

Governance, Audit, Risk Management and Standards Committee Agenda

Date: Tuesday 30 November 2021

Time: 6.30 pm

Venue: Council Chamber, Harrow Civic Centre, Station
Road, Harrow, HA1 2XY

Membership (Quorum 3)

Chair:	Councillor David Perry
Labour Councillors:	Dean Gilligan Kairul Kareema Marikar Antonio Weiss
Conservative Councillors:	Philip Benjamin Amir Moshenson Kanti Rabadia (VC)
Labour Reserve Members:	1. Niraj Dattani 2. Chloe Smith 3. Vacancy 4. Vacancy
Conservative Reserve Members:	1. Pritesh Patel 2. John Hinkley 3. Hitesh Karia

Contact: Daksha Ghelani, Senior Democratic Services Officer
E-mail: daksha.ghelani@harrow.gov.uk

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Agenda publication date: Monday 22 November 2021

Agenda - Part I

1. **Attendance by Reserve Members**

To note the attendance at this meeting of any duly appointed Reserve Members.

Reserve Members may attend meetings:-

- (i) to take the place of an ordinary Member for whom they are a reserve;
- (ii) where the ordinary Member will be absent for the **whole** of the meeting; and
- (iii) the meeting notes at the start of the meeting at the item 'Reserves' that the Reserve Member is or will be attending as a reserve;
- (iv) if a Reserve Member whose intention to attend has been noted arrives after the commencement of the meeting, then that Reserve Member can only act as a Member from the start of the next item of business on the agenda after his/her arrival.

2. **Declarations of Interest**

To receive declarations of disclosable pecuniary or non pecuniary interests, arising from business to be transacted at this meeting, from:

- (a) all Members of the Committee;
- (b) all other Members present.

3. **Minutes** (Pages 5 - 8)

That the minutes of the meeting held on 12 October 2021 be taken as read and signed as a correct record.

4. **Public Questions ***

To receive any public questions received in accordance with Committee Procedure Rule 17 (Part 4B of the Constitution).

Questions will be asked in the order in which they were received. There will be a time limit of 15 minutes for the asking and answering of public questions.

[The deadline for receipt of public questions is 3.00 pm, 25 November 2021.

Questions should be sent to publicquestions@harrow.gov.uk

No person may submit more than one question].

5. **Petitions**

To receive petitions (if any) submitted by members of the public/Councillors under the provisions of Committee Procedure Rule 15 (Part 4B of the Constitution).

6. **Deputations**

To receive deputations (if any) under the provisions of Committee Procedure Rule 16 (Part 4B) of the Constitution.

7. **References from Council and other Committees/Panels**

To receive references from Council and any other Committees or Panels (if any).

8. **Information Report - Statement of Accounts 2019-20 - Audit Completion (To Follow)**

Report of the Director of Finance and Assurance.

9. **Annual Governance Statement 2020/21** (Pages 9 - 36)
Report of the Director of Finance and Assurance.
10. **Information Report - Audit Progress Report** (To Follow)
Report of the Director of Finance and Assurance.
11. **Statement of Accounts 2020-21** (To Follow)
Report of the Director of Finance and Assurance.
12. **Any Other Urgent Business**
Which cannot otherwise be dealt with.

Agenda - Part II - Nil

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[Note: The questions and answers will not be reproduced in the minutes.]



Governance, Audit, Risk Management and Standards Committee

Minutes

12 October 2021

Present:

Chair: Councillor David Perry

Councillors: Philip Benjamin Amir Moshenson
Niraj Dattani Kanti Rabadia
Kairul Kareema Marikar Antonio Weiss

Apologies received: Dean Gilligan

176. Attendance by Reserve Members

RESOLVED: To note the attendance at this meeting of the following duly appointed Reserve Member:-

Ordinary Member

Councillor Dean Gilligan

Reserve Member

Councillor Niraj Dattani

177. Declarations of Interest

RESOLVED: To note that there were no declarations of interests made by Members.

178. Minutes

RESOLVED: That the minutes of the meeting held on 13 July 2021, be taken as read and signed as a correct record.

179. Public Questions

RESOLVED: To note that no public questions were received.

180. Petitions

RESOLVED: To note that no petitions had been received.

181. Deputations

RESOLVED: To note that no deputations were received at the meeting under the provisions of Committee Procedure Rule 16.

182. References from Council and other Committees/Panels

None received.

Resolved Items

183. Information Report - Corporate Anti-Fraud Team Year-End Report 2020/21

The Committee received an information report from the Director of Finance and Assurance, which set out the 2020/21 year-end report for the Internal Audit and Corporate Anti-Fraud Team. The report also set out the progress made against the agreed annual plans, to meet with the requirement set out in the Committee's Terms of Reference.

The Anti-Fraud Service Manager introduced the report and outlined the corporate anti-fraud work carried out during the year 2020-21. He added that:

- of the 14 work streams contained within the plan, 8 (57%) were achieved, 3 (22%) were substantially achieved, 1 (7%) was partially achieved, 1 (7%) was not achieved and 1 (7%) was re-evaluated and changed for 2021/22;
- in terms of the key performance indicators, 3 (60%) were achieved and 2 (40%) were substantially achieved.
- performance against the Fraud Plan during 2020/21 was below expectation due to the challenges of the Covid-19 Pandemic, because Investigating Officers could not be as proactive as normal with site visits and interviewing of suspects being suspended.

Officers were confident that performance would improve with 'normal life' being resumed and plans would be put in place to recommence face-to-face interviews at the Civic Centre once a thorough risk assessment had been completed and approved.

Members were informed that a formal form of virtual interviewing had been explored during the year but a decision was taken not to proceed after the

legislative challenges of PACE interviewing virtually became too burdensome, also coupled with the variable nature of officers' internet connection.

In response to questions, Members were advised as follows:

- the lack of virtual interviewing had not resulted in any offloading of the cases to the police;
- the Fraud Loss Methodology referred to in the report was currently in draft form and would be presented to the November 2021 meeting of the Committee;
- the Cifas Pilot Membership Project had been extended for another year and there were plans to extend it further so long as it continued to add value. Officers were also in the initial stage of exploring the Internal Fraud Data Bases to allow for the vetting of staff. Both the Council's Human Resources (HR) service and the Unions would need to be involved and/or consulted;
- in relation to the query regarding Fraud Liaison, the Council worked with the Metropolitan Police and this agency had been captured within the report.

A Member sought clarification in respect of the Corporate and anti-fraud corruption strategy (page 17 of the agenda) where the objective shown had not been achieved and how it related to the information contained on page 23 of the agenda where it had been achieved. In response, the Anti-Fraud Service Manager explained that the KPIs were different to the Work Streams. Alongside the KPIs were Work Streams but not all Work Streams warranted KPIs. Only KPIs 1-5 had been included in the Work Streams.

The Chair welcomed the report which he considered to be a positive one. He acknowledged the transparency from the Corporate Anti-Fraud Manager that performance was below par and applauded the savings achieved by the service, but raised a point that the positive work around fraud should be publicised and that there was a lack of this during the year according to the report. Members were informed that this suggestion would be taken forward.

RESOLVED: That the report be noted.

184. Urgent Business

Referring to the Committee's previous meeting and the discussion in relation to the Draft Annual Governance Statement, a Member expressed concern that he had not received the information requested under Minute 171.

The Chair reminded the Member that he had been asked to submit this information in writing for his consideration which had yet to be received. A written request had been sought to ensure that officers could provide a detailed response. Whilst this was not urgent business, the Member's concerns about having to email information requests to officers following meetings and agenda length were noted.

185. Exclusion of the Press Public

RESOLVED: That the press and public be excluded from the meeting for the following items of business, on the grounds that they involve the likely disclosure of confidential information in breach of an obligation of confidence, or of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972:

<u>Agenda Item No</u>	<u>Title</u>	<u>Description of Exempt Information</u>
11.	Information Report - Q2 Corporate Risk Register 2021/22	Exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended) as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).
12.	Review Briefing	Exempt from publication under paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended) as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).

186. Information Report - Q2 Corporate Risk Register 2021/22

The Committee received a confidential report of the Director of Finance and Assurance, which set out the Council's 2020/21 Corporate Risk Register for Quarter 2 of the financial year to enable the Committee to monitor the progress made on risk management in accordance with its Terms of Reference.

RESOLVED: That the report be noted.

187. Information Report - Review Briefing

The Committee received a confidential verbal report from the Head of Internal Audit and Corporate Anti-Fraud.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 6.32 pm, closed at 7.40 pm).

(Signed) Councillor David Perry
Chair



**Report for: GOVERNANCE, AUDIT,
RISK MANAGEMENT
and STANDARDS
COMMITTEE**

Date of Meeting:	30 th November 2021
Subject:	Annual Governance Statement 2020/21
Responsible Officer:	Dawn Calvert, Director of Finance & Assurance
Exempt:	No
Wards affected:	All
Enclosures:	Appendix 1 – Opinion Types/Limitations Appendix 2 – Annual Governance Statement 2020/21

Section 1 – Summary and Recommendations

This report sets out the Head of Internal Audit's Final Audit Opinion 2020/21 and the Annual Governance Statement (AGS) 2020/21.

Recommendations:

The GARMS Committee is requested to:

- Note the Head of Internal Audit's Final Audit Opinion 2020/21
- Review the Annual Governance Statement 2020/21 in line with the Committee's terms of reference, to consider whether the AGS properly reflects the risk environment and supporting assurances and legal and financial advice, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control; suggest any appropriate changes and recommend it for approval by the Leader and Chief Executive.

Section 2 – Report

Head of Internal Audit's Opinion 2020/21

- 2.1 The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, agreed with management (Corporate Strategic Board) and approved by the Governance, Audit, Risk Management & Standards Committee (Harrow Council's Audit Committee), designed to provide a reasonable level of assurance, subject to the inherent limitations described below and set out in Appendix 1. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.
- 2.2 A draft opinion was reported to the GARMS Committee as part of the 2020/21 Internal Audit Year-end Report in July 2021. At that time work on the Council's core financial systems and the annual review of governance was incomplete.
- 2.3 The opinion is based on:
- All audits undertaken as part of the 2020/21 Internal Audit Plan (except Core Financial Systems audits);
 - Audits of Core Financial Systems undertaken in Q1/Q2 of 2021/22 (part of the 2021/22 plan);
 - Recommendations made accepted/not accepted by management;
 - Recommendations implemented by management at follow-up;

- Re-assessed assurance ratings at follow-up in respect of audits from previous periods.
 - The annual review of governance process.
- 2.4 The final Head of Internal Audit's Opinion 2020/21 is: **Good with some significant improvements required in a few areas:** The outputs from the programme of work completed by Internal Audit, based on the agreed risk-based Internal Audit Plan, demonstrate that the Council's framework of governance, risk management and control is generally good with 98% of reports issued being amber, amber/green or green assurance. One red assurance report has been issued identifying significant weakness and/or non-compliance in the framework which could potentially put the achievement of objectives in this area at risk and one significant governance gap has been identified as part of the annual review of governance process. The direction of assurance travel over the past three years is positive with fewer red and red/amber assurance reports issued each year. Improvements have been recommended in areas where weaknesses were identified of which 98% have been agreed by management.
- 2.5 The key factors that contributed to the draft opinion are summarised as follows:
- 98% of assurance reviews undertaken during 2020/21 were given an amber, an amber/green or a green assurance (2% higher than 2019/20);
 - 100% of overall recommendations made during 2020/21 were agreed by management for implementation (2% higher than 2019/20);
 - 87% of recommendations were implemented/substantially implemented (19% higher than 2019/20), 8% were in progress (13% lower than 2019) and 5% (6% lower than 2019/20) were planned at time of follow-up thus it is expected that in due course 100% will be implemented (the same as 2019/20);
 - 100% of follow-up reviews attained an amber, amber/green or green assurance rating (the same as 2018/19), all, bar one resulted in an improved assurance rating with;
 - The annual review of governance has identified one significant governance gap;
 - 83% of core financial system controls self-assessed by management were operating, and 17% were partially operating.

Annual Governance Statement

Background

- 2.6 Harrow 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 section 3 of 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.

- 2.7 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 2.8 Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires *‘an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England)’*.
- 2.9 Regulation 6(1)(b) of the Accounts and Audit Regulations 2015, requires that *“for a local authority in England, the statement is an Annual Governance Statement”*.
- 2.10 The CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* was updated in 2016 and this Framework applies to annual governance statements prepared for the financial year 2016/17 onwards. The overall aim of the Framework *‘is to ensure that resources are directed in accordance with agreed policy and according to priorities, that there is sound and inclusive decision making and that there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities’*.
- 2.11 In England the Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be *“prepared in accordance with proper practices in relation to accounts”* and must be *“approved in advance of the relevant authority approving the statement of accounts. Therefore a local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016) and this section of the Code”*.
- 2.12 The preparation and publication of an Annual Governance Statement in accordance with Delivering Good Governance in Local Government: Framework (2016) would fulfil the statutory requirements across the United Kingdom for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts.
- 2.13 The Annual Governance Statement explains how the Council has complied with the framework and meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of a statement of internal control (Annual Governance Statement).

Annual Governance Review

- 2.14 Since 2005/06 the Council has undertaken a detailed annual review of its governance arrangements to meet the requirements of the framework. A lighter touch/higher level approach has been taken to

the 2020/21 review as detailed in the report to the GARMS Committee in July 2021.

Annual Governance Statement 2020/21

- 2.15 The Annual Governance Statement (Appendix 1) is prepared on behalf of the Leader of the Council and the Chief Executive, a draft of which was included in the 2020/21 draft accounts and presented to this committee in July 2021.
- 2.16 A number of changes and updates have been made to the AGS since the initial draft was presented to the committee in July 2021 and these are shown in red.

Legal Implications

- 2.17 As covered in the main body of the report.

Financial Implications

- 2.18 There are no financial implications to this report.

Risk Management Implications

- 2.19 Risks included on corporate or directorate risk register? **No**
- 2.20 Separate risk register in place? **No**
- 2.21 The relevant risks contained in the register are attached/summarised below. **n/a**
- 2.22 The following key risks should be taken into account when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
Non-compliance with the Public Sector Internal Audit Standards	▪ Production of the Head of Internal Audit's Opinion	Green
The Council does not comply with Regulation 6 of the Accounts and Audit Regulations 2015	▪ Annual review of governance ▪ Publication of the Annual Governance Statement	Green

Equalities implications / Public Sector Equality Duty

2.23 Was an Equality Impact Assessment carried out? No as not relevant to this report.

Council Priorities

2.24 The annual review of governance reviews arrangements in place to ensure that the intended positive outcomes for residents as outlined by the Council's priorities are achieved.

1. **Improving the environment and addressing climate change**
2. **Tackling poverty and inequality**
3. **Building homes and infrastructure**
4. **Addressing health and social care inequality**
5. **Thriving economy**

Section 3 - Statutory Officer Clearance

Statutory Officer:

Signed on by the Chief Financial Officer

Dawn Calvert, Director of Finance & Assurance

Date: 18/11/21

Statutory Officer:

Signed on by the Monitoring Officer

Hugh Peart, Director of Legal & Governance

Date: 19/11/21

Chief Officer:

Signed by the Corporate Director

Charlie Stewart, Corporate Director Resources

Date: 17/11/21

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

Section 4 - Contact Details and Background Papers

Contact: Susan Dixon, Head of Internal Audit & Corporate Anti-Fraud, 02084241420

Background Papers: None

If appropriate, does the report include the following considerations?

- | | |
|-----------------|-----|
| 1. Consultation | NO |
| 2. Priorities | YES |

These may be varied slightly to reflect circumstances in particular years.

Excellent: The outputs from the programme of work completed by Internal Audit, based on the agreed risk-based Internal Audit Plan, demonstrate that the Council's framework of governance, risk management and control is good and that there are adequate and effective governance, risk management and control processes to enable the related risks to be managed and objectives to be met. No areas of significant weakness (red or red/amber assurance reports) were identified. See Summary of Findings in section.

Good with improvements required in a few areas: The outputs from the programme of work completed by Internal Audit, based on the agreed risk-based Internal Audit Plan, demonstrate that the Council's framework of governance, risk management and control is generally good. Some red and red /amber assurance reports have been issued identifying significant weakness and/or non-compliance in the framework which could potentially put the achievement of objectives in these areas at risk. Improvements have been recommended in these areas of which over 95% have been agreed by management. See Summary of Findings in section.

Major improvement required: The outputs from the programme of work completed by Internal Audit, based on the agreed risk-based Internal Audit Plan, demonstrate that the Council's framework of governance, risk management and control require major improvement. A large number of red and red/amber assurance reports have been issued identifying significant and endemic weaknesses and/or non-compliance in the framework of governance, risk management and control which put the achievement of organisational objectives at risk. Improvements have been recommended in these areas of which less than 95% have been agreed by management. See Summary of Findings in section.

Unsatisfactory: The outputs from the programme of work completed by Internal Audit, based on the agreed risk-based Internal Audit Plan, demonstrate that the Council's framework of governance, risk management and control is unsatisfactory. The majority of assurance reports issued are red or red/amber identifying significant weaknesses and/or non-compliance in the framework of governance, risk management and control indicating the achievement of corporate objectives is unlikely and control is poor [and/or] there is significant non-compliance with controls. Because of this, systems have failed or there is a real and substantial risk that systems will fail and management's objectives will not be achieved. Immediate action is required to improve the adequacy [and/or] effectiveness of governance, risk management and control. See Summary of Findings in section.

Limitations and Responsibilities

It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and

detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibility for the design and operation of these systems.

The Head of Internal Audit's opinion is based solely on the work undertaken as part of the agreed internal audit plan. There may be weaknesses in systems of internal control that did not form part of agreed programme of work, in elements of systems that were not included in the scope of individual internal audit assignments or that were not brought to internal audit's attention. The risk of this is mitigated by implementing a risk-based approach to the development of the internal audit plan and to individual audit assignments.

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1. Introduction

Members and staff working for Harrow Council strive to achieve the Council's vision, priorities and outcomes as outlined in the Harrow Borough Plan 2030.

Arrangements are in place to ensure that the intended positive outcomes for residents are achieved. To ensure good governance these arrangements are agreed and documented and together form the authority's governance structure.

2. Responsibility

Elected Members are collectively responsible for the governance of the council. The full council's responsibilities include:

- agreeing the council's constitution, comprising the key governance documents including the executive arrangements and making major changes to reflect best practice
- agreeing the policy framework including key strategies and agreeing the budget
- appointing the chief officers
- appointing committees responsible for overview and scrutiny functions, audit and regulatory matters and also for appointing Members to them.

Under the *Local Government Act 2000* Harrow Council has adopted a leader and cabinet model and has established an overview and scrutiny function for Members outside the cabinet through which they can question and challenge policy and the performance of the executive and promote public debate.

The authority's governance structure is comprised of a number of key documents that aim to ensure that resources are directed in accordance with agreed policy and according to priorities as set out in the Harrow Borough Plan 2030, that there is sound and inclusive decision making and that there is clear accountability for the use of resources in order to achieve the desired outcomes for Harrow service users and local communities.

Covid-19 Impact on Governance

As a result of the COVID 19 (Coronavirus) crisis, the Government instituted 'lockdown' on Monday 23 March 2020. All Member level meetings including Cabinet were either postponed or cancelled and the Civic Centre was closed to all staff, with the exception of those delivering priority services. The Council implemented its emergency planning arrangements which included daily key Member briefings, a gold, silver and bronze command structure, and telephone briefings to staff.

Decision Making

Due to the COVID 19 crisis and the instructions and directions of the Government, the Council's usual governance arrangements were suspended and no Member

meetings took place between 23 March 2020 and 21 May 2020 due to the 'lockdown' and the requirement to maintain social distancing. One Cabinet meeting was cancelled during this time and officers therefore took a number of operational decisions to deal with the local consequences of the crisis. and Members were asked to ratify these at the first Cabinet meeting since the lockdown on 21 May 2020.

Whilst it was not possible to follow the Council's agreed decision making process the risk that decisions made by Chief Offices during this time would not be supported has been mitigated by these briefings to Members and by the Cabinet report to ratify these decisions.

Normal decision-making arrangements were back in place from 21 May 2020 and throughout the rest of 2020/21 via virtual (computer generated) meetings of the Cabinet and other committees. This was allowed under the *Coronavirus Act 2020* regulations *The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020* that came into force in April 2020.

Risk Management

Risks relating to COVID 19 were included in the Corporate Risk Register since Quarter 4 2019/20 and throughout 2020/21. These risks changed throughout the year in response to the progress of the pandemic and covered the impact on the provision of services, the impact on the recovery of the Council's operations post pandemic, the impact on the Harrow Community and the financial impact on the Council.

Given the nature of the crisis, decisions needed to be made as a matter of urgency with risks being assessed on a daily basis by Chief Officers meeting via a gold, silver and bronze command structure with daily key Member briefings, weekly Cabinet briefings and a range of additional briefings with other Members.

Capacity & Capability

As the crisis developed, Harrow moved to ensure the resilience of its priority services to support vulnerable residents and to look after its staff. This response was influenced by concern about the impact of staff absences, the limitations of Harrow's IT system to allow staff to work remotely and its lean organisational capacity.

Managing the crisis, establishing the new services required by Government and ensuring priority service resilience absorbed considerable organisational capacity. Accordingly, non-priority activities or projects were halted or postponed and a 'Talent Hub' established to facilitate the voluntary redeployment of staff into priority areas. This strategy was successful and priority services were maintained throughout the pandemic to date.

Residents and Members were advised that responses to service queries and complaints might be delayed. On average 771 complaints per month were received throughout 2020/21 made online or through the Contact Centre with over 50% of

these relating to Council Tax and missed bins due to telephone lines relating to these services being closed as staff were diverted to support critical services.

Financial Impact

The Covid-19 emergency had a significant financial impact on the Council's financial position both for 2020/21. Given the size and scale of the potential impact on the Council's finances this will remain a key focus for the organisation going forward as without adequate short and medium term financial support from the Government the impact on the Council's ability to deliver services in an ongoing way will be severely compromised. Prior to the Covid-19 crisis the Council was already facing substantial financial challenges as a result of ongoing annual reductions in funding received from Central Government as well as additional spending pressures caused by the increase in the cost of living and an increased demand for services in Adult Social care as a result of having an ageing population. The Council responded to these pre-Covid-19 challenges by identifying efficiencies and looking at ways to innovate service delivery in accordance with a savings programme agreed by Full Council in February 2020 for the Financial Years 2020-21 to 2022-23. Over this period, further savings of £12.2m have been included in the Medium-Term Financial Strategy (MTFS).

Covid-19 has been shown to disproportionately affect older people and people from BME communities. Both these groups are more likely to become ill from Covid-19, require admission to hospital and subsequent support, and both these groups are more highly represented in Harrow than many other London Boroughs. The high number of 57 residential and care homes in Harrow, and outbreaks within them have certainly contributed to the high number of cases of Covid-19 in Harrow.

The disproportionate impact felt by Harrow has not been matched by a proportionate share of funding. Analysis shows that, over the four tranches of Emergency Funding received, Harrow ranked in 108th position nationally (out of 339) and across London in 26th position (out of 33, which is 8th lowest).

Full Council approved the Medium Term Financial Strategy (2021/22 to 2023/24) in February 2021 which achieved a balanced budget position for 2021/22 and budget gaps of £24.651m and £5.098m for 2022/23 and 2023/24 respectively.

The monitoring of financial performance during 2020/21 was separated between business as usual and Covid-19. This was to ensure the impact of the pandemic is fully understood on the current and future years and business as usual budget is robustly managed to ensure no unfunded pressures.

3. Effectiveness of Key Elements of the Governance Framework

Since 2005/06 the Council has undertaken an annual review of its governance arrangements to ensure the delivery of good governance in accordance with the requirements of the Accounts and Audit Regulations 2015 and in accordance with *Delivering Good Governance in Local Government: Framework 2016* published by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives and Senior Managers (Solace). In the early years this approach helped us to identify a number of significant governance gaps, however in more recent years the majority of significant gaps have been identified by Internal Audit work and/or senior management input, with the framework only helping to identify minor governance gaps, many of which are ongoing. Essentially the framework provides a very granular approach to the review of governance and is useful in confirming that the basic building blocks of governance are in place.

Bearing this in mind and taking into account the ongoing impact of the pandemic on resources the approach to the annual review process for 2020/21 was revised with a higher-level approach being taken generally with some deep dives into a few specific known risk areas, utilising work already undertaken or planned wherever possible.

The effectiveness of key elements during 2020/21 is covered below:

3.1 Behaviour of Members and Staff

Codes of Conduct that define standards of behaviour for Members and staff have been developed and are included in the Council's Constitution. Mechanisms are in place to deal with Member and staff transgressions from these codes and policies are also in place for dealing with whistleblowing and conflicts of interest.

The Council values are incorporated into the staff induction programme as well as the performance appraisal process.

During the year there were 19 formal staff disciplinary cases undertaken, 8 of which were within schools. There were 6 cases looking into Member conduct however no breaches of the Member Code of Conduct were upheld.

There were 5 induction sessions run during 2020/21, 2 of which were in person and 3 were remote. In total 77 new staff were inducted, 40 in person and 37 remotely via Microsoft Teams.

During 2020/21, in light of the impact of the covid-19 pandemic on the council, a simplified appraisal form was introduced (to review and plan staff performance and development objectives) and pending review of the staff appraisal and development system as part of the people strategy. Appraisals were however unable to be

recorded corporately due to the implementation phase of the new accounting, procurement and HR system (Dynamics 365).

2020/21 was the first year of the newly in-housed Human Resource and Organisational Development (HROD) service and KPIs were still in development during the establishment of the service in this year with the focus being the COVID 19 response. HR KPIs and a service plan have now been introduced with monthly and quarterly performance reporting to the Corporate Strategic Board.

3.2 Compliance with Laws and Regulations

Responsibility to comply with relevant laws and regulations and internal policies and procedures rests with the Council's managers some of whom have specific statutory obligations e.g. the Head of Paid Service, Director of Children's Services, Director of Adult Social Services, the Chief Finance Officer (Section 151 Officer), the Monitoring Officer and the Director of Public Health which are outlined in Article 12 of the Council's constitution. The Statutory Monitoring Officer functions to report on likely contravention of any enactment or rule of law and the Chief Finance Officer is responsible for identifying any proposal, decision or course of action that will involve incurring unlawful expenditure.

A major new piece of legislation, the Coronavirus Act 2020, came into force on 25 March 2020.

Amongst other things the Act:

- allowed council meetings and court hearings to be held virtually;
- removed the requirement to hold an Annual Council meeting – where one is not held all appointments made in May 2019 'roll over' until an annual meeting is held;
- provides that in the event that a councillor vacancy arises, no by election can be held until 6th May 2021 (to coincide with the postponed Greater London Authority (GLA elections);
- made provision to speed up hospital discharges into care;
- allowed registration of deaths by telephone; and
- allowed ministers to close schools and other premises.

In response to this the Council has:

- held all council meetings virtually from 21 May 2020 to date;
- postponed its Annual Council Meeting due on 14 May 2020 and subsequently did not hold an Annual Council Meeting for 2020/21;
- held the 2021/22 Annual Council Meeting virtually on 05 May 2021;
- not had any councillor vacancy arise during 2020/21;
- successfully dealt with hospital discharges into care;
- successfully introduced a system to deal with the registration of deaths by telephone;

- complied with the requirement to close schools in accordance with government instructions.

3.3 Acting in the Public Interest

During 2020/21 the Council can demonstrate a commitment to openness and acting in the public interest. This has been achieved via the implementation of a governance structure which includes codes of conduct, a Standards Committee (GARMS), registers of interests, gifts and hospitality, a whistleblowing policy, a corporate complaints process, a Corporate Anti-fraud & Corruption Strategy, Financial Regulations and Contract Procedure Rules and a Scrutiny Function.

The Constitution was updated during 2020/21 in respect of the following:

- May 2020 – members allowance scheme
- Nov 2020 – Amendment to remit of Portfolio Holders for Regeneration, Planning and Employment to Business and for Property and Leisure

3.4 Communication and Consultation

During 2020/21 as Covid-19 became the primary focus for the Council's Communications Team much of the communications and engagement was more reactive based around monthly plans and more specific communications required (rather than the more strategic campaigns of the past). The Communications Team worked with key officers (including the Gold and Silver groups) and Members, on a weekly or monthly basis, as well as all parts of the Council and a range of partner organisations to communicate and engage on some of the more immediate issues around the public health messages, the Council being open for business as usual, support for businesses etc to keep residents and businesses informed and engaged. Thus, a Communications Strategy or Plan was not in place for 2020/21 although the intention for the future is to develop a more strategic approach (e.g. plans for the modernisation programme, Build a Better Harrow etc).

3.5 The Harrow Borough Plan 2020-2030

The Borough Plan 2020-2030 was developed during 2019/20 using feedback from the 2019 resident's survey and consultation with Cabinet Members (individually and collectively) and key partners. It replaced the Harrow Ambition Plan. The Borough Plan provides a longer-term vision and clarity around the top priorities or actions to be undertaken over this longer term. The intention was that the Borough Plan would be supported by a Corporate Plan Delivery Plan setting out the Council's shorter-term contribution to the delivery of the Borough Plan and the initial performance measures against which progress would be measured. The Borough Plan 2020-2030 was approved by Cabinet in February 2020 for consultation with the Council with the intention of Cabinet approving the Corporate Plan Delivery Plan by June 2020.

Along with an overarching priority to address socio-economic inequality and disadvantage in order to continue to make Harrow a better place for all residents and businesses, 8 key priorities have been identified. These have been structured as 3 foundation areas where we wish to continue with current good performance whilst making incremental improvements and 5 areas where there are significant challenges and we are seeking, with partners, to make a step change improvement over the decade. This is illustrated below: -



Following the death of George Floyd and the inequalities that it highlighted and the reports that people from Black, Asian and Multi Ethnic groups have been disproportionately impacted by Covid-19 it was felt appropriate for the Borough Plan, our blueprint for how we want Harrow to move forwards over the next 10 years, to be amended to explicitly take account of both these issues. Accordingly, an additional new overarching priority on tackling racial disproportionality was added to the Plan in November 2020.

3.6 Putting the Vision into Practice

It had originally been planned to use 2020 as the year of engagement however this was not possible due to the pandemic, the lockdown and the practical implications of social distancing rules. The development of a Corporate Plan Delivery Plan (as mentioned above) was also delayed as organisational capacity was re-prioritised and re-directed towards dealing with the emergency, setting up new services and restarting services that had been stopped. Despite this, work on actually delivering against the Borough Plan priorities continued throughout 2020/21 and progress was made in all areas. A report detailing the progress was presented to Cabinet in November 2020.

3.7 Decision-making

The Council's decision-making framework, including delegation arrangements, is outlined in the Constitution. Report templates are in use to ensure appropriate information is provided to decision makers including options considered, why a change is needed, implications of recommendations as well as risk management, legal, finance, and equalities implications. Decision reports are cleared by, or on behalf of, the Council's Monitoring Officer (legal) and the Chief Financial Officer and also by the relevant Corporate Director before they are presented to the decision makers (Council, Cabinet, Committees). From December 2020 a sign-off of the Risk Management Implications section of Cabinet reports by the Head of Internal Audit was introduced to strengthen the risk management element of the decision-making process (see section 3.15).

3.8 Measuring Performance and External Assurance

Corporate performance reporting was put on hold during the pandemic and remains so. Performance monitoring has continued at service level e.g. social care, education, housing, environment to ensure that service standards and quality were maintained. All services were affected by Covid so part of this monitoring was to understand changes in demand, pressures, areas of capacity that could be redeployed. Additional Covid related monitoring was put in place e.g. Gold reporting, a wide range of Public Health data - testing, vaccination, building occupancy, school attendance for children in need and key workers and much more.

Capital and revenue financial performance was however reported quarterly to the Corporate Strategic Board, Cabinet and all Members with the Treasury Management outturn 2019/20 and the mid-year Review 2020/21 being reported to Cabinet together in January 2021 and annual Treasury Management report being reported in February 2021.

Additionally the Management Assurance exercise confirmed that performance was monitored locally across the Council although in some services whilst National Indicators were monitored and reported on in accordance with government requirements some non-statutory indicators were relaxed due to the pandemic.

No statutory external assurance reviews of the Council were undertaken during 2020/21 however Ofsted undertook an interim visit of the Learn Harrow service in September 2020 looking at how the needs of students and apprentices' needs were being met, a descriptive rather than assurance report was issued. Also within the IT service a number of self-assessments were submitted to demonstrate compliance

with key requirements to enable the Council to connect with a number of key services e.g. the DWP, the NHS and to continue to process credit card payments.

The Council has taken on board the implications and the significance of the murder of George Floyd and resurgence of Black Lives Matter in the UK in the context of its workforce and as a service provider and commissioned an independent review to explore the issue of structural racism. The review took place between September 2020 and March 2021 and consisted of face-to-face structured interview and focus group sessions along with a staff survey to which 573 staff responded. Key findings included that the majority of staff surveyed do not believe that the Council is institutionally or structurally racist; whilst the majority reported that they had not experienced racism nearly half reported witnessing racial discrimination against colleagues; the majority of staff believe that there are inconsistencies in practice in relation to racial discrimination, bullying and harassment and believe that the Council should have a specific policy on this; and nearly half of staff surveyed felt there should be a specific network for protected equalities groups.

Thirty one recommendations were made in the review's report covering: acknowledging and recognising the journey of 'righting the wrongs'; recruitment and retention of staff; changing the organisation's culture and behaviour through leadership, training and development; creation of safe spaces for dialogues and understanding and governance and accountability.

The Council has welcomed the findings of the report and is developing an action plan for the implementation of the recommendations which will be taken to Cabinet in due course putting the organisation on a journey towards becoming an anti-racist council.

3.9 External Audit

During 2020/21 the authority provided timely support, information and responses to the Council's external auditors, Mazars. The deadline for the publication of the final 2019/20 accounts was 30 November 2020. This deadline was not met as the external auditors did not complete their audit and signed-off the accounts until 15 October 2021 providing an unqualified opinion on both the financial statements and value for money conclusion. The final accounts have now been published.

Whilst such delays were an issue during 2020/21 across many local authorities and was not unique to Harrow Council the Director of Finance & Assurance and the Governance, Audit, Risk Management & Standards Committee of the Council challenged the external auditors on the delay.

The audit of the 2020/21 accounts is progressing in a timelier fashion and the external auditors are expecting to sign off the accounts at the beginning of December 2021 just missing this year's deadline of 30 November.

3.10 Roles and Responsibilities

The roles and responsibilities of Members, the most senior managers and statutory officers have been defined and documented in the constitution. After the local elections in May 2018 the new Leader of the Council made a number of changes to the roles and responsibilities of the Portfolio Holders and these were updated and included in the Constitution in May 2018. The roles and responsibilities of other managers and staff are defined and documented in Role Profiles attached to each post.

3.11 Financial Management

The Council's financial management arrangements during 2020/21 conformed with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015)*. During 2020/21 the Council delivered its services within the approved budget of £175m, contained the pressures arising from the challenging financial environment and managed the risks around demand pressures. This resulted in a balanced outturn position after contributing just under £15.3m into corporate reserves, £2m of which has been carried forward to support the 2021/22 budget and £8.9m which relates to funding to cover the Collection Fund deficit for 2021/22.

The Council has maintained its General Fund Balances at just over £10m in 2020-21. This maintains the Council's capacity to manage risks arising in future years from continuing demographic pressures, the economy, welfare reforms and further changes to Central Government funding. Earmarked Reserves have increased from £46.5m to £66.9m in 2020-21

An assessment of the organisation's compliance with the principles of the CIPFA Financial Management Code is in progress and an action plan will be developed to deal with any gaps identified.

3.12 Monitoring Officer Function

The Statutory Monitoring Officer functions to report on likely contravention of any enactment or rule of law. The duties of the Monitoring Officer are outlined in Article 12 of the Council's constitution and are undertaken by the Council's Director of Legal and Governance Services. Effective arrangements were in place during 2020/21 to discharge these duties and the Monitoring Officer has confirmed that there were no reports made on any contraventions of law during 2020/21.

3.13 Head of Paid Service Function

The requirements of the Head of Paid Service function are also outlined in Article 12 of the Council's constitution and effective arrangements were in place for the discharge of these duties by the Chief Executive throughout 2020/21.

3.14 Development Needs

Following the local government elections in May 2018, new Members received a Members Induction pack and a welcome evening was arranged for all elected Members on 8 May, to cover Council values, conduct and Member interests plus a Members Marketplace was held on the 15 May to explain key Council services together with a programme of Member training in May/June 2018. During 2019/20 member training was conducted on how to use social media, homelessness and rough sleeping and EU settled status and in 2020/21 two training sessions were offered to Members on the Use of Microsoft Teams to support remote working and enable virtual (computer generated) meetings of the Cabinet and other committees.

The People Strategy for the Council is being developed through the Modernisation programme called Great People Great Culture. This is one of the four pillars of the modernisation agenda. Progress with this during 2020/21 has been slowed by Covid-19.

There are six pillars to this strategy of: -

- Great Leadership
- Great place to learn and grow
- Great employer
- Great engagement
- Great Organisation and ways of working
- Great Equality, Diversity and Inclusion.

The Organisational Development Plan is being built around these pillars and for 2021/22 will reflect CSB identified early priorities. This strategy is currently in the process of being developed and articulated into a 5- year vision and plan.

3.15 Managing Risks

The framework for identifying and managing risks consists of a series of Directorate Risk Registers that feed into an overarching Corporate Register that clearly identifies the owner of each risk. The Corporate Risk Register was reviewed and updated three times during 2020/21 for Q1/Q2 in July/September 2020, for Q3 in November 2020 and for Q4 in February 2021. Each update was presented to the Corporate Strategic Board (CSB) for review and challenge and were presented to the Governance, Audit, Risk Management & Standards (GARMS) Committee to assist

the Committee in monitoring progress on risk management in accordance with their Terms of Reference.

As a result of an Internal Audit recommendation in December 2020 the risk management implications section of Cabinet reports was reviewed and made more robust by requiring risks to decisions to be identified along with mitigations and red, amber, green (RAG) assurance ratings to be included in all Cabinet reports from January 2021 onwards. This was further strengthened and supported by updated guidance for report authors and a requirement for this section of the reports to be reviewed and signed-off by the Head of Internal Audit who is operationally responsible for the Corporate Risk Management function. In April 2021 the template of decision reports for all other Committees was changed to the updated risk management implications section to provide consistency of approach to all decisions made by Members.

The Management Assurance exercise has confirmed that Risk Registers were in place for 2020/21 in each of the Council's Directorates (People, Communities and Resources) and that these were reviewed and updated throughout the year.

3.16 Counter Fraud and Anti-corruption Arrangements

The Council has a Corporate Anti-Fraud Strategy 2016-19 outlining its approach to tackling fraud that is reviewed annually. The refreshed Local Government Fighting Fraud & Corruption Locally Strategy (FFCL) was published online on 26th March 2020 and during 2020-21 the intention was for the authorities' own strategy to be reviewed and updated to reflect any changes and best practice that the new FFCL Strategy recommended. However this was not achieved and will be rolled forward to 2021/22 along with an assessment against the checklist contained within the strategy outlining best practice for dealing with fraud and corruption in local authorities. An action plan will be developed for any improvements required.

3.17 Scrutiny

The scrutiny function comprises an Overview and Scrutiny Committee (O&S), a Performance and Finance Scrutiny Sub-Committee (P&F), a Health and Social Care (H&SC) Scrutiny Sub-Committee and lead scrutiny councillors for:

- Health
- Community
- People
- Resources

The function is driven by the need to hold the Council and our partners to account for their performance and the establishment of the performance and finance sub-committee as the driver of scrutiny is a key component in ensuring that the function

is focused on the issues of the greatest importance to the Council. The lead Members ensure that expertise to tackle particular areas of service delivery is maintained.

The structure is subject to regular review and is supported by meetings of the scrutiny leadership group, comprising the leads and the chairs and vice chairs of the committees, which considers agenda and review programmes, provides strategic direction for the function and overall co-ordination between the leads and committees.

During 2020/21 O&S met 6 times, P&F 3 times and H&SC 3 times, overall 3 times less than in 2019/20 owing to the pandemic.

3.18 Internal Audit

A new Statement on the Role of the Head of Internal Audit was issued by CIPFA in 2019. It states that ‘*The head of internal audit (HIA) occupies a critical position in any organisation, helping it to achieve its objectives by evaluating the effectiveness of governance, risk management and internal control arrangements and playing a key role in promoting good corporate governance. The aim of this Statement is to set out the role of the HIA in public service organisations and to help ensure organisations engage with and support the role effectively.*’ The Statement contains 5 principles with organisational and HIA responsibilities attached to each one. Overall throughout 2020/21 these principles were complied with however the need to clarify and strengthen a small number of the organisational responsibilities identified in 2019/20 have yet to be addressed. The Internal Audit Service is also required to comply with the Public Sector Internal Audit Standards and to be reviewed externally against these standards every five years and internally on a regular basis. An external peer review in June 2017 confirmed that the service ‘generally complies’ with the Public Sector Internal Audit Standards and the 2019 internal review against these standards confirmed this assessment.

2020/21 has been a year like no other for the Council and Internal Audit with work being disrupted at the beginning of the year due to the requirement for all staff to work from home. New ways of working needed to be developed to enable audit reviews to be undertaken remotely requiring the adaptation of audit programs/approaches and the use of new and unfamiliar IT software. The Governance, Audit, Risk Management & Standards Committee did not meet in April 2020 or July 2020 as a result of the disruption and thus the Internal Audit Plan for 2020/21, which would usually have been presented to the Committee in the April, was not presented until the October meeting. This was a revised plan that took into account the disruption and the change in Internal Audit resources.

The Internal Audit Plan 2020/21 was based on a level of internal audit input of 564 days, of which 603 days were delivered. This reflects additional work undertaken in various areas of the plan including Business Grants and Professional Advice as result of the pandemic.

Internal audit work was performed in conformance with the Public Sector Internal Audit Standards.

3.19 Audit Committee

The Governance, Audit, Risk Management and Standards Committee is a key component of Harrow Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The purpose of the committee is to provide independent assurance to the members of the adequacy of Harrow Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place. It also acts as the Standards Committee.

The GARMS Committee's Annual Report 2019/20 was presented to Council in February 2020 confirming that the committee had successfully fulfilled its purpose/role and responsibilities as outlined in its agreed Terms of Reference. The 2020/21 annual report has yet to be drafted.

The Governance, Audit, Risk Management & Standards Committee did not meet in April 2020 or July 2020 as a result of the disruption caused by Covid 19 however remote meetings were instigated from September 2020 and further meetings took place in October and December 2020 and January 2021.

3.20 Joint Working/Council Trading Companies

Joint working, working in partnership with other local authorities and other bodies, and the use of alternative delivery vehicles has increased over recent years as local government generally, and Harrow Council specifically, has coped with less resources.

Throughout 2020/21 the Council's trading structure consisted of five separate legal entities as shown in the table below:

Harrow Council trading Structure		
Name	Legal Structure	Date Started Trading
Concilium Group Limited (Holding Company)	UK Limited Company	November 2015
Concilium Business Services Limited	UK Limited Company	November 2015
Sancroft Community Care Limited	UK Limited Company	January 2018
Concilium Assets LLP	Limited Liability Partnership	January 2019
HB Public Law Limited	UK Limited Company	April 2015 (dissolved January 21)

These entities have been set up to provide a financial or other benefit to the council whilst enabling it to undertake specific commercial activities. Harrow Council therefore either directly or indirectly holds a 100% controlling interest in each of the trading entities.

Concilium Group Ltd. is a wholly owned commercial subsidiary of the council, set up with the dual purpose of consolidating the financials of its subsidiaries and to act as the minority partner in a council controlled Limited Liability partnership (Concilium Assets LLP). In effect, Concilium Group is a council owned holding vehicle.

Concilium Business Services Ltd (CBS - previously trading as Smart Lettings) is a wholly owned subsidiary of Concilium Group Ltd. with the principal aim of providing private lettings, property management, property administration and a tenant referencing service. Until February 2019 its principal source of revenue came from the property management of 100 homes, managed on behalf of Harrow Council. During 2019/20 CBS Ltd has undergone a strategic change of direction and as a result, CBS Ltd. is now only responsible for the legal ownership of 6 homes. CBS Ltd. shall retain 5% of the income collected from these tenants, distributing the remaining 95% back to the council.

Sancroft Community Care Ltd. Is another wholly owned subsidiary of Concilium Group Ltd. and was set up to take over the operation of the now 62 bed residential care home for the elderly. 45 of these beds are block contracted with the London Borough of Harrow under a five-year contract.

Concilium Assets LLP (The LLP) is a Limited Liability Partnership owned 95% by Harrow and 5% by Concilium Group Ltd. and was set up to enable direct private rental sector (PRS) property investment activities. 53 PRS units on Gayton Road were transferred to the LLP in July 2019 on a 10-year lease for rent to the private market.

The formation of HB Public Law Ltd. was formally approved by Cabinet on 13th November 2014 (began trading in 2015) and is set up as a council owned company which has been granted an Alternative Business Structure (ABS) licence from the Solicitor's Regulatory Authority. This was in order to be able to carry out legal work

which the Legal shared service, as a local authority, is prevented from undertaking by professional conduct rules. There was however minimal work going through the ABS in 2019/20, hence there were no board meetings, policies etc. and therefore the decision was taken to wind it up as the volumes of work did not justify the additional costs that running the ABS entailed. No work was undertaken through the ABS during 2020/21 and it formally ceased to exist on 12th January 2021.

The Council also runs a shared legal services (HBPL) for which it is the lead authority.

The importance of good governance within these arrangements is recognised and as part of the 2019/20 annual review of governance the governance arrangements for the shared legal service (HBPL), Concilium Business Services and Sancroft Community Care Ltd were reviewed and updated and assurance obtained that reasonable governance arrangements are in place. Governance arrangements have not been reviewed for Concilium Group Limited as it is merely a holding company and the governance arrangements for Concilium Assets LLP were reviewed in 2020/21 and again it was confirmed that reasonable governance arrangements are in place.

In January 2019 the Committee on Standards in Public Life published its report on local government ethical standards and made a number of best practice recommendations. **Best practice recommendation 14 states that:** Councils should report on separate bodies they have set up or which they own as part of their annual governance statement and give a full picture of their relationship with those bodies. Separate bodies created by local authorities should abide by the Nolan principle of openness and publish their board agendas and minutes and annual reports in an accessible place.

The paragraphs above outline the separate bodies set up by the Council and their relationship with the Council however the annual review of governance 2019/20 and 2020/21 highlighted that these bodies are not yet publishing their board agenda, minutes and annual reports. The intention was to address this during 2020/21 however this was not achieved and will be rolled over to 2021/22 to implement.

4. Level of Assurance

The analysis of assurances from the annual review of governance 2020/21 indicates that **a reasonable level of governance is in place across the Council** despite the challenges presented by the Covid 19 pandemic. A number of minor governance gaps that should have been closed in 2020/21 were not closed and will be rolled forward to 2021/22. Whilst it could be argued that the lack of corporate performance monitoring and reporting is a significant gap in governance this is compensated for by financial performance monitoring, the monitoring and reporting of progress against the Corporate Plan and performance monitoring in service areas being in place throughout 2020/21. Other areas such as risk management arrangements to support decision making have been strengthened during 2020/21 and financial management remains robust.

The Head of Internal Audit's overall opinion on the adequacy and effectiveness of the organisation's framework of governance, risk management and control based on the annual review of governance and the assurance work of Internal Audit throughout 2020/21 is: **Good with some significant improvements required in a few areas:** The outputs from the programme of work completed by Internal Audit, based on the agreed risk-based Internal Audit Plan, demonstrate that the Council's framework of governance, risk management and control is generally good with 98% of reports issued being amber, green/amber or green assurance. Improvements have been recommended in areas where weaknesses were identified of which 98% have been agreed by management and 87% of agreed management actions followed-up during 2020/21 were implemented/substantially implemented. One red assurance report has been issued identifying significant weakness and/or non-compliance in the framework which could potentially put the achievement of objectives in this area at risk (this relates to the significant governance gap identified in the 2019/20 AGS) and one significant governance gap have been identified as part of the 2020/21 annual review of governance process.

5. Previous Significant Governance Issues

5.1 Depot Redevelopment Project

A significant governance gap was identified during 2019/20 in relation to the Depot Redevelopment Project as a significant overspend has been projected along with the identification of several breaches of the Council's Financial Regulations and Contract Procedure Rules. Poor governance contributed to the overspend and the delay in reporting it corporately. Initial action was taken by management and Finance to identify the extent of the overspend and it was established that it can be contained within the approved Capital Programme funding. An Internal Audit review was undertaken and a red assurance report on the full extent of the governance issues was issued and presented to the GARMS Committee in October 2020. Eight recommendations (5 high risk and 3 medium risk) were made to improve the governance weaknesses and were agreed by management.

A follow-up of the implementation of the recommendations confirmed that 6 (75%) of the report's recommendations have been implemented, 1 has been partially implemented and 1 is planned (as the situation has not yet occurred) and as such this is no longer considered to be a significant governance gap.

6. Significant Governance Issue 2020/21

In August 2021 the Council were alerted to a significant governance gap by a third party. This gap involves allegations of fraud and corruption that are currently subject to a Police criminal investigation and as such no detailed information can be provided at this time.

The Chief Executive has commissioned an independently led review, to ensure appropriate challenge and rigour, to establish what happened and what

lessons should be learned which is being supported internally by work undertaken by the Internal Audit Service, the Corporate Anti-Fraud Team, Human Resources and the Council's Legal Team.

The output of the independent review and the Internal Audit reviews of the systems along with the resulting action plans will be presented to the GARMS Committee in due course and fed into the 2021/22 annual review of governance.

Any governance gaps/shortcoming identified as the work progresses will be addressed by management.

7. Conclusion

The annual review of governance 2020/21 confirmed that overall appropriate governance arrangements were in place in the majority of areas of the Council during this unusually challenging year with only one significant governance gap being identified.

8. Declaration

The Leader and the Chief Executive are signing the Annual Governance Statement on behalf of the authority having gained assurance from the annual review of the authority's governance arrangements supported by evidence provided by management including the Chief Finance Officer, the Monitoring Officer, from Corporate Directors and independent assurance provided by the Head of Internal Audit.

Graham Henson
Leader
Date:

Sean Harriss
Chief Executive
Date: