

Horsham District Council Annual Governance Statement 2018-19

1. SCOPE OF RESPONSIBILITY

Horsham District Council is responsible for ensuring that its business is conducted in accordance with the law, regulations and proper standards, and that public money is safeguarded from waste, extravagance or misappropriation. 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 in the exercise of its responsibilities.

Horsham District Council approved and adopted a Local Code of Corporate Governance on 22 March 2017 which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA), and Society of Local Authority Chief Executives (SOLACE) Framework for Delivering Good Governance in Local Government. A copy of the Local Code is available on our website or can be obtained from the Council offices. This statement explains how Horsham District Council has complied with the Code and also meets the requirements of the Accounts and Audit (England) regulations 2015 in particular regulation 6(1)(b), which requires all relevant bodies to prepare an Annual Governance Statement.

2. THE GOVERNANCE ASSURANCE FRAMEWORK

The Governance Assurance Framework has been in place at Horsham District Council for the year ended 31 March 2019 and up to the date of the approval of the Annual Report and Statement of Accounts for the 2018/19 financial year.

The Council's Governance Framework encompasses the way the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The structures and processes, risk management and other internal control systems are in place to monitor and manage the delivery of the Council's aims and objectives:

The core principles of the Council's Governance Framework are set out below:

A: Integrity; Ethical Values; the Rule of Law.

B: Openness; engaging with institutional stakeholders; engaging with individual citizens and service users.

C: Defining Outcomes; sustainable, economic, social and environmental benefits.

D: Determining and planning interventions; optimising achievement of intended outcomes.

E: Developing the capacity of the entity through its leadership and other individuals.

F: Managing risks; managing performance; robust internal control; managing data; strong public financial management.

G: Good practice in transparency, reporting and audit to deliver effective accountability.

3. CORPORATE GOVERNANCE, VISION AND OBJECTIVES

The Corporate Governance Framework is aligned with the Council's Corporate Plan which outlines the Council's vision, aims and objectives. The current Corporate Plan was published in February 2016 on the Council's website and covers the period 2016-2019.

- The Council aims to deliver high quality services that meet the needs of the local community. This is set out in the Council's Corporate Plan for Horsham which is the core of the Council's purpose and vision and defines the Council's key priorities and strategic aims. This is formally reviewed and updated each year.
- The Corporate Plan is supported by the Medium Term Financial Strategy and the Council's annual budget to ensure the implications on the Council's finances are considered when the objectives are set.
- Departmental strategies and annual service plans are developed which support the delivery of the Corporate Plan, by identifying how each department contributes to the delivery of the overall aims and objectives of the Council.
- The Council's Performance Management Framework includes key performance indicators associated with the Corporate Plan. Performance on a basket of key corporate indicators is reported to the Senior Leadership Team, the Cabinet Portfolio Holders and to the Overview and Scrutiny Committee. Annual performance against targets is published on the Council's website in the Performance Indicator End of Year Report. The Council's Annual Report, which is also published on the Council's website, provides an annual summary of the year's progress against the stated Corporate Plan priorities.
- Every report submitted to the Cabinet or regulatory committee must outline how the recommended action helps to achieve one or more of the Corporate Plan priorities.

4. MEMBERS AND OFFICERS WORKING TOGETHER

The Council's Constitution gives guidance on the roles and responsibilities of Members, the Chief Executive and Chief Officers, and the Scheme of Delegation is periodically reviewed. The Governance Committee leads on changes to the Constitution including the scheme of delegation.

The Leader, Cabinet Members, and Chairmen and Vice Chairmen of standing committees receive briefings from senior management on a regular basis and Members receive training as part of the induction process.

A review of governance arrangements at the Council was reported to Full Council on 27 April 2016. The Governance Review focused on ensuring Horsham District Council has the most suitable and effective governance arrangements. The Council continues to operate the Cabinet Executive Model supported by a number of Policy Development Advisory Groups. The process of undertaking this review has widened the collective knowledge and understanding amongst Members which has continued in 2018/19. The Governance Committee began a further review of the Constitution during 2018/19 with a particular focus on the effectiveness of planning decision making. This was reported to Council in April 2019.

Cabinet policy development advisory groups meet periodically on significant areas of business to ensure there is engagement with back bench Councillors on strategic direction.

In March and April 2017 the Overview and Scrutiny Committee reviewed its effectiveness using the guidance from the Centre for Public Scrutiny. The outcome of this review was the Committee disbanded its standing sub-committees and agreed to establish up to three task and finish groups to review particular issues. In summer 2018 the Overview and Scrutiny Committee held a Task and Finish Group to review the success of its previous review.

The Council participates in a number of partnerships with other local authorities. In particular the Revenues and Benefits, Building Control, Internal Audit and Procurement. The Council, in agreement with its partners Adur and Worthing and Mid Sussex Councils, disbanded the ICT partnership in favour of local working combined with a move to the Cloud. From 1 April 2018 the Council purchases its revenues and benefits service from the LGSS. The Council also engages in local community development work with other local public bodies.

5. VALUES AND HIGH STANDARDS OF BEHAVIOUR

The Council has incorporated in its Constitution a Member Code of Conduct and an Employee Code of Conduct. A register of declared interests is held for officers. Senior Officers and those involved in procurement are required to submit an annual declaration as well as all officers making declarations when needed. Members' Registers are available on the Council's website. Members are required to review their registers annually. Members are responsible for ensuring that if there are changes to their interests that the Monitoring Officer for the Council is notified of these changes. The Standards Committee promotes and maintains high standards of conduct by Councillors and also considers whether a complaint or allegation of misconduct by a Member should be investigated. The Council has also appointed Independent Person in accordance with the Localism Act 2011. The Council has two Independent persons who attend the Standards Committee.

As part of an ongoing Organisational Development Programme to ensure we have employees with the right skills, behaviours and attitudes, the organisation has developed core values of 'customer focus', 'achieving excellence' and 'our people'. Desired behaviours are set out in the Corporate Behavioural Framework which forms part of annual performance appraisals. Individuals are assessed against desired behaviours, with training needs identified to improve personal performance.

The culture of the organisation sets the foundation for the prevention of fraud and corruption by creating an environment that is based on openness and honesty in all Council activities.

The Council has the following policies and procedures in place which aim to prevent or deal with any instances of fraud, dishonesty or malpractice.

- Anti-Fraud and Corruption Policy
- Anti-Money Laundering Policy
- Whistleblowing Policy
- HR Disciplinary Policies
- Council's Equality Scheme
- Information Security Policies

The Head of Technology updated the Council's Information Security Policies during 2018/19 and compulsory training for all staff in technology security was introduced.

6. TAKING INFORMED AND TRANSPARENT DECISIONS AND MANAGING RISK

The Council's Constitution sets out how the Council operates and the process for policy and decision making. A comprehensive review of the Constitution was completed in September 2016, and the amendments were approved by Full Council on 7th December 2016. A further review of the Constitution, especially around the planning function commenced by the Governance Committee during 2018. The changes were

agreed by Council in April 2019. The Governance Committee also ironed out various anomalies in the 2016 Constitution during the year.

The Council's Risk Management arrangements are reviewed for effectiveness by the Audit Committee to ensure the process is embedded in the culture of the authority.

The Audit Committee also reviews the Corporate Risk Register which details the most significant risks facing the Council at each meeting.

All Heads of Service are responsible for implementing strategies at departmental level ensuring adequate communication, training and the assessment and monitoring of risks. All officers are responsible for considering risk as part of everyday activities and provide input to the risk management process.

The Chief Internal Auditor provides an annual opinion on the Council's governance arrangements, risk management systems and the overall control environment in his end of year report to the Audit Committee.

7. CAPACITY AND CAPABILITY OF MEMBERS AND OFFICERS

Training programmes for Council employees are identified from regular 1-2-1s, team meetings, staff appraisals and personal development programmes. All new recruits have a series of basic courses in key areas such as health and safety, data protection and IT security they must complete before they pass their induction. During 2018/19 the Head of Human Resources and Organisational Development has started a programme to ensure all staff have completed these courses and a programme is in place for annual updates where necessary.

New Members to the Council receive induction training in key areas including the Constitution, ethical governance, decision-making processes and the Council's Code of Members' Conduct. The induction also includes an introduction to the Council's services. All new Members are allocated a 'buddy' who is a senior Council officer tasked with helping the new Members to settle into the Council. There is an ongoing training programme of Member briefings on important areas of the Council's work. There is also ongoing training covering specific issues in a variety of areas.

8. ENGAGEMENT WITH LOCAL PEOPLE AND OTHER STAKEHOLDERS

The Council works hard to communicate its aims for the District. It conducts a wide range of service specific surveys to ascertain the views and needs of its residents. In autumn 2017 the Council carried out a customer satisfaction survey of the District. The Council consults with Parish Councils and the Rural Towns Forum (i.e. a consortium of parish level Community Partnerships). It is a leading partner within the Think Family Partnership, Community Safety and Health and Wellbeing Partnerships, linking statutory and non-statutory agencies to provide a co-ordinated approach to delivery of the programme across the District. The Council works with voluntary and community sector partners to ensure effective provision of community engagement activities across the district. These partnerships share feedback from their own stakeholder consultation.

These groups help the Council to assess the priorities of different sections of the community that have different needs, particularly in areas such as Think Family Neighbourhoods, Grants and funding, Parish Councils where resources are being

targeted. Compliments and feedback received are monitored and reported to the Overview and Scrutiny Committee as part of the quarterly performance management report.

9. DETAILS OF KEY GOVERNANCE MECHANISMS

Sources of assurance received for each of the core principles are set out in the Horsham District Council's Local Code of Corporate Governance. (See Appendix B).

10. REVIEW OF EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

The Council's governance framework includes decision-making processes set out in the Council's Constitution, together with rules and procedures. A review of governance focussing on political structure and the decision-making process at a high level was completed in April 2016. The Council continues to operate the Cabinet Executive Model. Since this date the only significant changes to the governance framework were the Overview and Scrutiny Committee deleting its sub-committees in favour of task and finish groups, the Council agreeing to the deletion of the CenSus Joint Committee from 1 April 2018 because the CenSus partnership will no longer exist from this date.

Mechanisms for maintaining and reviewing the effectiveness of the Council's governance arrangements throughout the year include:

- In the 2018/19 year the Council comprised 44 Members and, as a whole, takes decisions on budget and policy framework matters as defined by the Constitution, including deciding on the aims and objectives of the Council as set out in the Corporate Plan and other decisions that are reserved in law to be taken only by the Council
- The Overview and Scrutiny Committee is able to scrutinise the decisions of the Cabinet and maintains an overview of Council activities which includes monitoring performance management.
- The Cabinet is ultimately responsible for considering overall financial and performance management.
- The Standards Committee meets quarterly and at every meeting considers an update report on complaints against Councillors. The Committee also keeps under review the Council's policies and procedures for maintaining high ethical standards.
- The Audit Committee meets four times a year to review the Council's risk management and control arrangements. It also reviews the Council's Treasury Management and Investment Strategies and has delegated authority to review and approve the statutory financial statements and consider reports from the Council's external auditors.
- The role of the Director of Corporate Resources (as Chief Financial Officer) includes stewardship and probity in the use of resources and performance, extracting best value from the use of those resources. The Chief Financial Officer complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.
- An annual internal audit plan is developed, in consultation with senior managers, which outlines the assignments to be carried out and estimated resources. The audit plan is sufficiently flexible to enable the Orbis Partnership Internal Audit team to respond to changing risks and priorities of the organisation.

- The Head of Legal and Democratic Services (as Monitoring Officer) has a duty to ensure that operations are carried out lawfully.

11. IMPROVEMENTS DURING THE YEAR

The following improvements to the Governance Framework were recognised during 2018/19:

- An annual review of performance indicators has been undertaken by Heads of Service and the Senior Leadership Team to ensure that these are meaningful and useful in helping services to achieve their objectives.
- The Overview and Scrutiny Committee reviewed its effectiveness leading to moving its meetings before each Cabinet to allow pre-scrutiny of items.
- E-Learning training has continued for staff, enhanced by a corporate MindTools subscription. Learning and development has focused on helping to discharge the Council's statutory responsibilities in relation to health and safety, General Data Protection Regulation (GDPR), Equality and Discrimination, data security and cyber crime
- An instruction was given to all managers to ensure all staff have completed their compulsory governance e-learning courses. A follow up review shows many staff, especially those who have worked for the Council for a long time, have not completed this training. A failure from a service to report a money-laundering allegation correctly suggests not completing these courses is leading to governance issues. Work to remedy this will continue in 2019/20.
- Completed the rollout of the new financial management computer system allowing clearer budgetary control by managers, with less intervention by finance staff, a simplification of the chart of accounts and a review of approval levels by budget holders.
- A new HR system was procured which will replace existing databases and enable managers to self-serve and, as a Cloud based system, will reduce the risk of the loss of the system in the event of a disaster at the Parkside building.
- A new Legal Case Management system was rolled out allowing for more accurate recording of our legal cases and better control of work in the Legal Services team. Our technology team have put this system in the Cloud also reducing the risk of the loss of the system in the event of a disaster at the Parkside building.
- Roll out of Office 365 which will reduce the risk of the loss of the system in the event of a disaster at the Parkside building.
- Internal audit moved into the Orbis partnership from 1 April significantly increasing the resilience of this small team.
- The role of director of the Capitol pantomime has been incorporated in the role description for the Capitol's general manager. This removes the need to tender this work and procurement and conflict of interest issues previously identified surrounding this.
- A requirement for all senior managers to make an annual declaration of personal and financial interests was extended to all officers involved in procurement
- The Fire Risk Assessment for the Forum has been reviewed and the action plan has been updated for completion of the necessary works. The Fire Risk Assessment action plan for Swan Walk is in the process of being agreed.

12. SIGNIFICANT GOVERNANCE ISSUES

The 2017/18 Annual Governance Statement included an Action plan for 2018/19. Progress against the risks identified is reported in Appendix D

New significant governance issues are reported to the Audit Committee.

One significant issue was reported to Audit Committee on 10 April 2019. A policy decision made by Council in December 2015 was not implemented by the CenSus Revenues and Benefits Partnership and was not corrected in the following two years.

Recommendations for improvements arising from this and other matters are included in the new action plan in Appendix E.

Certification

It is our opinion that Corporate Governance, along with supporting controls and procedures, remains strong for the Council.

Signed



Leader of the Council



Chief Executive

On behalf of the Members and senior officers of the Council

APPENDIX D: ANNUAL GOVERNANCE STATEMENT ~ ACTION PLAN 2018/19

No.	Area for Improvement	Actions	Responsible Officer	Target Date	Outcome
1	Information security policies	Review and rewrite information security policies	Head of Technology Services	30/9/18	Completed
2	S151 and Monitoring Officer sign off of decision reports	Roll out of tracking and sign off through Modern.gov	Democratic Services Manager	31/3/20	Target date has been moved to 31/3/20.
3	Officer/Member protocol	Reintroduce an officer/member protocol	Head of Legal & Democratic Services	30/6/18	Completed
4	Revenues and Benefits disaster recovery	Move of all Horsham and Mid Sussex based revenues and benefits systems to Milton Keynes Council	Head of Revenues and Benefits (LGSS)	31/05/19	Full migration date moved to 31 May 2019 due to external Tech provider being unable to meet earlier date.
5	Verto Project Management system	Review and redesign of the Verto Project Management system	Project Assurance Manager	31/7/18	Completed
6	Reliability of power supply at the depot	Purchase and implementation of a generator	Head of Property Services	1/12/18	Cost/benefit assessment decision taken not to purchase a generator as impact likelihood of power outages at Hop Oast are much reduced.
7	Horsham in-house technology disaster recovery plan	Complete the Disaster Recovery Plan for the in house technology	Head of Technology Services	31/3/19	Completed

8	Legal Services' case management & disaster recovery	Implement the new Legal Services Case Management System	Legal Services Business Manager	1/12/18	IKEN completed.
9	Plan for major power outage in the District	Prepare a plan for dealing with this type of emergency	Well-being/ Community Safety Manager	31/10/19	This is being investigated and a plan is to be produced by 31/10/19
10	Contract for the production of the Horsham Pantomime	Review of the arrangements for the Horsham Pantomime to ensure financial probity, value for money and transparency.	Head of Community Services	30/11/18	Completed
11	Software and technology support contracts	Review all software and technology support contracts ensuring their value for money and fitness for purpose	Head of Technology Services	31/12/18	The software and technology support contracts are continuously reviewed. Ongoing process
12	Access to HR records in a civil emergency, disaster recovery of HR and budgetary control of salaries information	Implementation of the HR module of Technology One (Cloud based finance system)	Head of HR and OD	01/04/19	On target for Live HR system
13	Mandatory governance training courses	Ensure all mandated governance courses are complete by the deadlines	Heads of Service	31/3/19	On target. Heads of Service will ensure all courses are completed by 31/3/19.
14	Improve disaster recovery and reliability of email systems	Roll out of office 365	Head of Technology Services	31/12/18	Completed

APPENDIX E: ANNUAL GOVERNANCE STATEMENT ~ ACTION PLAN FOR 2019/20

No.	Area for Improvement	Actions	Responsible Officer	Target Date
1	S151 and Monitoring Officer sign off of decision reports (JE)	Roll out of tracking and sign off through Modern.gov	Democratic Services Manager	31/03/20
2	Revenues and Benefits disaster recovery (JE)	Move of all Horsham and Mid Sussex based revenues and benefits systems to Milton Keynes Council	Head of Revenues and Benefits (LGSS)	30/06/19
3	Plan for major power outage in the District (JE)	Prepare a plan for dealing with this type of emergency	Well-being/ Community Safety Manager	31/10/19
4	Mandatory governance training courses (JE)	Ensure all mandated governance courses are completed by all staff. Extended to 31/05/19 for Legal and Elections officers by CE Identify the courses needed, annual refresh and implement a refresh programme	Heads of Service Head of HR & OD	31/05/19 31/3/20
5	Review Council Tax Reduction Scheme non-implementation in 2015 (JE)	Report on the causes of the Governance Framework issue reported and improvements to the Audit Committee	Director of Corporate Resources	10/4/19 COMPLETED
6	Review of departmental GDPR compliance (Diane Lambert)	Quarterly meetings with GDPR/FOI reps. All Heads of Service to review and update their GDPR Assurance Checklist	All Heads of Service	31/07/19