

## **Horsham District Council**

### **Annual Governance Statement 2020 - 2021**

#### **1. SCOPE OF RESPONSIBILITY**

Horsham District Council conducts its business in accordance with the law, regulations and proper standards and it protects public money from waste, extravagance or misappropriation. The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way it provides its services, focusing on economy, efficiency and effectiveness.

Horsham District Council approved and adopted a Local Code of Corporate Governance on 22 March 2017. This 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. Residents and businesses can find a copy of the Local Code on our website. This statement explains how Horsham District Council complied with the Code during 2020/21 and how it meets the requirements of regulation 6(1)(b), the Accounts and Audit (England) regulations 2015 that require all relevant bodies to prepare an Annual Governance Statement.

#### **2. THE GOVERNANCE ASSURANCE FRAMEWORK**

Horsham District Council has a Governance Assurance Framework in place for the year ended 31 March 2021 and up to the date of the approval of the Annual Report and Statement of Accounts for the 2020/21 financial year.

The Council's Governance Framework explains how the Council controls and manages its services and strategies to deliver the Council's aims and objectives.

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

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

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

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

D: Determining and planning interventions; to ensure delivery of intended outcomes.

E: Developing the capacity through leadership and other individuals.

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

G: Delivering accountability through good practice in transparency, reporting and audit.

#### **3. CORPORATE GOVERNANCE, VISION AND OBJECTIVES**

The Council's Corporate Plan outlines the Council's vision, aims and objectives and aligns these with its Governance Assurance Framework. The Council approved its Corporate Plan on 12 February 2020 and covers the period 2019 - 2023.

- 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 Leads and to the Overview and Scrutiny Committee.
- Every report submitted to the Cabinet or regulatory committees outlines 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. 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 Governance Committee completed a further review of the Constitution during 2018/19 with a particular focus on the effectiveness of planning and decision making. This was reported to Council in April 2019. During 2020/21 the Governance Committee completed a review of the role of the Policy Development Advisory Groups. In addition, the operation of the Constitution is under constant review by the Monitoring Officer in consultation with the Governance Committee to ensure that its aims and principles are given full effect.

During 2020/21 the Overview and Scrutiny Committee carried out its work through the whole Committee with up to three Task and Finish Groups and no standing sub-committees.

The Council participates in a number of partnerships with other local authorities. In particular Revenues and Benefits, Building Control, Internal Audit and Procurement.

From 1 April 2018 the Council delegated its Revenues and Benefits service to the LGSS Councils for five years. From 1 April 2021 LGSS has been disbanded following the local government reorganisation in Northamptonshire. Two of the key partners Northamptonshire County Council and Northampton Borough Council cease to exist on 31 March 2021 and Cambridgeshire County Council has withdrawn from any further involvement in the service. The only remaining original member of the partnership, Milton Keynes, has taken over the running of the agreement until the end of its period. The future of the Revenues and Benefits service will be reviewed during 2021/22.

The 2019/20 trial of an extended procurement partnership with Mole Valley was successful and confirmed as an ongoing relationship in September 2020. In March 2021 Cabinet approved a continuation of the four way procurement partnership for four years, plus an extension of another four years if the good working of this partnership continued by 2025. 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. All office-based officers are required to submit an annual declaration as well as all officers making declarations when needed. The extension of the officer requirement to all office-based officers was introduced in January 2020 and officers refreshed their declarations in January 2021. Office based officers have now also declared second jobs and family relationships with other officers and Members of the Council.

Members' Registers are available on the Council's website. Members review their registers annually. Members ensure 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 appointed two Independent People in accordance with the Localism Act 2011. The Council has two Parish Representatives 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'. The performance management process for staff changed in March 2020 from an annual appraisal to a minimum of four recorded performance and development discussions each year.

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 Policy

The Council's IT Security Officer updated the Council's IT Security Policy during 2020/21.

## 6. TAKING INFORMED AND TRANSPARENT DECISIONS AND MANAGING RISK

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.

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. Each Directorate Management Team reviews their service risks each quarter and each Project Team their Project Risks no less than once a quarter. An officer-led Risk Management Group reviews the corporate risk register quarterly before it proceeds to the Senior Leadership Team and the Audit Committee for review.

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 their four-six weekly recorded "conversation" with their manager. All new recruits have a series of basic courses in key areas such as health and safety, data protection, IT security and GDPR which they must complete before they pass their induction, and all staff complete an annual refresher in these core subject areas.

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. 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 Community Safety and Health and Wellbeing Partnerships, linking statutory and non-statutory agencies to provide a coordinated 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 consultations.

These groups help the Council to assess the priorities of different sections of the community that have different needs, particularly surrounding grants and funding, Parish Councils and areas that need targeted service delivery. 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. WHOLLY OWNED BODIES

The Council owns 100% of a housing company, Horsham District Homes Limited, which owns 100% shares of a holding company, Horsham District Homes (Holdings) Limited.

The Council's Director of Community Services, Head of Property and Facilities and the Corporate Accountant are directors of Horsham District Homes Ltd. This company builds domestic dwellings.

The Council's Director of Community Services, the Head of Property and Facilities, Head of Housing and Community Services, and the Corporate Accountant are directors of Horsham District Homes (Holdings) Ltd. This company lets and operates owned or leased real estate.

The Cabinet and Full Council make decisions relating to these subsidiaries. Full Council approves funds for the companies to operate. These are loans and equity within the development company. Full Council considers any land disposals to the development company that trigger Secretary of State sign-off requirement. The Cabinet reviews each individual development business case and approves the allocation of S106 commuted sums funding to enable the property holding company to acquire the built units from the development company.

## 11. 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. The Council operates the Cabinet Executive Model.

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

- The Council comprises 48 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. In February 2020 the Council approved a new Corporate Plan for the current Council term.
- 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 Governance Committee meets quarterly and reviews governance with regard to the reviewing and revising of the Council's Constitution.

- The Audit Committee meets quarterly 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. This post also fulfils the statutory roles of Money Laundering Reporting Officer and Senior Information Risk Owner.
- The Head of Legal and Democratic Services (as Monitoring Officer) has a duty to ensure that operations are carried out lawfully. This post also carries out the statutory Data Protection Officer role.
- 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.

## 12. IMPROVEMENTS DURING THE YEAR

The 2019/20 Annual Governance Statement included an action plan for 2020/21. Progress against the risks identified is reported in Appendix D. The following improvements to the Governance Framework were recognised during 2020/21:

- The introduction of annual refresher training for all office-based employees in key areas such as health and safety, IT security and the General Data Protection Regulations.
- A simplification of the Council's suite of IT security policies into one clearer policy.

## 13. MINOR GOVERNANCE ISSUES DURING THE YEAR

The COVID-19 pandemic has generally weakened officer compliance with the Council's governance due to remote working, the need to work quickly and officer desire to help people and businesses in difficulty without fully thinking through the implications of their actions. Issues included:

- Poor initial control over purchases of food for residents using purchase cards during the first lockdown.
- Officers taking and retaining money for Trade Waste services and not forwarding them through the Council's service.
- Officers giving free parking to a struggling business during lockdown without authority.
- Managers agreeing contractual changes without considering wider implications and additional payments to staff for extra work during lockdown without contract, and exceeding normal overtime allowances.
- Officers giving pre-Christmas offers to customers without Council approval and billing for the new prices on garden waste before Council approval.

Once found, Management investigated these issues in the normal way and took disciplinary action where needed. However, many of these issues seemed to arise due to officer ignorance of the Council's governance arrangements, and the absence of early intervention by the Council's governance officers while officers worked alone for long parts of the year.

Recommendations for the improvement in minor breaches are in the action plan for 2021/22 shown at Appendix E.

In addition Internal Audit found a higher than normal number of services failing to comply with governance processes and awarded more “partial” or “minimal” assurances on their audits than normal. These audits were:

- BACS - partial
- Community Lottery – partial
- Travel Expenses – minimal
- Building Control Cultural compliance – partial
- Capitol Cultural Compliance follow up – partial
- Purchase cards – partial (tbc)

These audits have been, or will be, reported to the Audit Committee who review the actions proposed to resolve high and medium priority issues.

The improvements around the sign off of Cabinet and Committee papers were again not achieved in the year due to the Democratic Services Manager leaving the organisation.

#### 14. SIGNIFICANT GOVERNANCE ISSUES

New significant governance issues are reported to the Audit Committee. This year there were no significant issues that needed immediate reporting.

#### 15. IMPACT OF COVID-19 ON OPERATIONS

How the Council will operate in a world after the final COVID-19 lockdown or as the country learns to live with COVID-19 are, as yet, unclear. Officers have started work on revisiting how we manage our employees and how we monitor our services. This work needs to be completed.

How Councillor mechanisms will work is also unclear because the Government has not yet decided how it will allow public meetings to be held in the future.

The 2021/22 Action Plan in Appendix E includes actions on these pieces of work.

### **Certification**

It is our opinion that Corporate Governance, along with supporting controls and procedures, remains strong for the Council albeit we note there was more non-compliance with controls and procedures this year. We have put in place an action plan to increase officer awareness and reduce the frequency of this type of issue.

### **Signed**



.....  
**Leader of the Council**



.....  
**Chief Executive**

On behalf of the Members and senior officers of the Council