

Harlow Council - Annual Governance Statement 2016/17

Scope of responsibility

- 1.1. Harlow 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. The Council 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.
- 1.2. In meeting this overall responsibility, the Council must put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3. The Council has in place all of the elements of a framework of governance consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This statement explains how the Council delivers good governance and reviews the effectiveness of these arrangements. It also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015, in relation to the publication of an annual governance statement.

The purpose of the Governance Framework

- 1.4. The Governance Framework comprises the systems and processes, culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 1.5. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risks of failure to achieve policies, aims and objectives, and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives. The system is designed to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 1.6. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- 1.7. The Council's governance framework has been in place within the Council for the year ended 31 March 2017 and up to the date of the Statement of Accounts (30 June 2017).

The Governance Framework

1.8. The Council's Governance Framework has been set up over successive years and is reviewed annually to ensure its continuing effectiveness with regard to the seven CIPFA/SOLACE principles of delivering good governance as updated in 2016, which are:

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

1.9. A brief description of the key elements of Governance Framework in place at Harlow Council is included as Appendix 1. The annual review of the effectiveness of this framework is covered in the next section.

Review of effectiveness

1.10. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- a) the work of the senior management team who have responsibility for the development and maintenance of the governance environment
- b) the role of the Cabinet and committees, including the Audit and Standards Committee
- c) the Internal Audit Manager's Annual Report
- d) comments made by the external auditors
- e) other review agencies and inspectorates

1.11. The review has been led by the Corporate Governance Group comprising the Monitoring Officer, the Section 151 Officer, a Policy and Performance representative, the Internal Audit Manager, the Legal Services Manager and other officers when they have specific contributions to make. In carrying out the review, the Group has kept in mind the seven CIPFA/SOLACE principles of effective governance. The Group has considered the following evidence:

- a) Service Assurance Statements – each third tier manager, in conjunction with their Head of Service, has completed a self-assessment covering the effectiveness of Governance arrangements in their area. The self-assessments, which have been reviewed by Internal Audit, have been used to identify areas for improvement both at a service level and, where more than one service has identified an area for improvement; corporate actions have been added to the improvement plan covered in the next

section.

- b) The Internal Audit Manager's annual opinion on the Council's control framework, delivered to the Audit and Standards Committee, as the body charged with governance.
- c) Based upon the results of work undertaken during the year it is the Internal Audit Manager's overall opinion that the Council has an adequate and effective governance, risk management and control framework for 2016/17. Areas for improvement were identified in a number of reviews and action plans agreed. Where significant deficiencies in control processes have been identified by Internal Audit, the actions that the Council's management plan to take will, if implemented satisfactorily, resolve the deficiencies in the appropriate manner.
- d) External audit reports issued during the 2016/17 year. Where these exist, we have also used reports from other agencies and inspectorates.

1.12. During the year the Corporate Governance Group has been responsible for monitoring and reviewing the corporate governance framework and for considering specific governance issues as they arise. The work of this group has strengthened many of the Council's governance processes and has addressed issues raised in the Annual Governance Statement. In particular, the group continues to ensure that there is better integration of the assurance framework and that the process for producing the Annual Governance Statement remains robust.

1.13. The Corporate Governance Group has undertaken an assessment of the arrangements for governance during 2016/17 and has concluded that arrangements are fit for purpose and working effectively. As a result of this assessment, a small number of governance issues have been identified and in order to further strengthen arrangements, an action plan to address these issues is set out below.

Governance Issues Identified

1.14. This final part of the Annual Governance Statement (AGS) outlines the actions taken, or proposed, to deal with significant governance issues identified. The Council's Corporate Governance Group, which monitors and reviews the corporate governance framework, has ensured that the issues raised in the previous AGS have been addressed as detailed in Table 1 below:

Table 1 – Progress on significant governance issues identified in the 2015/16 AGS

Significant issue identified in 15/16 AGS	Action taken in 16/17 to address the issue
<p>1. Financial sustainability The Council requires a robust efficiency plan in order to guarantee its four year financial settlement from central government.</p>	<p>Cabinet on 13 October 2016 agreed a four year local government funding settlement which was submitted to the DCLG (Department for Communities and Local Government) on 14 October 2016 and was subsequently accepted.</p>
<p>2. Local Authority Trading Company It is important for robust governance arrangements to be put in place as Harlow Trading Services (HTS) is set up, being a significant new venture for the Council, and Kier Harlow is wound down.</p>	<p>Formal transition governance and reporting lines were put in place which included a Transition Board. The effectiveness of governance arrangements was monitored through the establishment of the HTS (Property and Environment) Board and Harlow Council Shareholder Sub Committee. HTS went live on 1 February 2017 as planned.</p>
<p>3. Corporate approach to Anti-Fraud In light of the 2016-19 Local Government Counter Fraud and Corruption Strategy the Council needs to review its anti-fraud arrangements.</p>	<p>A Corporate Fraud Group, chaired by the Head of Housing, has been established to help drive forward the Council's Anti-Fraud and Corruption Policy, which was updated and approved by the Audit and Standards Committee in November 2017.</p> <p>The Group ensures there is a co-ordinated approach to fraud across the Council and monitors the outcomes of fraud initiatives being undertaken. This includes creation of a Tenancy Fraud post and the pan-Essex data matching solution to identify potential fraud relating to council tax discounts and exemptions.</p>
<p>4. Performance Management In 2016/17 the Council will be migrating its service planning, risk performance management into a single system (InPhase).</p> <p>Successful completion of the InPhase project will be overseen by the Project Sponsors (Head of Finance and Head of Governance), and monitored through regular updates to CMT/HoS.</p>	<p>2016/17 saw the successful technical build and prototyping of InPhase, with use of it being extended to include project management. The performance reporting functionality is now being used routinely for the quarterly Joint Finance and Performance report.</p>
<p>5. Service resilience Identified as a theme in the Service Assurance Statements, especially as resources are diverted in setting up Harlow Trading Services.</p>	<p>Resourcing requirements were considered by Heads of Service and their managers and alternatives such as back filling posts were implemented where required without any detrimental effect on key services.</p>

1.15. In preparing this statement and reviewing the effectiveness of the Council's governance arrangements, the following areas have been identified for improvement. These are set out in the table below, together with the steps to be taken to address them:

Table Two: Areas for improvement during 2017/18

Key improvement area	Action to be taken in 16/17
<p>1. General Data Protection Regulations (GDPR)</p>	<p>It is imperative that businesses and public bodies are prepared for the GDPR which will apply in the UK from 25 May 2018. The government has confirmed that the UK's decision to leave the EU will not affect the commencement of the GDPR.</p> <p>Work is already in hand to ensure Harlow is compliant with the requirements of the GDPR ahead of May 2018 and beyond.</p>
<p>2. Performance and Risk Management system</p>	<p>The Corporate Risk Register format is now incorporated into the new service planning and risk management system InPhase. Work will continue in 2017/18 on the database to ensure linkages between corporate and operational risks, corporate and service objectives and performance management information coupled with a staff awareness campaign.</p>
<p>3. Revised Local Code of Corporate Governance</p>	<p>The Council's Code of Corporate Governance will be updated to ensure it is aligned to the new framework for Corporate Governance published by CIPFA (Chartered Institute of Public Finance and Accountancy) and SOLACE (Society of Local Authority Chief Executives)</p>

- 1.16. The Corporate Governance Group will oversee this action plan over the coming year and report on progress to the Audit and Standards Committee. The Group will ensure that governance issues are promoted, addressed and monitored in a co-ordinated manner throughout the next financial year.

We, the undersigned, are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness. The Council's Governance Group will monitor their implementation and operation throughout the year and report progress as part of our next annual review.

Signed:

Date:

(Leader of the Council)

Signed:

Date:

(Chief Executive)

APPENDIX 1

INTEGRITY	OPENNESS	VISION	OUTCOMES	CAPACITY AND CAPABILITY	RISK AND PERFORMANCE	ACCOUNTABILITY
Behave with integrity, demonstrating a strong commitment to ethical values and respect the rule of law.	Ensure openness in its culture and engage comprehensively with stakeholders, citizens and service users.	Have a clear visions and defined desired outcome in terms of sustainable, social and environmental benefit.	Have in place interventions necessary to optimise the achievement of its intended outcomes.	Develop the Council's capacity and capability of its leadership and staff	Manage the Council's risk and performance through robust internal control and strong public finance management.	Implement good practice in transparency, reporting and audit to deliver effective accountability.
Annual Governance Statement 2016/17						
<ul style="list-style-type: none"> • A robust whistleblowing policy and zero tolerance approach to fraud and corruption. • The Constitution sets out codes of conduct for Councillors and Officers. • The Constitution, which sets out decision making framework, gives clear definitions of roles and responsibilities and a protocol for how Councillors 	<ul style="list-style-type: none"> • Leadership encourages open and supportive culture. • Standard committee report format and publicly available modern.gov system for reporting. • Strategy for encouraging stakeholder involvement. • Cabinet Overview Working Group and Scrutiny Committee. 	<ul style="list-style-type: none"> • A new corporate plan 2017 to 2020 has been approved • Draft Local Plan that supports the Council's vision • Defined standards of customer service backed by a complaints procedure. • 	<ul style="list-style-type: none"> • Open and transparent reporting of Key Performance Indicators and action plans for indicators that are out of tolerance • Decision making processes that receive objective and rigorous analysis including involvement of the monitoring and Section 151 Officers 	<ul style="list-style-type: none"> • A People Resources Plan to ensure that the Council has the staff, the skills, the knowledge, the facilities and the resources to meet legal requirements, its Vision and Corporate Plan. • The Council has an established induction and training programme for existing and new Councillors. This process includes mentoring and training events as and when identified. 	<ul style="list-style-type: none"> • A corporate Risk Strategy and toolkit. • A performance management framework which includes integrated performance and financial management report. • Medium Term Financial Strategy and integrated service planning approach • Internal Audit function to provide assurance on governance, risk management and control. • Audit and Standards Committee. 	<ul style="list-style-type: none"> • Guide to decision making in Cabinet style of Governance • Reporting regularly on performance and use of resources. • Requirement for managers to produce annual assurance statements which feeds into the Annual Governance Statement. • Processes to ensure internal and external audit recommendations are acted upon

and Officers work together.						
<ul style="list-style-type: none">• An active Corporate Governance Group which takes charge of the Annual Governance Statement.						