
ANNUAL GOVERNANCE STATEMENT 2020/21 AND ANNUAL ASSURANCE STATEMENT 2020/21 TO THE SCOTTISH HOUSING REGULATOR

Report by Chief Executive

AUDIT AND SCRUTINY COMMITTEE

10 May 2021

1 PURPOSE AND SUMMARY

- 1.1 This report proposes that the Audit and Scrutiny Committee considers and approves the Annual Governance Statement 2020/21 and the Annual Assurance Statement 2020/21 in respect of landlord services provided by the Council.**
- 1.2 The CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) urges local authorities to review the effectiveness of their existing governance arrangements against their Local Code of Corporate Governance, and prepare a governance statement in order to report publicly on the extent to which they comply with their own code on an annual basis, including how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes for the coming period.
- 1.3 Part of the Audit and Scrutiny Committee's remit (Audit function) is to assess the effectiveness of internal controls, risk management, and governance arrangements.
- 1.4 The Annual Governance Statement 2020/21 at Appendix A, in compliance with the CIPFA/SOLACE Framework, provides details of the Council's Governance Framework, the annual Review of Framework undertaken, Improvement Areas of Governance, and overall opinion.
- 1.5 In 2019, the Scottish Housing Regulator ("the Regulator") revised its Regulatory Framework. This placed a new requirement on all social landlords to submit an Annual Assurance Statement to the Regulator by the end of October each year. The section 8 of the Annual Assurance Statement 2020/21 of the Service Director Customer and Communities, at Appendix B, is designed to meet this requirement of the Scottish Housing Regulator.

2 RECOMMENDATIONS

- 2.1 I recommend that the Audit and Scrutiny Committee:**
 - a) Considers the details of the Annual Governance Statement 2020/21 (Appendix A) to ensure it reflects the risk environment and governance in place to achieve objectives, and acknowledges the actions identified by Management to improve internal controls and governance arrangements; and**

- b) Approves that the Annual Governance Statement 2020/21 (Appendix A) be published in the Council's Statement of Accounts 2020/21.**
- c) Considers the details of the Annual Assurance Statement 2020/21 in respect of landlord services provided by the Council (Appendix B), the further self-assessment information (Appendix 1), and Scottish Borders Council Annual Assurance Statement 2020/2021 to the Scottish Housing Regulator (Appendix 2), and acknowledges the actions identified by Management to improve arrangements; and**
- d) Approves that the Annual Assurance Statement 2020/21 in respect of landlord services provided by the Council (Appendix B) be submitted to the Scottish Housing Regulator along with the Summary Statement of Self-Assessment of Compliance against Regulatory Framework (Appendix 1) and Scottish Borders Council Annual Assurance Statement 2020/2021 to the Scottish Housing Regulator (Appendix 2).**

3 BACKGROUND

- 3.1 Scottish Borders Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 3.2 The Council approved a revised Local Code of Corporate Governance on 28 June 2018, on recommendation by this Committee, consistent with the principles and requirements of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' (2016) which helps to ensure proper arrangements continue to be in place to meet these responsibilities.
- 3.3 Fundamentally Corporate Governance is about openness, integrity and accountability. It comprises the systems and processes, and cultures and values by which the authority is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.
- 3.4 The CIPFA/SOLACE Framework urges local authorities to review the effectiveness of their existing governance arrangements against their Local Code, and prepare a governance statement and report compliance on an annual basis.
- 3.5 Part of the Audit and Scrutiny Committee's remit (Audit function) is to assess the effectiveness of internal controls, risk management, and governance arrangements in place. This includes to 'Be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the authority's objectives'¹.

4 ANNUAL GOVERNANCE STATEMENT 2020/21

- 4.1 In March 2021 the officer Governance Self-Assessment Working Group (the 'Group') undertook via MS Teams the annual self-assessment of the effectiveness of internal control and governance arrangements and compliance against the Local Code for the year ended 31 March 2021. The Chief Officer Audit & Risk led on this process as part of HIA² role to be champion for sound governance.
- 4.2 The Group has evaluated progress with implementation of prior year improvement actions, which included the recommended improvements within the Best Value audit report.
- 4.3 The Annual Governance Statement 2020/21 (Appendix A), in compliance with the CIPFA/SOLACE Framework, provides details of the Council's Governance Framework, the annual Review of Framework undertaken, Improvement Areas of Governance, and overall opinion.
- 4.4 The Annual Governance Statement 2020/21 is informed by the self-assessment of compliance against the Local Code by the officer Governance Self-Assessment Working Group, the work of Internal Audit, External Audit and Inspection agencies, and annual assurance statements received from the Executive / Service Directors and the Monitoring Officer. The annual assurance statements from the two Executive Directors reflected the interim arrangements to share the Chief Executive's responsibilities during the period from October 2020 to March 2021 whilst the recruitment and appointment of a new Chief Executive was underway.

¹ CIPFA guidance note for local authorities 'Audit Committees' (2018)

² CIPFA 'the role of the head of internal audit in public service organisations' (2019)
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5 ANNUAL ASSURANCE STATEMENT 2020/21 IN RESPECT OF LANDLORD SERVICES PROVIDED BY THE COUNCIL

- 5.1 In 2019, the Scottish Housing Regulator (“the Regulator”) revised its Regulatory Framework. This placed a new requirement on all social landlords to submit an Annual Assurance Statement to the Regulator by the end of October each year. This statement must either confirm that the Governing Body or appropriate Committee is assured that the landlord is complying with all relevant regulatory requirements and standards, or highlight any material areas of non-compliance and how the landlord will address these.
- 5.2 As Scottish Borders Council is a housing stock transfer local authority, it is subject to submitting a Statement that is considerably less involved than an asset-owning authority. However, the Council is responsible for Homelessness Services provision in the Scottish Borders and must give assurance in this area.
- 5.3 Section 8 of the Service Director Customer and Communities’ Annual Assurance Statement 2020/21, at Appendix B, is designed to meet this requirement of the Scottish Housing Regulator. It confirms the Council’s level of compliance with all of the relevant requirements set out at Chapter 3 of the Regulatory Framework, to include:
- all relevant standards and outcomes in the Scottish Social Housing Charter in respect of any tenants, homeless persons, and other person who are in receipt of housing services; and
 - legal obligations associated with housing and homelessness services, equality and human rights, and tenant and resident safety.
- 5.4 Section 8 of the Service Director Customer and Communities’ Annual Assurance Statement 2020/21 is informed by the self-assessment of compliance against the Regulatory Framework by the Homelessness Services Manager, and the work of Audit and Inspection bodies. More information is contained in Appendix 1 ‘Summary Statement of Self-Assessment of Compliance against Regulatory Framework’. A version of the Annual Assurance Statement for submission to the Scottish Housing Regulator is attached as Appendix 2 ‘Scottish Borders Council Annual Assurance Statement 2020/2021 to the Scottish Housing Regulator’.

6 IMPLICATIONS

6.1 Financial

There are no direct financial implications arising from this report.

6.2 Risk and Mitigations

The Annual Governance Statement 2020/21 details areas where additional work would further enhance the internal control environment, or improve risk management, and corporate governance arrangements.

The Service Director Customer and Communities’ Annual Assurance Statement 2020/21 in respect of landlord services provided by the Council details areas where additional work would further enhance the arrangements to meet the Regulatory Framework.

6.3 Integrated Impact Assessment

This is a routine good governance report for assurance purposes, required under the Local Authority Accounts (Scotland) Regulations 2014. This report does not relate to new or amended policy or strategy and as a result an integrated impact assessment is not an applicable consideration.

6.4 **Acting Sustainably**

Core principle of good governance “C. Defining outcomes in terms of sustainable economic, social, and environmental benefits” is included within the CIPFA/SOLACE Framework ‘Delivering Good Governance in Local Government’ (2016). The officer Governance Self-Assessment Working Group considered examples of evidence to demonstrate local compliance with all the Framework’s seven core principles of good governance, supporting principles and a range of specific requirements.

6.5 **Carbon Management**

There are no direct carbon emissions impacts as a result of this report.

6.6 **Rural Proofing**

This report does not relate to a new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

6.7 **Changes to Scheme of Administration or Scheme of Delegation**

No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

7 CONSULTATION

- 7.1 The Corporate Management Team has been engaged in the governance annual assurance process 2020/21 and has been consulted on this report to enable its comments to be incorporated.
- 7.2 The Executive Director Finance & Regulatory, Chief Legal Officer (and Monitoring Officer), Service Director HR & Communications, Clerk to the Council, and Communications team have been consulted on this report and any comments received have been incorporated.

Approved by

Chief Executive

Signature

Author(s)

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Background Papers: CIPFA/SOLACE framework ‘Delivering Good Governance in Local Government’; Scottish Borders Council Local Code of Corporate Governance

Previous Minute Reference: Audit and Scrutiny Committee 23 June 2020

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