

Horsham District Council Annual Governance Statement 2016-17

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 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 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 2017 and up to the date of the approval of the Annual Report and Statement of Accounts for the 2016/17 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 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 2016/17 is on the Council's website.
- 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 Scrutiny and Overview 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 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 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 process of undertaking this review has widened the collective knowledge and understanding amongst Members.

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

The Council participates in a number of partnerships with other local authorities. In particular the Revenues and Benefits, ICT, Building Control and Procurement. 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. Member's Registers are available on the Council's website. Members are required to review their registers annually. 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 an Independent Person in accordance with the Localism Act 2011.

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

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 review of the Constitution was completed in September 2016, and the amendments were approved by Full Council on 7th December 2016

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.

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.

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 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 a quarterly report is submitted to the Finance and Performance Sub Committee of the Scrutiny and Overview Committee.

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 at the Council focussing on political structure and the decision-making process at a high level was completed in April 2016. Recommendations included endorsement of the Cabinet system supported by formal advisory groups; all key decisions to be made by Cabinet in public meetings and an increase in the financial threshold to £250k bringing the Council into line with comparator authorities. It was also agreed to form a Constitution Review Group to review the Council's Constitution. The terms of reference were to make the Council's Constitution less bureaucratic and more user friendly with greater openness and transparency. This was completed in September 2016.

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

- The Council comprises 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.
- 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.
- Finance and Performance Sub-Committee, a sub-committee of Overview and Scrutiny Committee The Cabinet is ultimately responsible for considering overall financial and performance management. Budget and performance monitoring reports are received on a quarterly basis.
- 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 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.
- An annual 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 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 2016/17:

- A review of the Constitution was completed in Sept 2016. The Council's Contract Standing Orders and Procurement Code have been updated to reflect the new EU Procurement Regulations.
- 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 Council's complaints process has been subject to a root cause analysis and as a result we now have fewer complaints.
- Increased focus on project governance and formal reporting to the Senior Leadership Team, and the appointment of a designated project assurance manager.
- A more robust approach has been introduced to improve the effectiveness of budget monitoring and forecasting to support the Council's Medium Term Financial Strategy.

- A new Behaviours Framework and improved (on-line) appraisal system has been introduced for the purposes of enhancing staff performance and improving consistency across the organisation.
- A formalised process for administering and monitoring officer declarations of interest has been introduced in response to an internal audit report issued in June 2016.
- E-Learning training has been re-launched for staff. The initial roll-out has focused on helping to discharge the Council's statutory responsibilities in relation to health and safety and data protection and safeguarding
- A robust training programme has been completed for all staff to ensure the Council adheres to statutory safeguarding responsibilities.

12. SIGNIFICANT GOVERNANCE ISSUES

The 2015/16 Annual Governance Statement included an Action plan for 2016/17. Progress is reported in Appendix D

New significant governance issues are reported to the Audit Committee. At the current time no significant governance issues have been identified but a number of recommendations for improvement are set out in a 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

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Leader of the Council

Chief Executive

on behalf of the Members and senior officers of the Council.

Appendix B HDC Code of Corporate Governance

HORSHAM DISTRICT COUNCIL LOCAL CODE OF CORPORATE GOVERNANCE

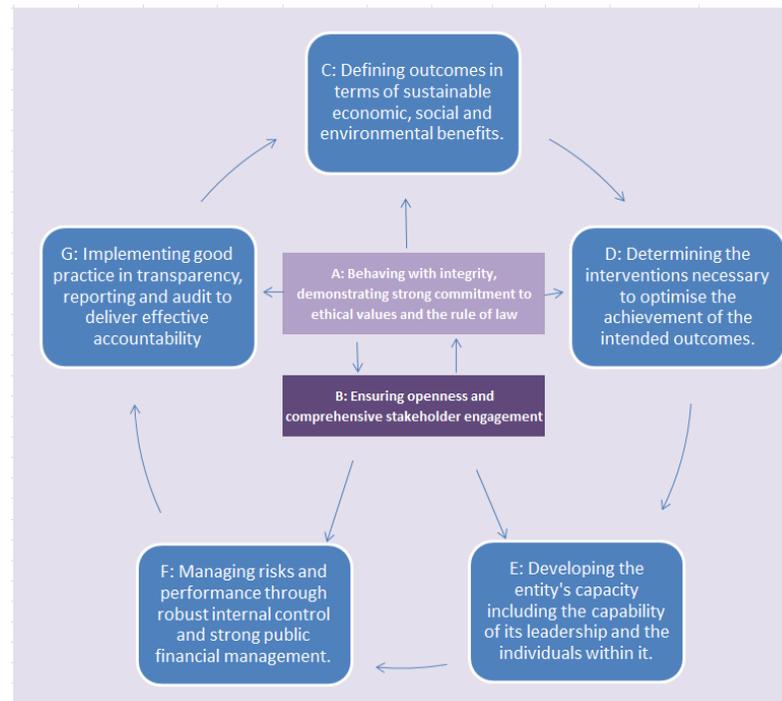
Corporate Governance comprises the systems, processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and where appropriate, lead their communities.

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.

The Council's behaviours and actions that demonstrate good governance are set out in response to the CIPFA core principles.

A: Integrity; Ethical Values: the Rule of Law

- Member and Officer Codes of Conduct are included in the Constitution setting out the values and behaviours that the Council requires Members and officers to adopt.
- Rules of Procedure govern the expected conduct at meetings of the Council and its committees.
- The Anti-fraud and Corruption Policy is designed to encourage and promote the prevention and detection of fraud.
- Member and Officer Registers of Interests, Gifts and Hospitality safeguard both Members and officers against conflicts of interest.
- The Whistleblowing Policy ensures anyone with a concern can have confidence that it will be dealt with appropriately.
- There are core competencies for officers and a performance appraisal process monitors officer behaviours.
- The Standards Committee considers complaints or allegations made against Councillors, as required by the Localism Act 2011.
- In accordance with 'Working Together to Safeguard Children 2015' and 'The Care Act 2014', we recognise the need to ensure the welfare of all individuals when they come into contact with services provided by the Council.



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

- The Constitution sets out how the Council operates, how decisions are made and the procedures and codes of conduct that are followed.
- The Scrutiny and Overview Committee reviews the Council's decision making processes and monitors the internal and external delivery of services.
- The Audit Committee is independent of Cabinet and Scrutiny functions. It receives reports on the work of External and Internal Audit and Risk Management.
- The formation of a new Governance Committee has been agreed which will meet to review the Council's Constitution when the need arises.
- The Council supports local communities that produce their own Neighbourhood Plans providing a vision for their area.
- The Council engages with the public in a number of public consultations. These are publicised on the Council's website and the feedback informs the Council's decision making process.
- The majority of the Council's meetings are open to the public. Agendas, papers and minutes are published on the Council's website.
- The Council recognises that supporting and engaging communities is a shared agenda with many partners including West Sussex County Council, the Police, Health and sports Services and the community and voluntary sector. Working together we are all committed to ensuring Horsham District remains a great area to live and work.
- Senior management communicates with staff by means of regular cascade meetings organised by the Senior Leadership Team: Director's meetings; Team meetings; Chief Executive Talks; Chief Executive's blog; the "Council Matters" publication and update messages on the Staff Intranet.
- Consultation takes place with Parish Councils and other Voluntary and Community groups throughout the District to ensure effective provision of community engagement activities. These groups help the Council to assess the priorities of different sections of the community that have different needs.

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

- The Corporate Plan for the period 2016-19 which is published on the Council's website identifies key priorities for the Council.
- Departmental Service Plans have been put in place in order to deliver the objectives of the Corporate Plan.
- The Council ensures objectives are deliverable by producing a Medium Term Financial Strategy and detailed financial budget plans.
- Progress against the Council's aims and objectives is monitored by means of its performance management framework and set of detailed performance management indicators.
- The Council Identifies and manages any corporate and departmental risks to achieving its objectives through its risk management process and issues regular reports to senior management and Members.
- Value for money is driven through the Council's Corporate Procurement Code.
- Information relating to Council plans and initiatives is published via its website and the Horsham District news magazine.

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

- The Medium Term Financial Strategy is updated at least twice a year and takes into account changes in the financial outlook. It is used as a basis for the annual budget setting process in which all Service Managers reconsider their departmental budgets. The Annual Budget and Council Tax rate are approved by full Council before the commencement of each financial year.
- Progress against the budget is reviewed on a monthly basis
- Key performance targets for each service area are set and progress against these is monitored regularly.
- The Council is investigating alternative models of service delivery to improve efficiency whilst meeting the needs of customers.
- The Council is working with Community and Voluntary sector partners to develop projects and deliver efficient and effective services.
- A review of the Council's IT Strategy is taking place to ensure service delivery is supported efficiently and flexibly.
- Benchmarking against others provides information that assists the Council to design services that are fit for purpose by looking at options to improve delivery.

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

- Decision making protocols are set out in the Council's Constitution.
- Agendas and minutes of Council/Committee meetings are published on the Council's website and include details of decisions taken.
- The Scrutiny and Overview Committee reviews the Council's decision making processes and monitors the internal and external delivery of services.
- Budget monitoring processes are in place and a summary of the Council's financial position is reported to senior management monthly and to Members quarterly.
- The Council has an established Risk Management Strategy and embedded Risk Management processes. Corporate and Departmental risks are formally reviewed quarterly.
- The Internal Audit Section reports to the Audit Committee. Its work is planned to ensure there are robust systems of internal control in place to mitigate risks and provide assurance to senior management and Members.
- The Audit Committee meets quarterly to review the effectiveness of the control environment and risk management framework.
- A Corporate Governance Group has been introduced to oversee the Council's Governance arrangements.
- A complaints procedure is published on the Council's website. Quarterly monitoring reports are submitted to senior management and Members.
- The Council has a suite of policies covering information and data security and guidance is available for all staff on the Council's Intranet.

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

- The Constitution sets out how the Council operates; how decisions are made and which Codes of Conduct are followed. The roles of Members are clearly set out and a Member/Officer protocol is included.
- A Scheme of Delegation has been established that determines the levels at which decisions are taken.
- Detailed regulations (for example Financial Regulations and Contract Standing Orders) have been established which officers must follow when undertaking their roles.
- A performance management framework monitors employees' performance through the annual performance appraisal system and helps to aid workforce planning. The process also identifies an individual's training needs.
- The Standards Committee deals with issues relating to Member performance.
- Partnership agreements are in place for each of the Council's strategic partnerships and Joint Management Boards meet regularly to monitor the agreements.
- A health and wellbeing programme is available to all employees.
- An induction training programme is in place for both Members and employees.
- Regular Managers' conferences enable managers to meet to consider current issues affecting the Council and to work together to identify solutions.

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

- All committee agendas, papers and minutes are available to the public on the Council's website (and in hard copy on request from the Council's offices).
- The Council publishes its Audited Annual Accounts and Annual Governance Statement including an action plan for improvement for any areas of concern.
- All external audit reports are published and corrective action is taken to address any issues highlighted as necessary.
- The Council has an effective Internal Audit section which reports to the Audit Committee. The work of Internal Audit is planned to ensure there are robust systems of internal control in place to mitigate risks and provide assurance to Members. Progress to implement agreed recommendations for improvement in control processes is monitored and reported to Members.
- Partnership arrangements are effectively monitored by Partnership Boards.

Appendix C: HDC Governance Assurance Framework

ASSURANCE FRAMEWORK



Assurance Framework Documentation

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| <ul style="list-style-type: none"> Constitution Code of Conduct Complaints Procedure Equalities Scheme Service Manager Assurance Statements Communications Strategy Financial Policies & Procedures Risk Management Strategy & Toolkit Risk Registers Performance Framework | <ul style="list-style-type: none"> Employee Policies Pay Policy Anti-Fraud & Corruption Policy Whistleblowing Policy Annual Internal Audit Report & Opinion Statement of Accounts Annual Audit Letters from EY Annual Complaints Report Report of Local Government Ombudsman Results of External Inspections | <ul style="list-style-type: none"> Corporate Plan & Service Plan MTFS & Budget Money Laundering Policy Partnership Agreements / SLAs Treasury Management & Investment Strategy Procurement Code Values & Behaviours |
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APPENDIX D: ANNUAL GOVERNANCE STATEMENT ~ ACTION PLAN FOR 2016/17

No.	Area for Improvement	Actions	Responsible Officer	Outcomes
1.	Budget holders to undertake their budget monitoring every month and provide more accurate outturn forecasts.	<p>Monitoring of all budget holders on the frequency and accuracy of budget monitoring and forecasting. Regular failure to undertake budget monitoring and accurate forecasting to be more robustly dealt with through people management processes.</p> <p>Local training for budget holders to improve outturn forecasting awareness and skills.</p>	Head of Finance	<p>30/09/16 Completed</p>
2.	The Council's Constitution is currently based on the 2000 model and needs to be re-written. This will improve the Council's governance arrangements and will help to improve engagement with Members.	The Council's Constitution (including contract procedures) will be re-written in consultation with Members and senior officers.	Monitoring Officer	Revised Constitution approved by Full Council 7/12/16
3.	Further development of the behaviours framework to match all of the organisation's values.	<p>Re-establish skills/competencies for employees, especially managers, and training will be provided.</p> <p>New appraisals system launched April 2017</p>	HR & OD Manager	<p>31/03/17 Completed</p>
4.	Procurement of agency staff	Formal tender action underway to establish local framework with other LA's (MSDC & CBC)	Commissioning & Performance Manager	<p>31/03/17 Completed</p>

5.	Improvement in Member training.	The Monitoring Officer will review and improve Member training providing a more structured approach to training and development, in particular Planning, Governance, Ethical Governance over the year and maintain programme	Monitoring Officer	31/03/17
6.	Governance related training is needed for officers.	A programme of regular governance training will be developed (e.g. health & safety, anti-fraud, information and data security).	Director of Corporate Resources	31/03/17 Part completed

APPENDIX E: ANNUAL GOVERNANCE STATEMENT ~ ACTION PLAN FOR 2017/18

No.	Area for Improvement	Actions	Responsible Officer	Target Date
1	Governance related training is needed for officers.	A programme of regular governance training will be developed (e.g. health & safety, anti-fraud, information and data security). This is being incorporated into HDC's new online appraisals and training system.	Director of Corporate Resources	31/03/18
2	Improvement in ICT Disaster recovery arrangements	<p>To complete the Cloud Transition Project – part of the long term ICT Disaster Recovery Strategy, by 2019, in collaboration with Mid Sussex DC and Adur & Worthing.</p> <p>To put together a fully documented recovery plan to identify what systems will need to be operational in what timescales, and what Technology Services will need to do to bring them back.</p> <p>HDC's warm site will be located at the Hop Oast Depot from the end of June 2017 as this site will have a fully operational 100mb WAN link.</p>	Head of Technology Services	<p>By 2019</p> <p>30/06/17</p> <p>30/06/17</p>
3	Improvement in daily and monthly bank reconciliation process.	Re-design of bank reconciliation process when the new Financial Management System is introduced during 2017/18.	Head of Finance	30/09/17
4	HDC's Overview and Scrutiny function.	Complete a review of the Overview and Scrutiny function. Paper and recommendations to the Overview and Scrutiny meeting 05/06/17.	Monitoring Officer	30/06/17

