

ANNUAL GOVERNANCE STATEMENT 2017/18

Corporate Governance

Harrogate Borough 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. It also 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.

Corporate governance is about how the council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems, processes and values by which councils operate and by which they engage with, and are held accountable to their communities and stakeholders. Members and officers are responsible for putting in place proper arrangements for the governance of the council's affairs and the stewardship of the resources at its disposal.

The council is committed to the principles of effective corporate governance and has adopted a Code of Corporate Governance which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government (2016). It is made up of seven core principles:

- A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rules of law.
- B. Ensuring openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits.
- D. Determining the interventions necessary to optimize the achievement of the intended outcomes.
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency, reporting, and audit, to deliver effective accountability

This statement explains how the authority has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, regulation 6(b), which requires all relevant bodies to prepare an Annual Governance Statement. The statement is presented to the Audit and Governance Committee in conjunction

with the Statement of Accounts and is signed by the Leader and Chief Executive.

The Purpose Of The Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the council is directed and controlled. It includes the activities through which it accounts to, engages with and leads the community and enables the council to monitor the achievement of its strategic objectives and to consider whether they have led to the delivery of appropriate, cost-effective services.

A significant part of the framework is the system of internal control. This is designed to manage risk to an acceptable level as it cannot eliminate all risk of failure to achieve policies, aims and objectives. The system of internal control is based on an agreed risk management framework designed to identify, assess, prioritise and manage risks to the achievement of the council's policies, aims and objectives.

The governance framework explains how the council complies with the Local Code of Corporate Governance (LCCG) that has been in place at Harrogate Borough Council for the year ended 31st March 2018 (approved by [Cabinet](#) on 19 April 2017) and up to the date of approval of the annual Statement of Accounts. The framework is available on request.

1. Review of Effectiveness

The council must conduct, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Chief Officers/Service Managers who have responsibility for the development and maintenance of the governance environment, reports from a number of individual officers with specific responsibilities, including the Monitoring Officer and the Head of Internal Audit, and by the council's external auditors.

This statement assesses compliance with the arrangements detailed in the Governance Framework to meet the principles set out in our LCCG. Any improvement actions are summarised in the Governance Improvement Action Plan attached at **APPENDIX A**.

Principle A:

Behaving with Integrity, Demonstrating Strong Commitment to Ethical Values and Respecting the Rule of Law

Sub-Principles

- (I). Behaving with Integrity
- (II). Demonstrating Strong Commitment to Ethical Value

REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE

1. **Member Code of Conduct** – A report from the Head of Legal and Governance summarising Standards Complaints and Investigations 2017/18 was considered by [General Purposes Committee 22 March 2017](#). 17 complaints were received. 7 related to Borough Councillors and 10 related to Parish Councillors. The Committee noted the complaints and were satisfied with the outcomes of the investigations.
2. **Customer Complaints** – A new Complaints Policy was approved in 2017 and an online process launched in February 2018. The revised process reduced the formal complaint process to two stages and introduced better monitoring of service level complaints. Complaints are now logged directly by the customer through the website, and correspondence through the complaints process is also directly with the customer. The informal or service level complaint is looked at by the local service manager and if the customer is not satisfied with the response, the complaint is escalated to the overall service manager before being allocated by the chief executive for review. As the new policy was introduced in February 2018 there is limited data, however, under the old policy between April 2017 and February 2018 the following complaints were received;
 - 42 (55%) resolved at Stage 1
 - 21 (28%) resolved at Stage 2
 - 13 (17%) resolved at stage 3
3. **Local Government and Social Care Ombudsman (LG&SCO)** – A report from the Head of Legal and Governance summarising LG&SCO Complaints and Investigations 2017/18 (including complaints to the Housing Ombudsman) was considered by [General Purposes Committee 22 March 2018](#). There were 8 complaints received by LG&SCO from 1 April 2017. The Committee noted the complaints and were satisfied with the outcomes
4. **Member Training Awareness** – There was one new council Member in 2017/18 who received induction training including standards of behaviour and ethical values. Training was provided for all members of council Committees in accordance with the Constitution/Committee requirements
5. **Officer Training Awareness** - For the provision of officer Induction/other training see **Principle B - Developing the Entity's Capacity, Including the Capability of its Leadership and the Individuals Within It**
6. **The Employee Code of Practice for Acceptance of Gifts/hospitality and the Outside Interests Register** were not reviewed in 2017/18. It is intended that the policy will be reviewed on a rolling three year programme and that it will next be reviewed in 2019/20 unless key legislation changes occur in the intervening period
7. **Members Declaration of Interests** – Member declarations of interest were reported and recorded at all Committee meetings in 2017/18 including council where Members were reminded to update the register at every meeting. The

council's external auditors reported to the [Audit and Governance Committee on 18 September 2017](#) that Members' declarations of interest (which are published online) should include their appointments on outside bodies including those to which councillors have been appointed or nominated by the council to act as a council representative in order to comply with the council's own Code of Conduct for Members. Whilst the council had published records of those appointments a minority of members had not declared such appointments on the register of interests. Actions were taken immediately to rectify this In Sept 2017 and the Committee was satisfied with the response

8. **Partnerships** –A partnership audit was not undertaken in 2017/18

Sub-Principles

(III). **Respecting the Rule of Law**

REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE

9. **The Constitution** - The Constitution was reviewed and updated as appropriate in 2017/18 in particular the [Scheme of Delegation to Directors](#), arrangements for [Neighbourhood Planning](#) and [electronic voting](#)

10. **Review of Committee arrangements from May 2018 when the Local Government Boundary Commission ("LGBC") Order comes into effect** – In advance of the Local Government Boundary Commission Order coming into effect the following were reviewed and agreed by [General Purposes Committee on 19 June 2017](#):

- Committee Structures
- Terms of reference for committees and the delegation arrangements
- Size of Committees
- The Committee Cycle
- Rural councillor involvement in Parish Council meetings

11. **Review of Member Allowances by the Independent Remuneration Panel** – A review of member allowances was undertaken as a result of the move to whole council elections from May 2018, which would see a reduction from 54 to 40 councillors. The recommendations from the review were agreed by [General Purposes Committee on 14 September 2017](#)

12. **Cabinet Member/Committee membership and responsibilities** - were reviewed and agreed at the [council meeting on 22 May 2017](#)

13. **Contract Procedure Rules** – were not reviewed in 2017/18

14. **Public Sector Equality Duty** - [An annual report](#) was considered by Management Board in January 2018 to demonstrate compliance against the Public Sector Equality Duty and progress against the equalities strategy and action plan. The report provides case studies against the protected characteristics and actions that have been carried out throughout the year

corporately and at a service level and was accepted by Management Board

- 15. Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)/Anti-Fraud and Corruption strategy** – Initial Audit work has confirmed that managers across the council have a much deeper awareness of both the impact of fraud on their service and the Council's current Anti-Fraud and Corruption Strategy. A review of the strategy has also commenced and a first draft produced. Service fraud risks are now being actively considered although not been formally documented. In addition, a greater volume of fraud work has been conducted on the council's potential fraud cases as identified via the National Fraud Initiative however this does not consider all aspects of potential fraud.
- 16.** During June 2018 a pilot was undertaken with a fraud software provider to establish potential levels of fraud that could be present within the District. The results did not facilitate appropriate current fraud assessments and the council will not be taking this further at present. Further work will therefore be undertaken with the council's current credit information provider to develop requirements and coordinate use across the council to address potential fraud. Once the outcomes of this work have been agreed a proposed approach to fraud will be developed.
- 17. Significant Governance Issue** - As the work on fraud has yet to be completed and because the council has no qualified Fraud Investigator, it is considered that Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)/Anti-Fraud and Corruption strategy remain as a significant governance issue that require inclusion in the Annual Governance Statement 2017/18
- 18. Whistleblowing Policy 2015** – In 2017/18 there were 2 whistleblowing notifications received, none of which were referred to the Police. No calls were received on the council's Whistleblowing hotline during 2017/18. The 2018/19 Audit Plan includes allocated resources to refresh the Policy, however the lack of whistleblowing activity may be evidence of under-reporting due to lack of training/awareness or accepted behaviour therefore external support is being considered to help promote Whistleblowing subject to funding.
- 19. Disciplinary Policy and Procedure** - In 2017/18 there were 7 cases dealt with through the Disciplinary Policy and Procedures involving the Employee Relations Team
- 20. Reports for Decision** – In 2017/18 all reports for decision (by Management Board and Cabinet) were checked for equalities compliance on a fortnightly basis. Four decision reports were held and revisited as part of this process. Two were followed up by the Engagement Officer as they required further development support. The Local Performance Indicator for reports for decision to have adequate equalities consideration achieved 100%
- 21. Provision of staff awareness training for relevant legislation** see **Principle D - Developing the Entity's Capacity, Including the Capability of its**

Leadership and the Individuals within It.

Senior Managers Assurance

All managers (including statutory officers) confirmed that they were able to fulfil their responsibilities and that arrangements were in place to meet **Principle A** within their service areas. There were some continuous improvement actions identified regarding Awareness of Codes of Conduct, the Constitution and Member training/monitoring of the impact of the changes to membership/Members of the council as a result of the implementation of the Local Government Boundary Commission Order.

Overall Assessment

Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)/Anti-Fraud and Corruption strategy is considered a significant governance issue. The council needs to address these issues in 2018/19 to meet this principle satisfactorily as set out in the Local Code of Corporate Governance. There are also some areas for continuous improvement

Improvement Actions

1,2,3,4,5,6 and 7

Principle B:

Ensuring Openness and Comprehensive Stakeholder Engagement

Sub-Principles

- (I). Openness
- (II). Effectively Engaging with Institutional Stakeholders, Including Individual Citizens and Service Users

REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE

22. *The **Corporate Plan*** was published and information about priorities and targets for 2017/18 was available on the website

23. *Full **Council*** met seven times in 2017/18 including the Annual Meeting. It considered and approved the minutes of Cabinet, reports from the Overview and Scrutiny Commission, the Audit and Governance Committee, General Purposes Committee, Human Resources Committee and the Licensing Committee. It also considered key reports issues on Governance, Finance, Housing, Policy/Delegation, Performance and Major Projects.

24. *There were 13 **Cabinet meetings*** held in 2017/18. All decision records were publicly available and the Forward Plan of Key Decisions was updated and published on the council website

25. *In 2017/18 there were 883 **Freedom of Information Requests*** - 118 being requests under Environmental Information Regulations 2004. There were 85

requests that were dealt with outside the 20 working day deadline or have no recorded response against them, (to date – there are 9 requests that have not reached their deadline). There were 10 requests for internal reviews (of requests received in 17/18). The council met the Information Commissioner's Office (ICO) target for compliance with the 20 working day deadline of 90%, notwithstanding the 9 requests still to reach deadline. The Overview and Scrutiny Commission commenced a review of the operation of the Freedom of Information Scheme and it is anticipated that this will be completed by October 2018

26. *The Partnerships and Engagement Team* and the Marketing and Communications Team were brought together within the Legal and Governance Service in October 2017 to improve communications/engagement with residents/ stakeholders. A new Communication and Engagement Strategy was also adopted in 2017/18.

27. *The Public Service Leadership Board* approved and published an [Annual report](#) of work undertaken in 2016/17. The outcomes of the PSLB work are measured against the targets, outlined in the PSLB Action Plan and highlight reports provided to the Board by lead officers on a quarterly basis. In 2017/18 the PSLB Action Plan was reviewed and signed off by the Board in January 2018

28. *The 'My Neighbourhood' project* activity is included in the PSLB Annual report but a separate report is also produced. In 2017/18 quarterly updates were provided to the Neighbourhood Management Steering Group via highlight reports and the evidence base and action plans for all project areas were reviewed to ensure activity and resources were focused

29. *The Internal grants audit* was reviewed and updated in 2017/18. Governance assessments were carried out against strategic grants to ensure that appropriate arrangements were in place to provide assurance that funding was used for intended purposes. Recommendations were agreed by [Cabinet in December 2017](#) to transfer the small grants monies into a local community foundation to manage on the council's behalf as part of a wider project

30. *Funding agreements* for existing corporate strategic grant holders were reviewed and re-issued in March 2018 for the funding term 1st April 2018-31st March 2019. A new small grants funding agreement was agreed by [Cabinet in December 2017](#) that will be reviewed as part of the budget setting process in December 2018 for the 2019/20 budget period

31. *Consultation/Engagement* - In 2017/18 there were 29 consultation projects (2 internal consultations) supported by the Partnerships and Engagement Team and the district panel was surveyed 3 times. All reports and associated decisions were reported on the [Have Your Say](#) area of the website with links to associated Equality Impact Assessments

32. *Public participation* - Across all Committees 21 questions were put forward by members of the public (excluding planning) and 5 petitions were received. One item was suggested for review by a member of the public for Overview

and Scrutiny (that was agreed)

33. Exempt Meetings - In 2017/18 there were a number of committee meetings held in exempt/part exempt session where members of the public were excluded these were, Human Resources (5), Audit and Governance (2), Cabinet (4), Planning (2), Performance Panel (1)

34. Call-In of Key Decisions - There were two decisions taken in 2017/18 where the Call-In procedures did not apply one was an urgent decision and one was by general exception. Both decisions were agreed by the Chairman of the Overview and Scrutiny Commission in accordance with the constitution and reported to full council.

Senior Managers Assurance

All managers confirmed that they were able to fulfil their responsibilities and that arrangements were in place to meet **Principle B** within their service areas. There were some continuous improvement actions identified regarding improved planned customer engagement/feedback

Overall Assessment	There are no significant governance issues and it is considered that the council is undertaking the arrangements to meet this principle satisfactorily as set out in the Local Code of Corporate Governance. There are some areas for continuous improvement.
--------------------	--

Improvement Actions	8
---------------------	----------

Principle C:

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

Principle D:

Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes

Sub-Principles

- (I). Defining outcomes
- (II). Sustainable economic, social and environmental benefits
- (III). Determining Interventions
- (IV). Planning Interventions
- (V). Optimising Achievement of Intended Outcomes

REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE

35. The 2017/2018 Corporate Delivery Plan - Year-end performance report was

considered by Cabinet on 20 June 2018

- 36. *The 2017/18 Year end Finance and Performance Report*** was considered by Cabinet on 20 June 2018. The outturn position on General Fund revenue spending was also reported together with relevant 2017/18 Service Plan performance and the use of savings
- 37. *The Performance Panel*** - considered General Fund Revenue Monitoring and quarterly Delivery Plan Performance throughout the year with a final year-end overview report reported to [Cabinet in February 2018](#). The Medium Term Financial Strategy 2018/19 to 2022/23 was also considered with the Overview and Scrutiny Commission in September 2017 and agreed at council [on 4 October 2017](#). In 2018/19 the Performance Panel will no longer be in operation and its remit will be undertaken by the Overview and Scrutiny Commission
- 38. *Service Budgets and the 2017/18 Draft Budget and 2018/19 Indicative Budget*** - considered by the Overview and Scrutiny Commission on 8 January 2018 (Informal Meeting) and 15 January 2018, Cabinet on 3 January 2018 and 8 February 2018 with agreement by council on [14 February 2018](#)
- 39. *The 'Strategy for Success'*** performance was monitored at each of the Our Strategy For Success (OSFS) Board meetings with exception reports received at every meeting. The programme delivered the anticipated projects within 2017/18 and a mid-programme review was carried out. As a result of this review some established projects have now been adopted as 'business as usual' and are being reported via the corporate performance management regime and some new projects have been added to the transformation programme. As a result the OSFS programme has been updated and will now have four key themes, Sustainable Harrogate, Destination Harrogate, Digital Harrogate and Commercial Harrogate. Updated/improved governance arrangements are being adopted and the council's Improvement & Development team is being reviewed in order to provide sufficient programme management capacity to deliver the programme. In 2018, Management Board agreed a revised approach to our suite of Value for Money service profiles
- 40. *The OSFS programme*** and financial challenges in the MTFs were significant governance issues in 2016/17, particularly organisational capacity and governance, risk and project arrangements. It is considered that the work undertaken in 2017/18 to review arrangements and the improvements made will provide the appropriate governance arrangements/support for the programme. The arrangements will be monitored in 2017/18 as part of the continuous improvement action plan
- 41. *In 2017/18 the Emergency Planning Team*** continued to develop the Business Continuity Plans, with several service areas being revisited after service reviews and in light of the move to the New Civic Centre. The Corporate Business Continuity Plan has been reviewed, updated and signed off by Management Board. A Business Continuity Programme was also presented, which will see a rationalisation of BC plans to align with Heads of Service. The new plan template is currently being trialled.

42. The Disaster Recovery (DR) site at Victoria Car Park has been established by ICT, and the generator from Scottsdale House has now been moved and installed at Claro Road, providing a resilient work area for approximately 40 staff. The DR Plan is continuing to be developed and it is planned to undertake a DR exercise

43. Social Value - The Harrogate District Public Services Leadership Board agreed a Social Value charter for the District in January 2018. The principles have been integrated within the PSLB quarterly highlight reports, the My Neighbourhood highlight reports and within partnership projects such as THE LOCAL FUND. The principles will be used to evaluate projects delivered in 2018/19

Senior Managers Assurance

All managers confirmed that they were able to fulfil their responsibilities and that arrangements were in place to meet **Principles C and D** within their service areas. There were some continuous improvement actions identified regarding progress on Business Continuity arrangements and governance/reporting/support arrangements for OSFS

Overall Assessment	There are no significant governance issues and it is considered that the council is undertaking the arrangements to meet these principles satisfactorily as set out in the Local Code of Corporate Governance. There are some areas for continuous improvement.
--------------------	--

Improvement Actions	9, 10 and 11
---------------------	---------------------

Principle E:

Developing the Entity’s Capacity, Including the Capability of its Leadership and the Individuals Within It

Sub-Principles

- (I). **Developing the Entity’s Capacity**
- (II). **Developing the Capability of the Entity’s Leadership and Other Individuals**

REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE

44. Member Training - In 2017/18 appropriate Member training was delivered to support the Planning and Licensing Committees. All other Committee memberships were assessed to ensure that Committee members had appropriate experience/training to undertake their roles. All Member training has been reviewed in 2017/18 and a revised Member training programme will be implemented in 2018/19 including mandatory standards training

45. Member Briefings - There were 8 Briefings/Workshops provided for Members including the Local Plan, Harrogate Convention Centre and Data Protection

46. Employee Appraisals - The information for employee appraisals is calculated from 1st July – 30th June each year with a target of 90% of employees receiving an annual appraisal in 2017/18 there were 863 appraisals completed (86%)

47. Employee training (Corporate) - In 2017/18 there were 181 learning events recorded, (54 different courses) including 11 Corporate Induction courses. There were 140 new starters therefore 72% of new employees received corporate induction training, 61% within 3 months of starting work. A review of training and development was undertaken with a focus on increased impact, utilising technology and alternative methods of course provision

48. Coaching/Mentoring – An internal coaching and mentoring scheme was launched in February 2017, 22 internal coaching relationships were supported, with 18 coaches in the coaching pool

49. E-Learning – The completion rates for mandatory training course on the council’s e-learning platform (MYLO) for new employees ranged between 23 % and 96%

50. Accelerate management excellence programme – There were 36 managers that participated in the programme in 2017/18

51. Health and Well Being - A range of schemes/support/advice/policies were provided. This included the Health and wellbeing communications programme promoting national awareness days, (Back care, healthy eating, cancer awareness, mental health, etc.) and the Annual health & wellbeing event dedicated to mental health “healthy mind healthy you”

52. Monthly Policy Briefings were presented to Management Board and shared with employees via the Corporate Evidence Base (‘Keeping Current’) in 2017/18 Management Board approved the Annual Policy Briefing Plan in March 2018. Quarterly briefings were also provided for Councillors and MPs

Senior Managers Assurance

All managers confirmed that they were able to fulfil their responsibilities and that arrangements were in place to meet **Principle E** within their service areas. There were some continuous improvement actions identified regarding the completion of mandatory e-learning and appraisals.

Overall Assessment	There are no significant governance issues and it is considered that the council is undertaking the arrangements to meet these principles satisfactorily as set out in the Local Code of Corporate Governance. There are some areas for continuous improvement.
Improvement Actions	12 and 13

Principle F:**Managing risks and performance through robust internal control and strong public financial management****Sub-Principle****(I). Managing Risk****REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE**

53. Risk Registers - All decision reports to Management Board and Cabinet/Cabinet Members included the consideration of risks. The Strategic Risk Register was considered by Management Board in August and November 2017 and the Audit and Governance Committee in January and March 2018. Service Plan Risks were developed for 2017/18 and managed by Heads of Service

54. Risk Management Framework/Policy – Progress on embedding the Risk Management Framework (and Action Plan) was reported to Management Board in August and October 2017 and the Audit and Governance Committee in November 2017

Sub-Principle**(II). Managing Performance
(III). Robust Internal Control****REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE**

55. Service delivery and progress are detailed in **Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes**

56. Overview and Scrutiny - The Overview and Scrutiny Commission met 11 times in 2017/18 and considered issues/items that met its full Terms of Reference including, Statutory Crime and Disorder Responsibilities, Holding the Executive to Account, Budget and Policy Framework, Pre-Decision, Scrutiny of council Performance and Public Requests. A review of effectiveness was also undertaken in 2017/18 and considered by the Commission in [April 2018](#). An Annual Report for work undertaken in 2017/18 will be considered at the Commission Meeting in June 2018 and reported to Full council

57. Call-In - There were no Call-Ins throughout 2017/18, the Forward Plan was considered at each meeting and items agreed for Pre-Decision Scrutiny with Cabinet. Requests from members of the public were also considered at each meeting resulting in one item of work being agreed for inclusion in the work programme for 2017/18

58. Internal Audit - Undertook the full range of roles/responsibilities for Internal Audit in Local Government. In summary for 2017/18:

- I. Regular meetings were held with the Chief Executive, the Head of Finance (the council's S151 officer), Management Board and the Audit and Governance Committee and the council's external auditors, Mazars LLP
- II. Use of the integrated Audit and Risk Management System (MK Insight) was further developed
- III. Joint work/training with the Scrutiny, Governance and Risk Manager was undertaken to support the development of Risk-Based Auditing, MK Insight and the identification of key risks
- IV. Risk-based audit plans were developed and agreed in consultation with senior management
- V. The Audit Plan 2017/18 was delivered and progress reported to Management Board and at each [Audit and Governance Committee Meeting](#). There were two audits reported to the Audit and Governance Committee ([July](#) and [November](#) 2017) as a result of the issues investigated and levels of assurance. The Audit Plan 2018/19 was agreed by the Audit and Governance Committee in [March 2018](#).
- VI. 'Significant' or 'good' levels of assurance were given for the annual audits of major financial systems completed at the time of writing. One report was issued where 'no assurance' could be given on the control environment in place. The findings related to significant weaknesses in the work undertaken by the council's In-House Maintenance Team for which an action plan was produced and agreed by the Service. The audit report was considered by Management Board and the Audit and Governance Committee. There were 24 findings/recommendations and at the time of writing 8 are still outstanding, 3 recommendations have been carried forward onto the 2018/19 Audit Plan as a separate audit, 3 have been agreed but require a long lead time for implementation and 2 are waiting on other service areas before they can be fully embedded.

59. Health and Safety – In 2017/18 the Electronic Health and Safety Risk Assessment Project Timetable was reviewed to ensure that preparatory work was undertaken. The "Lone Worker "project was progressed, highlighting areas for improvement for managing the safety of colleagues who work closely with customers in locations away from the council. Pilot projects have commenced in Environmental Services and In House maintenance to review how training needs are assessed and recorded. Work has continued to act on the findings of the two HSE inspection reports issued last year, and an internal Audit report issued in 2017/18.

- **The reported time lost for accidents/incidents** was 773 days at a cost of £51,982 with 88 separate incidents reported (employees only)

- **There were 56 reports of Verbal Abuse and Violent behaviour** from customers (no injuries)
- **Occupational health and counselling support** - 126 health surveillance appointments and 52 individuals contacted Insight for support (4.6% of workforce). This is a slight increase on last year but still within expected results for any organisation, and of those contacts only 9 (17%) were work related issues, the majority (39) were personal issues and 1 was for legal or financial advice

60. The Audit and Governance Committee met 5 times in 2017/18 and considered reports/issues that covered its full Terms of Reference. A formal review of the effectiveness of the Committee was considered at the meeting on 26 March 2018 as part of the Annual Report. Mazars LLP were appointed as the external auditor for the council and attended/reported at every Audit and Governance Committee meeting in 2017/18. As a result of the local elections in May 2018 the membership of the Committee has changed significantly (including the Chairman and Vice Chairman). CIPFA have also published new guidance (Practical Guidance for Local Authorities and Police 2018 Edition), therefore, in 2018/19 additional training and support will be provided for the Committee

61. CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government 2010 - In 2017/18 the council met the requirements set out in the CIPFA Statement on the Role of the CFO in Local Government (2010) and no officer or member raised any case where financial matters had been compromised as a result of the CFO's other management responsibilities (Principal 1 of 5). Arrangements are in place for the Head of Finance to report directly to the Chief Executive as required

Review of the Effectiveness of Internal Audit and Compliance with the Public Sector Internal Audit Standards

62. Review of Internal Audit - Under the Accounts and Audit (England) Regulations 2015, a local authority is required at least once a year to carry out a review of the effectiveness of its internal audit. The 'Public Sector Internal Audit Standards' (PSIAS) require the council to comply with the 2015 regulations. CIPFA have provided guidance on the PSIAS in the form of an Application Note: when combined the two documents constitute 'proper practice' as set out in the 2015 regulations

63. The PSIAS and Application Note require that every local government internal audit service be subject to an external assessment of its work against the standards at least once every five years. In 2014 Mazars LLP, the council's external auditors carried out a compliance review of Internal Audit against the standards and agreed that Internal Audit was effective overall. This opinion meets the requirements of the PSIAS and Application Note for 2017/18

64. Annual Internal Audit Opinion - The PSIAS requires the "chief audit executive" or equivalent to submit an annual internal audit opinion and report

that can be used by the organisation to inform its governance statement. The annual internal audit opinion/report must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control and incorporate the opinion, a summary of the work that supports the opinion; and a statement on conformance with the PSIAS and the results of the quality assurance and improvement programme. The overall Internal Audit opinion is reported in **Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability (Paragraph 72)**

Sub-Principle

(IV). Managing Data

REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE

65. Security breaches - During 2017/18 there were 33 breaches relating to the safeguarding of information, all of them were regarded as "non-technical" meaning they did not relate to a computer error and 2 were considered serious enough to report to the ICO. The ICO considered that no further action was necessary because the council had investigated the incidents promptly and had identified actions to prevent a recurrence

66. In 2017/18 policies/practices/training were reviewed and agreed prior to the new Data protection Bill and General Data Protection Regulations coming into force to ensure compliance This work included the following:

- Complete all 12 GDPR actions for go live (25th May)
- Publication scheme
- Privacy Notice
- Data Sharing Policy
- Data Protection Policy
- Fair Processing Notice
- Created Mylo (E-learning) training for GDPR
- Completed the Scrap it project
- Completed personal data audits
- Update all contracts with the new GDPR variations

67. The council has identified that Data Protection Impact Assessments (DPIAs) are significant in ensuring effective information governance and identifying key risks. In 2017/18 98 initial DPIAs were undertaken to assess if full DPIAs were required and 25 full DPIAs were undertaken. These cover all software/systems, projects and hardware (i.e. printers) which may use personal or sensitive data. All risks identified have been assessed and scored using the council's risk management framework and managed by risk owners. All significant DPIAs risks in excess of the council's appetite are reported to the Senior Information Risk Officer (SIRO).

68. In 2017/18 Information Governance was considered a significant Governance issue in advance of the new General Data Protection Regulations

(GDPR). The work undertaken in 2017/18 has enabled the council to meet these requirements and an audit of the council's arrangements for GDPR was undertaken with a significant level of assurance provided. It is considered, however, that due to the commencement of GDPR in early 2018/19, the level of public interest and the significant level of data breach fines that information governance should remain as a significant governance issue for 2018/19. This will also facilitate the on-going review of arrangements in the first year after the implementation of GDPR.

Senior Managers Assurance

All managers confirmed that they were able to fulfil their responsibilities and that arrangements were in place to meet **Principle F** within their service areas, particularly the satisfactory operation of financial and accounting systems. There were some continuous improvement actions identified regarding risk management arrangements within services and training for the Audit and Governance Committee.

Overall Assessment	There is one significant governance issue (Information Governance) that the council needs to address in 2018/19 to meet the principle satisfactorily as set out in the Local Code of Corporate Governance. There are also some areas for continuous improvement
--------------------	--

Improvement Actions	14 and 15
---------------------	------------------

Principle G:

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

Sub-Principle

- (I). **Implementing good practice in transparency**
- (II). **Implementing good practice in reporting**

REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE

69. *The Senior Managers Pay Scales* and the Annual Pay Policy statement were published. See also **Principle B – Ensuring openness and comprehensive stakeholder engagement**

70. See also Principle D – Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes

71. *Compliance with Principles* - The assessment of the extent to which the council has complied with the principles contained in the Framework in 2017/18 is contained in this statement and reported to Management Board, Cabinet and the Audit and Governance Committee.

Sub-Principle**(III) Assurance and effective accountability****REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE**

72. See also Principle F - Managing risks and performance through robust internal control and strong public financial management

73. Internal Audit Overall Opinion - The Internal Audit opinion is that, based on audit work undertaken in 2017/18, the council's overall framework of governance, risk management and internal control is satisfactory and operating effectively in practice

74. Code of Practice on Managing the Risk of Fraud and Corruption - Where an organisation is making a statement in an Annual Governance Statement about adherence to the Code of Practice on Managing the Risk of Fraud and Corruption they should assess their level of conformance with it. A statement has therefore been agreed for approval in Section 3 of this Statement

75. Governance Assurance by Management Board/Heads of Service:

- (I). All Directors (Management Board) and Heads of Service were interviewed and signed Assurance Statements to confirm arrangements to comply with the Code of Corporate Governance, this included all statutory Officers. Reference has been made to these assurance arrangements in the Annual Governance Statement for each Principle. It was confirmed that in 2017/18 regular management meetings were held to review key elements of the governance arrangements within their services including integrated service improvement planning, financial management, performance management, risk management and health and safety
- (II). Assurance was confirmed by all Directors/Heads of Service about arrangements in the following areas:
- **Controls to ensure compliance**- legal/the council's constitution/corporate objectives/policies
 - **Reporting Arrangements** - Members/senior management
 - **Decisions made with due regard to** - Finance/legal/insurance/health and safety/other risk implications
 - **Effective Service Management/Business Planning**- Stakeholder involvement/customer feedback with resources devoted to council/service-related objectives and priorities
 - **Performance management processes/ Financial Planning/ Budgetary Control**
 - **Management/staffing structures** – Defined/adequate competence and number to deliver the service
 - **Standards of Conduct** – Standards in place to deter, prevent, detect, and therefore reduce the risk, of fraud, financial

<p>impropriety and corruption and sanctions applied</p> <ul style="list-style-type: none"> • Financial and Contract Procedure Rules – Staff familiarity • Value for Money - Demonstration in the use of resources • Partnership Arrangements- Clearly defined and adequately monitored • ICT Systems Used - Security/Fitness for purpose/Business continuity • Inspection/other/audit reports - Timely consideration/ Recommendations implemented • Risk management/Business continuity planning – Processes, Maintenance of risk registers and business continuity plans • Due consideration of risks/Financial controls when proposing savings e.g. restructuring, efficiency reviews, etc. <p>76. Assurance Framework – The Scrutiny, Governance and Risk Manager and Audit Services Manager will be developing a corporate assurance framework in 2018/19</p>	
Overall Assessment	<p>There are no significant governance issues and it is considered that the council is undertaking the arrangements to meet this principle satisfactorily as set out in the Local Code of Corporate Governance. There are some areas for continuous improvement.</p>
Improvement Actions	16

2. Significant Issues Brought Forward from the Annual Governance Statement 2016/2017

77. There were three significant governance issues identified from the AGS 2016/17 for action and monitoring in 2017/2018 these were:

- (I). **Our ‘Strategy for Success’ programme and financial challenges** in the MTFS- Organisational capacity and appropriate Governance, risk and project arrangements were required to deliver these combined, stretching agendas.

Under Principles C, D (Paragraphs 38-39) progress on this governance issue was detailed and it was considered that the work undertaken in 2017/18 to review arrangements and the improvements made will provide the appropriate governance arrangements/support for the programme. The arrangements will be monitored in 2017/18 as part of the continuous improvement action plan (Action 11)

- (II). **The Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).** There were 2 significant governance issues that were included in the 2016/17 Annual Governance Statement:

- The Anti-Fraud & Corruption Strategy needed to be reviewed and updated in line with the issues identified during audit work conducted in 2016/17
- The council needed to ensure it had either trained at least 1 individual in an accredited counter-fraud professional qualification or it has the ability to buy this service in from another public body

Under Principle A (Paragraphs 15-16) progress on this governance issue was detailed as combined work for Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)/Anti-Fraud and Corruption strategy.

(III). Information Governance was considered a significant Governance issue in advance of the new General Data Protection Regulations (GDPR).

Under Principle F (Paragraphs 65-67) progress on this governance issue was detailed. It is considered, however, that due to the impending date for commencement of GDPR (25 May) and the fact that data breach fines imposed on councils are considerable Information Governance is a significant governance issue for 2018/19

3. Significant Governance Issues 2017/18

78. As a result of the review of the effectiveness of the governance framework there are two significant governance issues that have been identified for action and monitoring in 2018/2019:

- (I). **Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)/Anti-Fraud and Corruption strategy – (Paragraph 16)** – It is considered that as the work on fraud has yet to be completed and because the council has no qualified Fraud Investigator, it is considered that compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)/Anti-Fraud and Corruption strategy remains as a significant governance issues that require inclusion in the Annual Governance Statement 2017/18
- (II). **Information Governance (Paragraph 68)** -It is considered that due to the commencement of GDPR in early 2018/19, the level of public interest and the significant level of data breach fines that information governance should remain as a significant governance issue for 2018/19. This will also facilitate the on-going review of arrangements in the first year after the implementation of GDPR.

4. APPROVAL

1. Statement for the adherence to the Code of Practice on Managing the Risk of Fraud and Corruption

Having considered all the principles the Audit and Governance Committee is satisfied that, subject to the actions identified in **paragraphs 15-17**, the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

2. Governance Statement

The Audit and Governance Committee has overseen production of the Annual Governance Statement 2017/2018 and agreed that it is consistent with their view of the council's governance arrangements based on reports made to it and the Committee therefore recommends it for approval by the Leader of the Council and the Chief Executive.

V.K. Oldham

23/07/2018

Chair of the Audit and Governance Committee

Date

Councillor Victoria Oldham

I have been advised on the implications of the result of the review of the effectiveness of the governance framework as overseen by the Audit and Governance Committee. A plan to ensure continuous improvement of the systems is in place and we propose over the forthcoming year to take steps to further enhance our governance arrangements.

Richard Cooper

24/7/18

Leader of the Council

Date

Councillor Richard Cooper

Mr W Sampson

24/7/2018

Chief Executive

Date

Mr W Sampson