

## ANNUAL GOVERNANCE STATEMENT 2018/19

### 1. 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. The governance arrangements in place at Harrogate Borough Council comprise of the following:

- a) The Code of Corporate Governance
- b) The Governance Framework

This statement explains how the authority has complied with the governance arrangements for 2018/19 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.

#### a) Code of Corporate Governance

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

The Council's Code of Corporate Governance is reviewed and agreed annually

## b) The Governance Framework

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 2019 and up to the date of approval of the annual Statement of Accounts. It 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 Council's Governance Framework is reviewed and agreed annually.

### 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 Section 151/Chief Financial Officer (Head of Finance), the Monitoring Officer, 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 2019/20 attached at **APPENDIX A**. An update on the Governance Improvement Action Plan 2018/19 is also attached at **APPENDIX B**.

## Significant Governance Issues

The review of the governance framework reflected in the Annual Governance Statement will report any significant governance issues identified. There is no definition for these issues and they include those that would seriously prejudice or prevent achievement of a principal objective of the authority or something that has attracted public interest. The Council has taken the view that significant governance issues should also include those potential issues that could impact the following year for example where there is impending new legislation or something that is being established. The Annual Governance Statement will also set out how any significant issues from the previous years' statement have been resolved.

### 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 2018/19 was considered by General Purposes Committee 21 March 2019. 8 complaints were received 4 related to Harrogate Borough Councillors with the other 4 being complaints against Parish Councillors. The Committee noted the complaints and were satisfied with the outcomes of the investigations. A report detailing the outcomes from the Committee on Standards in Public Life was also considered by General Purposes Committee 21 March 2019. Amendments to the Council's Code of Conduct for Members and arrangements for dealing with standards allegations were approved and that the Council continued with the current arrangements of appointing one Independent Person.
2. **Customer Complaints** – A new Complaints Policy was implemented in February 2018 reducing the formal complaint process to two stages and introduced better monitoring of service level complaints. There were **144 formal complaints in 2018/19 compared to 87 the previous year an increase of 66%**.
  - 82 of the formal complaints were in Parks and Environmental Services
  - **The target for responding to stage one complaints within 10 working days was 100%** - 64% of stage one complaints received were responded to within 10 working days down from 87.5% the previous year)

- **The target for responding to stage two complaints within 25 working days was 100%** - 53% of stage 2 complaints received were responded to within 25 working days (80% previous year)

3. The decreased performance can be partially attributed to issues with the Parks and Environmental service, due to the wider roll out of green garden waste collections and issues at the beginning of the season. It also reflects the impact of the new corporate complaints management system meaning there is more accurate and relevant data
4. **Local Government and Social Care Ombudsman (LG&SCO)** – A report from the Head of Legal and Governance summarising LG&SCO Complaints and Investigations 2018/19 (including complaints to the Housing Ombudsman) was considered by General Purposes Committee 21 March 2019. There were 18 complaints received by LG&SCO from 1 April 2018. The Committee noted the complaints and were satisfied with the outcomes
5. **Member Training Awareness** – A report from the Head of Legal and Governance summarising the Member Learning and Development Strategy – Year 2 was considered by General Purposes Committee 21 March 2019. This included a summary of attendance and feedback information on events provided in 2018/19. All new members 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. The Committee noted the information and approved year two of the Member Learning and Development Strategy (2019/20).
6. **Officer Training Awareness** - For the provision of officer Induction/other training see **Principle E - Developing the Entity’s Capacity, Including the Capability of its Leadership and the Individuals Within It**
7. **The Employee Code of Practice for Acceptance of Gifts/hospitality and the Outside Interests Register** were not reviewed in 2018/19. 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. As part of the Governance discussions with managers it was noted that the responsibilities for employees and managers should be promoted and awareness raised.
8. **Members Declaration of Interests** – Member declarations of interest were reported and recorded at all Committee meetings in 2018/19 including Council where Members were reminded to update the register at every meeting. All members outside interests were updated following the elections in May 2018.
9. **Partnerships** –A partnership audit was not undertaken in 2018/19

**Sub-Principles**

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

**REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE**

- 10. *The Constitution*** - The Constitution was reviewed and updated as appropriate in 2018/19. Changes/Updates to the Officer scheme of delegation responsibilities were confirmed by November 2018.
- 11. *Statutory Officers*** - The Council had temporary arrangements in place for the post of Section 151/Chief Financial Officer (Head of Finance) until July 2018 when a permanent appointment was made.
- 12. *Cabinet Member/Committee membership and responsibilities*** - were reviewed and agreed at the Council meeting on 21 May 2018.
- 13. *Contract Procedure Rules*** – were not reviewed in 2018/19
- 14. *Public Sector Equality Duty*** - An annual report was considered by Management Board in January 2019 to demonstrate compliance against the Public Sector Equality Duty. 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*** –Audit work has confirmed that managers across the Council have a better awareness of the impact of fraud on their service. Service fraud risks are being actively considered although not been formally documented. As this was a significant governance issue in 2018/19 the following took place:
- ***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. Fraud work was reported to the Audit and Governance Committee on 18 June 2018
  - ***The Anti-Fraud and Corruption Strategy*** was reviewed and a new strategy agreed by Management Board in March 2019
  - ***Access to a qualified Fraud Investigator*** – The Council has put in place arrangements so that there is access to a qualified fraud investigator if required. In addition to this the temporary Audit Services Manager is a qualified Fraud Investigator.
- 16. *Significant Governance Issue*** - As a result of the work undertaken in 2018/19 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 is not a significant governance issue to be managed/monitored in 2019/20
- 17. *Whistleblowing Policy*** – A revised Whistleblowing policy was approved by the Human Resources Committee on 20 January 2019 In 2018/19 there were

2 whistleblowing notifications received, one of which was referred to the Police. No calls were received on the Council's Whistleblowing hotline during 2018/19.

**18. *The Money Laundering Policy*** has been reviewed and will be approved by the time the Final Annual Governance Statement is agreed.

**19. *Disciplinary Policy and Procedure*** - In 2018/19 the following cases were dealt with through the Disciplinary Policy and Procedures:

- ***Grievances*** – 8 (6 no further action, 2 carried over to 19/20)
- ***Disciplinary*** – 23 ( 3 resigned, 3 dismissals *of these one appealed and was later reinstated*, 5 no further action, 7 issued with management instruction, 2 verbal warnings, 3 carried over to 19/20)
- ***Suspensions*** – 2 ( 1 dismissed, 1 resigned)
- ***Appeals*** – 2 both upheld

**20. *Reports for Decision*** – In 2018/19 all reports for decision (by Management Board and Cabinet) were checked for equalities compliance on a fortnightly basis. There were no decision reports held and revisited as part of this process as all reports, which had equality implications, were sent to the Engagement Officer to review before being submitted.

**21. *Provision of staff awareness training for relevant legislation*** see **Principle E - Developing the Entity's Capacity, Including the Capability of its Leadership and the Individuals within It.**

**22. *The arrangements for a Housing Development Company*** to be established from 1 April 2019 were agreed by Cabinet on 2 January 2019. A business plan was agreed and formal financial and governance arrangements set out. The company is called Bracewell Homes Ltd.

- It is set up as a up as a limited company
- It is a separate organisation with a Board of Directors and Shareholder Committee
- The Board of Directors are all Directors of the Council
- It is wholly owned by the Council and associated with it
- It has a separate distinct identity
- Uses Council Staff/resources

**23. *Bracewell Homes*** will be operational in 2019/20 with detailed arrangements already implemented and developed in the first year. However, the Council is aware that there are some areas of governance that continue to develop or will require to be finalised. These include the responsibility for reporting back to the Council and the relationship with other governance structures (such as Overview and Scrutiny), the development of detailed governance arrangements (such as separation of responsibilities) and the consideration of detailed Information Governance arrangements (including, registration with the ICO and the nomination of a Data Protection Officer).

**24. *Significant Governance Issue*** - As Bracewell Homes will be in its first year of

operation in 2019/20 and the detailed arrangements will need to continue to develop (as detailed above) it is considered that this is a significant governance issue that requires inclusion in the Annual Governance Statement 2018/19.

**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 the performance for dealing with customer complaints, the Constitution and the policy for employee gifts/hospitality and Register of Outside Interests.

Overall Assessment

***The continued development of detailed governance arrangements for Bracewell Homes in its first year of operation is considered to be a significant governance issue. The Council recognises that it needs to address this issue in 2019/20 to meet the principle satisfactorily as set out in the Local Code of Corporate Governance.***

***There are also some continuous improvement actions.***

Improvement Actions

**1,2,3,4,5,6 and 7 (APPENDIX A)**

**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**

**25. The Corporate Plan** was published and information about priorities and targets for 2018/19 was available on the website

**26. Full Council** met eight times in 2018/19 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 on Governance, Finance, UCI Road World Championships and Harrogate Business Improvement District.

**27. There were 11 Cabinet meetings** held in 2018/19. All decision records were publicly available and the Forward Plan of Key Decisions was updated and

published on the Council website

- 28. There were 1030 Freedom of Information Requests** in 2018/19 - 131 being requests under Environmental Information Regulations 2004. There were 96 requests that were dealt with outside the 20 working day deadline or have no recorded response against them (1 request with no response date recorded). There were 14 requests for internal reviews (of requests received in 18/19). The Council met the Information Commissioner's Office (ICO) target for compliance within the 20 working day deadline of 90% (actual – 91%). The Overview and Scrutiny Commission completed a review of the operation of the Freedom of Information Scheme that was considered by Cabinet on 27 March 2019 and recommendations agreed. Additional quarterly reporting of compliance information was also introduced.
- 29. The Public Service Leadership Board.** An annual report of work undertaken was not produced in 2018/19. 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. The plan on a page is under review to ensure that any priorities and actions are evidence based, the work began in July 2018 and the terms of reference will also be revised.
- 30. The 'My Neighbourhood' project** activity is usually included in the PSLB Annual report but a separate report is also produced. The annual report is published a year in arrears and the 2018/2019 report will be published in April 2020. There are 138 partners involved. 12 meetings per year and 2 Steering group meetings. In 2018/19 Monthly e-newsletters were sent to partners and 4 monthly highlight reports provided to the Neighbourhood Management Steering Group. The evidence base and action plans for all project areas were reviewed to ensure activity and resources were focused. A number of events have been undertaken throughout the year at Ripon, Woodfield, Nidderdale, Pateley Bridge and Masham.
- 31. THE LOCAL LOTTO** for the Harrogate District was launched in 2018/19 as a fundraising opportunity for local voluntary and community sector groups across the Harrogate District which also enables lottery players to support local good causes. Governance arrangements have been established and Gatherwell Limited has been appointed to manage THE LOCAL LOTTO for the Harrogate District. A report will be provided to Cabinet on an annual basis to present the performance and impact on the community using the ticket sales launch month of September as the basis for the reporting period. On a monthly basis Councillors are informed of currently performance via an update bulletin.
- 32. THE LOCAL FUND** for the Harrogate District. It was agreed that the Council's small grant fund pot of £30k would be transferred into THE LOCAL FUND to ensure fair distribution of grants across the district to meet agreed local priorities. The governance arrangements have been established and the Council enters into a funding agreement with Two Ridings Community Foundation (the funding administrator) on the transfer of any funding as would any other potential donors. An impact report of the Council's £30k small grants contribution has been produced



**33. The Voluntary and Community Sector** strategic grants funding term finished in 2018/19. Six month and annual reviews of grant recipients were conducted and outcome submissions were received. New funding agreements were drawn up and annual payments signed off by the Head of Legal and Governance.

**34. A three year VCS Strategic funding arrangement** has been introduced from 1 April 2019. An agreed process was undertaken in 2018/19 so that organisations could plan financially in advance of any changes and arrangements were agreed by Cabinet on 17 October 2018

**35. Consultation/Engagement** - In 2018/19 there were 28 external consultation projects (an additional 4 are still open) and 11 internal consultations supported by the Partnerships and Engagement Team, the District Panel was surveyed twice. All reports and associated decisions were reported on the Have Your Say area of the website with links to associated Equality Impact Assessments

**36. Public participation** - Across all Committees 9 questions were put forward by members of the public (excluding planning), 3 were rejected and no petitions were received. The Freedom of Information review completed by the Overview and Scrutiny Commission in 2018/19 was suggested by a member of the public.

**37. Exempt Meetings** - In 2018/19 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 (1), Cabinet (4), Planning (2), Council (1) and Overview and Scrutiny (2)

**38. Call-In of Key Decisions** - There were no decisions taken in 2018/19 where the Call-In procedures did not apply. There was one Call-In of the decision for the Construction of Temporary Accommodation for single homeless persons at Spa Lane, Starbeck considered by the Overview and Scrutiny Commission on 14 January 2019. The Commission had no concerns and the decision was implemented.

**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 is one continuous improvement action.**

Improvement Actions	<b>8 (APPENDIX A)</b>
<p><b>Principle C:</b></p> <p><b>Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p> <p><b>Principle D:</b></p> <p><b>Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes</b></p>	
<p><b>Sub-Principles</b></p> <ul style="list-style-type: none"> <li>(I). <b>Defining outcomes</b></li> <li>(II). <b>Sustainable economic, social and environmental benefits</b></li> <li>(III). <b>Determining Interventions</b></li> <li>(IV). <b>Planning Interventions</b></li> <li>(V). <b>Optimising Achievement of Intended Outcomes</b></li> </ul>	
<p><b>REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE</b></p>	
<p><b>39. <i>The 2018/2019 Corporate Delivery Plan</i></b> - Year-end performance report will be considered by Cabinet on 26 June 2019.</p> <p><b>40. <i>The 2018/19 Year end Finance and Performance Report</i></b> will be considered by Cabinet on 26 June 2019. The outturn position on General Fund revenue spending was also reported together with relevant 2018/19 Service Plan performance and the use of savings.</p> <p><b>41. <i>The Overview and Scrutiny Commission</i></b> - considered General Fund Revenue Monitoring and quarterly Delivery Plan Performance throughout the year and a final year-end overview report will be reported to Cabinet in June 2019. The Medium Term Financial Strategy 2019/20 to 2023/24 was also considered by the Overview and Scrutiny Commission in September 2018 and agreed at Council on 3 October 2018.</p> <p><b>42. <i>Service Budgets and the 2018/19 Draft Budget and 2019/20 Indicative Budget</i></b> - considered by the Overview and Scrutiny Commission on 7 January 2019 (Informal Meeting) and 14 January 2019, Cabinet on 2 January 2019 and 6 February 2019 with agreement by Council on 13 February 2019</p> <p><b>43. <i>The 2024 Programme</i></b> replaced the ‘Our Strategy for Success’ programme. It covers four key streams of work under two boards with agreed strategic actions and the programme of work is agreed on an annual basis by the Programme Boards and Management Board. The aim is to deliver against the strategic actions to bring about the vision for the Council in 2024.</p>	

**44. The Performance Management Improvement Framework** was revised to integrate Value for Money (VFM) and Business Process Improvement (BPI) as well as setting a wider scope for quarterly finance and performance Management Board meetings. The new framework was approved by Management Board 17 December 2018 and defined the consideration of Value for Money as:

- **Economy** – spending less
- **Efficiency** – spending well
- **Effectiveness** – spending wisely
- **Engagement** – spending to reflect priorities

**45. Value for Money** benchmarking data has been further embedded into performance clinics. LG Inform reports are used to provide comparisons to CIPFA and district Council neighbours at the clinics. A VFM review was undertaken of our recycling service following a management board request for further in depth information at the quarterly performance/finance meeting.

**46. LGA Peer Review.** The Council participated in an LGA peer review and received excellent feedback including its performance management arrangements and use of corporate resources. An action plan is in place to address the key recommendations in the report

**47. In 2018/19 the Emergency Planning Team** completed the rollout of Business Continuity Plans within an updated framework. The Policy and Strategy was reviewed and a series of Management Board/Team exercises were undertaken. The specific risk of the loss of the Council's Civic Centre was tested and lessons captured. The Business Continuity Programme was developed to provide training and exercising at service area level. There were 3 scheduled maintenance events that allowed for a controlled switchover of the server rooms and generator.

**48. In 2018/19 The Disaster Recovery (DR)** site at Victoria Car Park was tested on two separate occasions with systems being switched between the sites. The Claro Road Emergency rooms were established as an alternate work location and a generator installed and tested.

**49. Social Value** is integrated into working practices and not recorded separately however it will now be included within the corporate annual report and be in the 2018/19 report. The examples in 2018/19 included engaging a volunteer for nine months to work with businesses and raise the profile of THE LOCAL FUND and a local student filming on behalf of the Council to enhance their portfolio and skills. The Council Project Initiation Document now includes a social value element with links to the Social Value Charter and there is ongoing work with Project Leads to identify and quantify social value within projects.

### 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 promoting Business Continuity arrangements and monitoring the governance/reporting/ support arrangements for 2024 programme.

Overall Assessment	<p><b>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.</b></p> <p><b>There is one continuous improvement action.</b></p>
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Improvement Actions	<b>9 and 10 (APPENDIX A)</b>
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**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**

**50. Member Training** - In 2018/19 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. There were 25 separate types of training event offered across 38 dates, 23 training events were delivered internally. ‘Chairing Skills for Chairs’ was delivered externally and GDPR training was both internal and externally delivered. There were 10 Mandatory Training events offered and 9 Optional Training events, 4 optional briefings/seminars and 2 optional workshops. There were 416 Members in total that attended training events. The first year feedback from the Member Learning and Development Strategy was reported to the General Purposes Committee on 21 March 2019 and the programme for year two of the Strategy was approved.

**51. 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. This will be updated in June 2019 for 2018/19.

**52. Employee training (Corporate)** - In 2018/19 there were 126 learning events recorded, (30 different courses). There were 130 new starters and 81 completed the Induction course totalling 62%. This figure does include temporary and seasonal workers, without those workers, the number completing induction is 76%.

**53. Coaching/Mentoring** – As part of the Council internal coaching and mentoring scheme 24 internal coaching relationships were supported in 2018/19, with 23 coaches in the coaching pool

**54. Mandatory E-Learning** – The Council has identified a number of courses that staff who have access to Mylo must complete on-line in order to undertake their role. The following completion rates were established: (the figures reflect employees who have completed modules on Mylo since their introduction and do not include those who have undertaken the courses prior to Mylo or those in operational areas).

- **Introduction to Local Government and HBC, 54%** completion rate
- **ICT user policy – 48%** completion rate
- **Data protection essentials, 82%** completion rate
- **Health and safety induction, 56%** completion rate
- **Introduction to the Freedom of Information Act, 65%** completion rate

**55. Mandatory Training Review** – The completion rates for mandatory courses is low and therefore an outline review of the information for E-Learning modules was undertaken. The review indicated that there are a number of issues with the way that the Council manages and reports mandatory training courses including the identification of corporate mandatory courses for all staff.

**56. Significant Governance Issue** - As a result of the above issues the Council is unable to provide consistent evidence regarding staff mandatory training, this is particularly important when considering Health and Safety and Information Governance matters. It is therefore considered that mandatory staff training is a significant governance issue that requires inclusion in the Annual Governance Statement 2018/19.

**57. Accelerate management excellence programme** – For 2018/2019 There will be 44 staff who will have completed the Accelerate Management Excellence programme

**58. Health and Well Being** – In 2018/19 a range of schemes/support/advice were provided. These included the Health and wellbeing communications programme promoting national awareness days such as, how healthy is your heart? Mental Health and Cancer awareness. Exercise classes were also introduced at the Civic Centre (Pilates) including running a Fit4Life programme.

**59. Monthly Policy Briefings** were presented to Management Board and shared with employees via the Corporate Evidence Base ('Keeping Current') in 2018/19 Management Board approved the Annual Policy Briefing. 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 appraisals.

Overall Assessment

**The Council acknowledges that mandatory training is a significant governance issue that requires inclusion in the Annual Governance Statement 2018/19. Work will be undertaken to ensure that arrangements meet this principle satisfactorily as set out in the Local Code of Corporate Governance.**

**There is one continuous improvement action.**

Improvement Actions

**11 (APPENDIX A)**

**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**

**60. 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 Risk Owners in October 2018, December 2018 and February 2019 and by the Audit and Governance Committee at every meeting. The Scrutiny, Governance and Risk Manager has developed risk registers for 2024 projects and this work will continue in 2019/2010. The work also includes the ongoing consideration of the risks associated with Brexit.

**61. Risk Management Framework/Policy** – Progress on embedding the Risk Management Framework was not formally reported in 2018/19 but was considered as part of the reporting arrangements for the Strategic Risk Register.

**Sub-Principle**

**(II). Managing Performance**

**(III). Robust Internal Control**

**REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE**

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

**63. Overview and Scrutiny** - The Overview and Scrutiny Commission met 15 times in 2018/19 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. An Annual Report for work undertaken in 2018/19 will be considered at the Commission Meeting in July 2019 and reported to Full Council.

**64. Call-In** -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 and the Freedom of Information review completed by the Overview and Scrutiny Commission in 2018/19 was suggested by a member of the public. There was one Call-In **See paragraph 35.**

**65. Internal Audit** - Undertook the full range of roles/responsibilities for Internal Audit in Local Government. In summary for 2018/19:

- 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 2018/19 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 (January and March 2019) as a result of the issues investigated and levels of assurance. The Audit Plan 2019/20 will be presented to the Audit and Governance Committee in June

**66. Health and Safety** – In 2018/19 The Corporate Health and Safety policy was reviewed and a new policy approved by Management Board. A new Health and Safety electronic risk assessment system has also been introduced in Parks and Environmental Services and Safer Communities and rolled out to other services in 2019/20. The Occupational Health and Health Surveillance Policy and COSHH Policy have both been reviewed and approved. Other policies that have been reviewed include Driving at Work/Use of mobile Phones while Driving, Noise at Work, Stress, Open Water Safety and Lone

Worker.

**67. The number of Health and Safety incidents reported on Trent was 561**

- **The reported time lost for accidents/incidents** was 372 days at a cost of £25,810 with 88 separate incidents reported (employees only) which is a significant reduction
- **There were 37 reports of Verbal Abuse and Violent behaviour** from customers (no injuries)
- **Occupational health and counselling support** – There were 101 health surveillance appointments and 47 individuals contacted Insight for support (4.1% of workforce). This is a slight decrease on last year but still within expected results for any organisation, and of those contacts only 7 (15%) were work related issues, which is a decrease again, the majority (39) were personal issues and 1 was for legal or financial advice

**68. The Audit and Governance Committee** met 7 times in 2018/19 and considered reports/issues that covered its full Terms of Reference. A formal review of the effectiveness of the Committee will be considered as part of the Annual Report. Mazars LLP are the external auditor for the Council and attended/reported at every Audit and Governance Committee meeting in 2018/19. Appropriate training and support was provided to the Committee in 2018/19 as membership had changed significantly (including the Chairman and Vice Chairman).

**69. CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government 2010** - In 2018/19 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

**70. 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

**71. 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. This external review was due to be completed by March 2019, but due to the interim Audit Service Manager arrangements, it has been agreed with external audit that this will be deferred



until early 2019/20 when the Audit Service Manager role is filled. The present Audit Services Manager role is contracted out to Scarborough Borough Council with their Audit Manager overseeing the management of the service one day a week. This arrangement has been approved by External Audit and is a temporary measure until the vacant post can be filled permanently.

**72. 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 73)**

**Sub-Principle**

**(IV). Managing Data**

**REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE**

**73. Data breaches** - During 2018/19 there were 90 breaches relating to the safeguarding of information. There were 4 that were considered serious enough to report to the ICO. The ICO considered that for 3 of the breaches no further action was necessary because the Council had investigated the incidents promptly and had identified actions to prevent a recurrence. One is still open.

**74. In 2018/19 GDPR agreed actions** were implemented with the aim to improve completion for each section year on year. This included actions for the completion of Data Protection Impact Assessments, Mandatory Training, Sharing Agreements, Privacy Notices, and Data Audits. This work included the consideration of any potential Brexit requirements.

**75. The Council has identified that Data Protection Impact Assessments (DPIAs)** are significant in ensuring effective information governance and identifying key risks. In 2018/19 14 initial DPIAs were undertaken to assess if full DPIAs were required and 38 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).

**76. In 2018/19 Information Governance** was considered a significant Governance issue due to the commencement of GDPR in early 2018/19, the level of public interest and the significant level of potential data breach fines.

As a result the following took place:

- **The Information Governance Group** (representative of all services within the Council) was refreshed and membership reviewed. This group met bi-monthly and monitored Information Governance arrangements this included Records Management, Data Protection, Risk, PCI and PSN compliance, ICO decisions and feedback from HBC and other organisations.
- **Management Board** received an update on progress since the implementation of GDPR in November 2018. This included the consideration of the 12 stages recommended by the ICO such as training and awareness, Policies, DPIA's and Data Audits. Management Board supported the progress made and that information governance was now embedded in the Council.
- **Internal Audit** undertook an audit for the Council preparation for the General Data Protection Regulations that achieved 100% this was considered by the Audit and Governance Committee on 23 July

**77. Significant Governance Issue** – As a result of the work undertaken in 2018/19 it is considered that information governance is becoming embedded within the Council and is not a significant governance issue to be managed/monitored in 2019/20. It should be noted however that continued embedding/reporting and compliance will rely on the actions to address the mandatory training significant governance issue.

**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. There were some continuous improvement actions identified regarding the development of 2024 risk registers (including Brexit), external assessment of Internal Audit, training for the Audit and Governance Committee and embedding Information Governance.

Overall Assessment	<p><b>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.</b></p> <p><b>There are some continuous improvement actions.</b></p>
Improvement Actions	<p><b>12, 13, 14 and 15 (APPENDIX A)</b></p>
<p><b>Principle G:</b></p> <p><b>Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p>	
<p><b>Sub-Principle</b></p>	

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

#### REVIEW OF EVIDENCE TO DEMONSTRATE COMPLIANCE

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

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

**80. Compliance with Principles** - The assessment of the extent to which the Council has complied with the principles contained in the Framework in 2018/19 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

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

**82. Internal Audit Overall Opinion** - The Internal Audit opinion is that, based on audit work undertaken in 2018/19, the Council's overall framework of governance, risk management and internal control is satisfactory and operating effectively in practice

**83. 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

#### **84. 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 2018/19 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 impropriety and corruption and sanctions applied
- **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.

**85. Assurance Framework** – The Scrutiny, Governance and Risk Manager and Audit Services Manager will be developing a corporate assurance framework in 2019/20 this work was delayed in 2018/19 due to the difficulty making a permanent Audit Services Manager appointment

**86. Governance Improvement Action Plan** – As part of the annual review of the Council's governance arrangements a Governance Improvement Action Plan is developed and reviewed. Progress on the 2018/19 plan was reported to Management Board as well as the new Improvement Plan for 2019/20 on 30 May 2019.

Overall Assessment	<p><b>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.</b></p> <p><b>There is one continuous improvement action.</b></p>
Improvement Actions	<p><b>16 (APPENDIX A)</b></p>

## 2. Significant Issues Brought Forward from the Annual Governance Statement 2017/2018

87. There were two significant governance issues identified from the AGS 2017/18 for action and monitoring in 2018/2019 these were:

- (I). **Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)/Anti-Fraud and Corruption strategy** – 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

**Under Principle A (Paragraphs 15-16)** As a result of the work undertaken in 2018/19 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 is not a significant governance issue to be managed/monitored in 2019/20

- (II). **Information Governance** -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

**Under Principles F (Paragraphs 76-77)** it was reported that as a result of the work undertaken in 2018/19 information governance is becoming embedded within the Council and is not considered to be a significant governance issue to be managed/monitored in 2019/20. It should be noted however that continued embedding/reporting and compliance will rely on the actions to address the mandatory training significant governance issue. The continued promotion/embedding of Information Governance within services will be monitored in 2019/20 as part of the continuous improvement action plan (Action 14).

## 3. Significant Governance Issues 2018/19

88. 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 2019/2020:

- (I). **Bracewell Homes (Paragraphs 22-24)** – As. As Bracewell Homes will be in its first year of operation in 2019/20 and the detailed arrangements will need to continue to develop (as detailed above) it is considered that this is a significant

governance issue that requires inclusion in the Annual Governance Statement 2018/19.

- (II). ***Mandatory Staff Training (Paragraphs 54-56)*** - The Council is unable to provide consistent evidence regarding staff mandatory training, this is particularly important when considering Health and Safety and Information Governance matters. It is therefore considered that mandatory staff training is a significant governance issue that requires inclusion in the Annual Governance Statement 2018/19


**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 15-16**, 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 2018/2019 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.

  
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22/7/19  
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**Chair of the Audit and Governance Committee**

**Date**

**Councillor Steven Jackson**


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.

  
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**Leader of the Council**

**Date**

**Councillor Richard Cooper**

 23/7/19  
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**Chief Executive**

**Date**

**Mr W Sampson**