparing the Annual Governance Statement to be published with the Council's accounts by 30 November 2020.

The Public Service Pensions Act 2013 introduced the requirement to have a Local Pension Board to assist in the governance of the Local Government Pension Scheme (LGPS). In response to this the Cumbria Local Pension Board (the Board) was established in 2015. The Board comprises three scheme member representatives and three scheme employer representatives. The Board has no remit as a decision making body, it assists the Council as the Administering Authority to fulfil its functions which cover all aspects of governance and administration of the Cumbria LGPS. In recognition of the important role of the Board in supporting the Council in its role of administering the Cumbria LGPS, meetings are scheduled on a quarterly basis and the Board formally reports to the Cumbria Pensions Committee on a quarterly basis. The Terms of Reference of the Board are set out in section 2P of Cumbria County Council's Constitution:

<http://www.cumbria.gov.uk/council-democracy/constitution/part2/otherpanels/2p.asp>.

PRINCIPLE G: implementing good practices in transparency, reporting and audit, to deliver effective accountability

The Council complies with the Local Government Transparency Code and publishes all required information in a timely fashion. The Council publishes a Forward Plan giving notice of all upcoming Key Decisions and notice is given five clear days in advance of any formal meeting. Decisions are published alongside supporting information setting out the background and options considered.

These arrangements have been maintained throughout 2020, with provisions in the Constitution for urgent decisions applied where necessary during the emerging coronavirus pandemic. All key decisions of Executive Directors and decisions taken by the Leader of the Council from 19 March 2020 are published on the Council's website. Since remote meetings were established on 22 May 2020 notice is given on the Council's website in line with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020.

The Council reports the achievement of performance and financial targets on a regular basis to senior officers, and to members in meetings that are open to the public.

The Council maintains an effective Internal Audit Service which complies with the Public Sector Internal Audit Standards and the CIPFA Statement on the Role of the Head of Internal Audit 2019.

The Council publishes an annual Statement of Accounts and responds appropriately to any recommendations from the External Auditor arising from the

annual audit of the Accounts. Progress on the implementation of actions arising from the external audit is reported to the Audit and Assurance Committee.

The Council uses external reports and/or inspections to inform and improve practice. The Council develops action plans where necessary, to respond to recommendations and these are monitored in a variety of ways, including reports to committees such as Audit and Assurance Committee. CMT maintains oversight of progress.

4. THE ANNUAL REVIEW OF EFFECTIVENESS

The Council has a duty to conduct, at least annually, a review of the effectiveness of its governance framework including its system of internal control. The review of effectiveness is informed by the work of the Corporate Governance Group, the Group Audit Manager's (Head of Internal Audit) report and also by comments made by the External Auditors and other review agencies and inspectorates.

The review of governance for 2019/20 has been carried out in the context of the significant disruption and necessary re-prioritisation of resources to respond to the coronavirus pandemic. The review has been modified in the context of a delayed start and to minimise the impact on officers carrying out priority crisis response and recovery work. This section details the steps that have been taken to carry out the review in as meaningful and focused way as possible.

Review continued up to November 2020 to ensure that the Annual Governance Statement 2019/20 is based on the most up to date and robust assessment of effectiveness possible in 2020.

The effectiveness of the governance framework has been evaluated as follows:

- A review of internal control comprising an assessment by each Assistant Director of their service areas against the required standards, carried out in April to June 2020. Evidence was gathered using a modified template sent to each Assistant Director. Some evidence was gathered directly from corporate information.
- A review of coronavirus impacts comprising an assessment by selected Assistant Directors and other officers of the impacts on service delivery, new areas of activity, funding and logistical consequences of delivering the response, longer term disruption and other consequences arising from the coronavirus pandemic.
- A review of minutes of Audit and Assurance Committee, Cabinet and Council to ensure that periodic monitoring and reviews are being reported appropriately and governance issues are addressed. Arrangements for decision making have been reviewed.
- Consultation by the Monitoring Officer with the Chair of Audit and Assurance Committee on 12 June 2020.

- A review of the overall opinion of the Group Audit Manager (Head of Internal Audit) is set out in the annual internal audit report. Based on the work undertaken by internal audit in 2019/2020, the Group Audit Manager is able to provide reasonable assurance over the effectiveness of the Council's arrangements for governance, risk management and internal control.
- An assessment of the Audit and Assurance Committee arrangements against the core functions of Audit Committees set out within the 2018 CIPFA Guidance for Audit Committees in Local Authorities and the Police. The review confirms that the Committee fulfils the core purpose of an audit committee as set out in the Guidance.
- A review of the Council's arrangements against the CIPFA Statements on the Role of the Chief Financial Officer and the Role of the Head of Internal Audit. The review confirms that the Council's arrangements conform to the CIPFA Statements on the Role of the Chief Financial Officer and Head of Audit.
- External reviews – LGA / Fire and Rescue/ SEND.
- Review by the Pensions Committee of the Cumbria Local Government Pension Scheme (LGPS) Fund Policy Statements, which are kept under review and updated when required throughout the year (for example following changes in regulations), and reviewed annually. In addition, the effectiveness of the Cumbria arrangements is reported in the Cumbria LGPS Annual Report to provide assurance to members when approving the Accounts. No significant governance issues have been identified in 2019/2020.
- A review of the 2018/2019 Statement of Assurance in respect of Cumbria Fire and Rescue Service, which is the latest Statement, approved in November 2019. No significant issues of governance were identified.
- The Council's arrangements with its controlled company, Cumbria County Holdings Limited, and its subsidiaries, are kept under review by the Section 151 Officer.

5. IMPACTS OF THE CORONAVIRUS PANDEMIC ON GOVERNANCE

The impact of the coronavirus pandemic has been felt by all organisations in the UK and the County Council is no exception, being a significant employer, service provider and community leader in the county. This section summarises the impacts on key areas of the Council's functions.

It should be noted that while the Council has experienced significant disruption to its day to day operations, the review has highlighted the effectiveness of its governance arrangements in providing a robust foundation for its response to the pandemic and this continues. The Council maintains a strong focus on business continuity and emergency planning, including learning from experience of managing major incidents and participating in national and local planning exercises. The Council reviewed its business continuity arrangements following Storm Desmond and the 'Beast from the East' major incidents, and in the context

of ongoing uncertainty up to and following the UK's exit from the European Union. This review and learning resulted in new governance arrangements to improve resilience including the setting up of an ongoing Emergency Preparedness Board as part of the Council's governance arrangements. The Council ran a flu pandemic exercise in 2018 which was supported by Public Health England. This planning meant that the Council was, and continues to be, well prepared to deal with the impact of the coronavirus incident, despite its significantly greater impact than previous major incidents in both its severity, impact and duration.

Impact on 'business as usual'

There has been significant impact on pre-coronavirus ways of working and service delivery. This has included a significant move from office-based working to home working where possible, closure of some public buildings and facilities such as libraries and recycling centres, temporary suspension of highways maintenance and works under the capital programme (except those supporting the response to the coronavirus), disruption to partnership arrangements and temporary closure of services such as day care and re-ablement services. Some planned work has not progressed, including some internal restructures and planned audit work.

Meetings began to be cancelled from 16 March 2020. On 27 March 2020 the Chief Executive decided to postpone and call no further member meetings up to 15 May 2020 to protect the health of members, officers and the public. The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings)(England and Wales) Regulations 2020 were laid before Parliament in early April, following which the Chief Executive made a decision on 12 May 2020 to call no further face to face meetings up to 5 June 2020. This included a decision not to call an annual meeting in 2020. 'Virtual' internet-based meetings were arranged as soon as possible, with Scrutiny Management Board being the first virtual meeting held by video conference on 22 May 2020. The Board received an update on the Council's response to the coronavirus. Meetings of the Development Control and Regulation Committee, Cabinet, Pensions Committee, Health and Wellbeing Board and Audit and Assurance Committee were re-established as virtual meetings in June and July 2020. Local Committees began to be re-established from July 2020, followed by scrutiny boards from September 2020. Meetings of the full Council were re-established as virtual meetings from September 2020.

Corporate response and new areas of activity

The Council is a Category 1 responder under the Civil Contingencies Act 2004 and has been an active and standing participant in the county's Strategic Co-ordinating Group (SCG), convened on 26 February 2020 to develop specific aims and objectives for the response to the coronavirus. The SCG provides a strategic lead in the county and declared a major incident on 11 March 2020. SCG governance included the formation of sub-groups which have co-ordinated the county's response in defined activity areas, and the Council has provided a lead in the

response in its functional areas, including public health, schools and adult social care, as well as coronavirus specific initiatives such as the sourcing and co-ordination of personal protective equipment (PPE) and supporting 'shielding' residents. Arrangements were put in place on 16 March 2020 to ensure co-ordinated leadership within the County Council under a 'Gold' and 'Silver Command' governance structure, translating SCG strategic priorities into internal Council priorities.

In April 2020, formal ICT and Health and Safety position statements were presented to CMT and have been kept under regular review. In June 2020, an ICT Security Position Statement, specific to the additional risks presented by the COVID 19 position, was presented to CMT to demonstrate that appropriate controls and assurance were in place. These arrangements continue to be discussed regularly at Directorate Management Teams and CMT, where Health and Safety is a standing agenda item, and with senior members.

Core services have been maintained where possible, including core domestic waste disposal and recycling, adult care services and children's services, incorporating new procedures to ensure safe practice. The Council has continued to focus, using safe systems of work, on key corporate projects such as the Cumbria Southern Link Road.

The Council moved rapidly to staff working at home where possible and refocused people management activity to address the challenges of new ways of working. ICT security requirements were strengthened as staff working at home moved to VPN infrastructure. Additional investment in the ICT technical infrastructure was prioritised and promptly implemented to increase resilience and capacity within the ICT network. Policies and procedures have also been adapted to respond to changing needs.

Assessment of impacts on decision making and scrutiny

Meetings began to be cancelled from 16 March 2020. The Chief Executive signed an officer decision record on 27 March 2020 to postpone meetings of members already called, and to call no further meetings until 15 May 2020. The Chief Executive signed a further decision record on 12 May 2020 to postpone meetings already called, and to call no further meetings except Scrutiny Management Board, up to 5 June. This decision included cancellation of the 2020 annual meeting. Owing to the periodic schedule of member meetings these decisions meant that some committees, including Cabinet, held their final meeting earlier than 27 March. Decisions to cancel meetings, though necessary at the time, impacted on the ability of members to take decisions and perform oversight and scrutiny functions, including quarterly oversight by Audit and Assurance Committee of the Corporate Risk Register.

Meetings were therefore re-established as soon as practicable. One impact of the cancellation of meetings in March 2020 was that the Audit and Assurance

Committee was unable to meet between December 2019 and July 2020. For this reason, the Chair of the Audit and Assurance Committee was consulted on the first draft of the Annual Governance Statement on 12 June and the Committee was re-established 'virtually' in July 2020 in time to provide oversight of the draft financial statement and draft Annual Governance Statement.

The Council reviewed and improved arrangements for officer decision making in 2019 and these have stood the Council in good stead in the response and early recovery periods of the coronavirus major incident. There is provision in the Constitution for the Chief Executive to take urgent decisions and for the Leader of the Council to take decisions that would otherwise have been taken by Cabinet or local committees. These powers were used to enable required decisions to be taken in the period up to the first virtual Cabinet meeting on 11 June 2020. Non-urgent Cabinet and key decisions have remained subject to call in for scrutiny. Urgent decisions and decisions taken by the Leader were reported to all members in early June. The Cabinet received a report on the Council's coronavirus response at its meeting on 11 June. The Council's officer Scheme of Delegation is a permissive scheme and this has supported decision making continuity of non-executive decisions.

The Chief Legal Officer re-issued updated guidance on decision making in civil emergencies to officers in April 2020 and further guidance in June 2020 to strengthen assurance on officer decision making. Up to September 2020 the Corporate Governance Group monitored decisions taken by officers through weekly decision logs submitted by Executive Directors. This continues, with bi-monthly review by the Corporate Governance Group from September 2020.

Assessment of financial impacts of coronavirus

Coronavirus related costs were relatively low in Quarter 4 of 2019/20 as this was in the very early stages of the pandemic impact on Cumbria. Costs have been much higher during 2020/21 as the significant impact of the pandemic has been felt across all services the Council delivers.

Arrangements have been put in place to identify these increased costs and lost income as a result of the coronavirus. The Council has received £30.5 million in general grant funding from the Ministry of Housing, Communities and Local Government (MHCLG) to fund the Council's coronavirus response, its impact on services and service expenditure, delays to transformation activities and undertaking new responsibilities. In addition to the grant funding provided, MHCLG launched a scheme to compensate Councils for relevant income losses, over and above the first 5% of planned income from sales, fees and charges, at a rate of 75p in every pound. Submissions to this scheme have been made up to September 2020 with future submissions to cover the period to 31 March 2021.

In addition, to the end of Quarter 2 specific grants totalling £7.950m have been received in respect of the Test and Trace Service Support Grant, Phase 1 of the Adult Social Care Infection Control Fund and the Emergency Assistance Grant for Food and Essential Supplies. These grants were provided for specific purposes,

either to fund specific additional responsibilities placed upon the Council such as with the Test & Trace programme, or to be directly transferred to third parties, for example the Infection Control Fund was required to be passed directly to providers of Adult Social Care.

There is monthly reporting to MHCLG on the financial impact of the coronavirus with returns having been provided for April to September 2020. The Finance team has been working closely with Assistant Directors and Senior Managers in preparing the forecasts for MHCLG.

The Director of Finance continues to closely monitor the impact of the pandemic on the Council's financial sustainability. Reports have been presented to CMT at least monthly during the period. With intensive reporting and analysis in the first quarter of the year, coinciding and supporting the reporting to MHCLG. The 2020/21 Quarter 1 Revenue and Capital Budget Monitoring Report, was presented to Cabinet on 24 September 2020, showing a balanced outturn position and identifying assumptions underpinning the forecast outturn. Updates have been provided to Members throughout the period through various mechanisms, including Scrutiny Performance Working Group, Scrutiny Management Board, Audit and Assurance Committee and informal briefings to Cabinet and Shadow Cabinet.

By seeking to manage the financial position in a coherent way the Director of Finance has been pro-active in increasing the frequency of reporting to ensure that all senior officers and the Cabinet are aware of the financial situation, supplemented by regular meetings with the Leader of the Council and Deputy Leader. Running alongside this reporting stream is the Directors' 'Meeting the Financial Challenge' Group which has been set up to develop plans to address the financial impact of the pandemic and the delivery of the budget. These discussions and plans are a key component of the development of the 2021-2026 Medium Term Financial Plan, alongside CMT and Extended Leadership Team.

There is recognition that the impact of the coronavirus can mean an ever-changing situation so the Director of Finance continues to undertake a monthly reconsideration of the financial position as part of the ongoing Annual Governance Statement update.

Assessment of longer term disruption and consequences

Assessment of the longer term disruption and consequences arising from the coronavirus pandemic have been assessed as part of the Council's response and this will inform planning during the recovery phase of the crisis. This has included consideration of impacts relating to:

- Public Health
- Service delivery
- Finances
- Staff resourcing and capacity

- Staff health and safety, and wellbeing
- Customer service
- Environmental
- Political
- Relationship with other bodies and partnerships.

Recovery plans and discussions are beginning to take place internally and with partners to consider the longer term impact of the coronavirus on services and on the workforce.

Multi agency arrangements to manage recovery from the impacts of the coronavirus pandemic are in place. The Strategic Recovery Coordination Group (SRCG) was established in June 2020 and is now running alongside the response phase as the County moves into a potential second wave. The Chief Executive of the County Council chairs the Group and it is currently developing a Recovery Framework that will set out the long term recovery aims for Cumbria.

The Council Plan Delivery Plan 2020-21 was agreed by Cabinet in September 2020 and this reflected the Council Plan in the context of COVID and recovery.

A new coronavirus Corporate Strategic Risk has been added to the Quarter 4 Strategic Risk Register and it is anticipated that this risk will remain on the corporate register for the remainder of 2020/2021, in the context of the prolonged nature of this incident and anticipated longer term disruption. Directorates within the Council are updating service level risk assessments as part of recovery work whilst also recognising that some services are still in the response phase. There were additional health and safety and ICT requirements which required ongoing reflection and review to ensure appropriate controls and measures were in place.

There will be a need to ensure commissioned services remain fit for purpose, that markets are developed and procurement is refocused in alignment with the Council's future needs. The Council was required to undertake significant commercial procurement of personal protective equipment to ensure responders were able to work safely. As the pandemic has progressed, Central Government now provides PPE free to the County Council and this is managed by a dedicated PPE team established within the Council to manage service requirements, ordering, stock management and distribution. A weekly meeting with recognised Trade Unions is chaired by an Assistant Director to ensure PPE is appropriately delivered, understood and effective in order to safeguard the Council's workforce.

6. SIGNIFICANT GOVERNANCE ISSUES

A governance issue arises when something has gone wrong which will affect the achievement of the Council's objectives. There is a need to respond and often recover from an issue and in financial terms, responding and recovering may add significant cost to the organisation or its processes. An issue may arise unexpectedly or may result from a poorly managed risk.

Whilst determining the significance of an issue will always contain an element of judgement, an issue is likely to be significant if one or more of the following criteria applies:

- It has significantly prejudiced or prevented achievement of a principal objective;
- It has resulted in the need to seek additional funding to allow it to be resolved;
- It has required a significant diversion of resources;
- It has had a material impact on the accounts;
- It has been identified by the Audit and Assurance Committee as significant;
- It has resulted in significant public interest or has seriously damaged reputation;
- It has resulted in formal actions being taken by the Section 151 Officer or Monitoring Officer;
- It has received significant adverse commentary in external or internal inspection reports that has not been able to be addressed in a timely manner.

The above definition and criteria were adopted by the Corporate Governance Group in March 2015. These criteria have been applied to help the Council assess its governance issues in 2019/20.

The Council has undertaken as meaningful and focused a review of its governance arrangements as possible at a time when resources are significantly directed towards responding to the impacts of the coronavirus pandemic.

No significant governance issues have been identified.

The review has highlighted that the coronavirus pandemic has had a significant impact on the Council's day to day operations which is summarised in this statement. It has also highlighted how the Council's ongoing preparedness for civil emergencies, including regular review of business continuity plans, lessons learned from previous emergencies and strong relationships with other organisations, have provided a firm foundation for the governance of the Council's immediate and ongoing response to the pandemic. In line with established practice the Council will review and learn from this experience during 2020/2021.

7. CONCLUSION

We have been advised on the implications of the result of the review of the effectiveness of the Council's corporate governance by the Audit and Assurance Committee and are satisfied that the Council's corporate governance arrangements in place during 2019/20 were fit for purpose in accordance with the CIPFA/SOLACE Delivering Good Governance Framework 2016.

We are committed as senior leaders to maintaining an effective governance framework for the Council and ensuring that it can meet the challenges of the future.

It is clear that the coronavirus pandemic has tested the Council's governance arrangements and we are pleased to note that the governance framework has provided a strong foundation from which to respond to the challenging circumstances that the Council and the county as a whole has faced in 2020, and will continue to face.

While the review has identified no significant governance issues in 2019/2020, we recognise the importance of continuously improving our practice, including learning from how we respond to major incidents. We will use the knowledge gained from our experience of the coronavirus to ensure that the Council's governance arrangements continue to provide effective foundations for the Council to achieve its objectives.

Dated the 27th day of November 2020

Signed by the Leader of the Council and the Chief Executive

Stewart Young, Leader of the Council

Katherine Fairclough, Chief Executive

[The following table contains extremely faint and illegible text, likely bleed-through from the reverse side of the page. It appears to be a financial statement or ledger with multiple columns and rows of data.]