

1. Introduction

Throughout 2021/22 Members and staff working for Harrow Council strived 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.

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 2021/22 annual review process has reverted to reviewing the basic building blocks via a Council-wide evidence based self-assessment against the CIPFA Framework along with a Management Assurance exercise to obtain assurance on key elements from senior managers within Directorates.

The effectiveness of key elements during 2021/22 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 2021/22 the Resources Directorate and the People Directorate maintained electronic Register of Interests for staff however the Place Directorate had neither a hard copy nor an electronic version in place. Action is currently being taken to rectify this.

In 2021/22 there were 6 Staff Induction sessions held and 85 staff attended. There were also 5 Manager Induction sessions undertaken and 51 managers attended.

The Corporate Induction covered:

- Welcome from Leader and Chief Executive (their expectations from staff)
- Vision and priorities
- Values and Behaviours for both Staff and Managers
- Organisation structure
- Equalities and Diversity
- Completion of Mandatory training (for staff who do not have IT access)

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. This form continued to be used during 2021/22 however appraisals were unable to be recorded corporately during 2020/21 and 2021/22 due to the implementation phase of the new accounting, procurement and HR system (Dynamics 365).

Thus there was no corporate monitoring of the performance appraisals process during 2021/22 and the Management Assurance exercise has confirmed that only around 50% of staff received appraisals. However the staff pulse survey undertaken in November 2021 confirmed that 71% of staff had regular conversations with their manager about their work and their development and 86% of staff stated that they were clear about what was expected of them.

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 (CFO) is responsible for identifying any proposal, decision or course of action that will involve incurring unlawful expenditure.

The Coronavirus Act 2020 which came into force on 25 March 2020 and associated primary and secondary legislation (statutory instruments) amongst other things:

- 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;
- provided 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.

Parts of the Act and associated primary and secondary legislation have now been repealed and in response to this the Council during 2021/22:

- re-instated in person council decision meetings during May 2021.
- held the 2020/21 Annual Council Meeting virtually on 05 May 2021;
- held local elections in May 2022
- successfully dealt with hospital discharges into care during 2021/22;
- re-instated-the system of registering deaths in person from March 2022
- had no school closures

No reports on likely contraventions of any enactment or rule of law were made by the Monitoring Officer during 2021/22 and the CFO's clearance of Cabinet decision reports ensured that any proposals, decisions or courses of action that potentially involved incurring unlawful expenditure were identified.

3.3 Acting in the Public Interest

During 2021/22 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 2021/22:

- May 2021
- Sep 2021
- Nov 2021
- Feb 2022

All versions can be found on the Council's website.

In April 2022 a local MP mentioned the significant governance gap identified in the 2020/21 Annual Governance Statement in Parliament, it was also reported in the Sun newspaper and as a result the Metropolitan Police confirmed the allegations, arrests and on-going police investigation. The names of the four former Council employees involved were also disclosed on Twitter (by 'Anony Mous'). Whilst this information was known by a number of Members, Council Staff and the Police it is not clear how this confidential information was made public. As no complaint was received regarding the release of the information no investigation was undertaken and therefore no conclusion can be drawn on whether or not this was in the public interest or whether the Council's governance structure was breached.

There were 4,314 complaints received in 2021/22. The most frequent services to receive complaints were Waste/Recycling, Concessionary Travel and Housing. There were 86 complaints sent to the Local Government Ombudsman although they only felt the need to investigate nine of which they upheld 78% (seven) in the resident's favour. Once advised by the LGO, the Council complied with their advice in all cases.

3.4 Communication and Consultation

The Communications Team are responsible for communicating the actions of the Council through a number of channels, including press releases and media

management, marketing campaigns and brand management, internal communications, Harrow Council publications and social media.

Details of consultations can be found on the Council website. During 2021/22, 25 consultations with residents were undertaken covering a range of topics including new provision for children with special educational needs, the Council budget for 2022/23, various parking schemes, licensing, and the Council’s Gambling Policy.

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. Along with an overarching priority to address socio-economic inequality and disadvantage, 8 key priorities have been identified. These have been structured as 3 foundation areas for maintenance/incremental improvement and 5 areas where there are significant challenges requiring step-change improvement. In addition two crosscutting themes were identified in November 2020. This is illustrated below: -



Cross cutting themes:

- Tackling disadvantage
- Tackling racial disproportionality

3.6 Putting the Vision into Practice

The Council’s intention to engage more widely on the Borough Plan was paused due to the pandemic, however the Borough Plan was used to drive the partnership response to Covid-19 and the partnership principles were used to guide the Council’s recovery. A report on key achievements against the plan was published in February 2022 covering progress made and future intentions against each of the

eight priority areas and the two cross cutting themes specifically looking at tackling inequality. The council re-affirmed its commitment to delivering on the Borough Plan priorities at its Council meeting on 24 February 2022.

Following local elections in May 2022 there was a change in Administration at the Council and a new Vision and Priorities have been agreed with work currently underway to develop a new corporate plan for 2022/23 onwards.

3.7 Decision-making

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 and other associated primary and secondary legislation decision making was undertaken via virtual (computer generated) meetings of the Cabinet and other committees during 2020/21. These regulations were revoked in May 2021 and all decisions made by Cabinet and other committees during 2021/22 were made at in person meetings.

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), the Chief Financial Officer, the Head of Procurement, the Head of Internal Audit (for risk management implications) and also by the relevant Corporate Director before they are presented to the decision makers (Council, Cabinet, Committees).

3.8 Measuring Performance and External Assurance

Corporate performance reporting was put on hold during the pandemic and remained so during 2021/22. 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 were reported at a minimum quarterly to the Corporate Strategic Board, Cabinet and all Members throughout the pandemic. During 2021/22 performance was reported monthly to CSB and Cabinet with the Treasury Management mid-year Review 2021/22 being reported to Cabinet in December 2021 and the Annual Report and Outturn 2021/22 being reported to Cabinet in July 2022.

The 2021/22 Management Assurance exercise has confirmed that performance continued to be monitored by Directorates for approximately 80% of services with reports made both externally where appropriate and internally to Directorate Management and Portfolio Holders.

In terms of external assurance reviews undertaken during 2021/22 these were fewer than in years prior to the pandemic and included the annual engagement meeting with Ofsted (Children) that was positive; the annual review of Legal Services by LEXCEL confirming compliance; PSN compliance, Data security and Protection compliance; Payment Card Industry Data Security compliance; Estates Services review (Housing) with an action plan covering 30 recommendations and the monthly Housemark Pulse survey.

3.9 External Audit

During 2021/22 the authority provided timely support, information and responses to the Council's external auditors, Mazars. The **suggested timeline** for the publication of the final 2020/21 accounts was 30 November 2021. This **suggested timeline** was not met as the external auditors did not complete their audit and sign-off the accounts until 26 January 2022 providing an unqualified opinion on the financial statements however the opinion on the value for money conclusion remains outstanding. The final accounts have now been published on the Harrow Council website.

The audit of the 2021/22 accounts **started** late July 2022 with the **suggested** deadline to sign off the accounts being 30th November 2022 **and again the external auditors have confirmed that this deadline will not be met.**

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. The roles and responsibilities of other managers and staff are defined and documented in Role Profiles attached to each post.

3.11 Capacity & Capability

Throughout 2020/21 managing the Covid 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. This strategy was successful and priority services were maintained throughout the pandemic and throughout 2021/22. However throughout 2021/22 there was a lack of strategic leadership capacity caused by the significant demands on the senior leadership team and a heavy reliance on interims in senior

posts. A new Corporate Director of Community (renamed the Place Directorate in April 2022) was appointed during 2021/22 and a new Chief Executive has now been appointed following the departure of the current Chief Executive in June 2022 who was in place since January 2018. The new Chief Executive **started** in September 2022 **with** the Corporate Director of People **acting** as Interim Chief Executive and as Head of Paid Service **from June till September**. A new Corporate Director People has also been appointed and started at the Council in September 2022.

3.12 Financial Management

The Council's financial management arrangements during 2021/22 conformed with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015)*. During 2021/22 the Council delivered its services within the approved budget of £179m, contained the pressures arising from the challenging financial environment and managed the risks around demand pressures.

The Council has maintained its General Fund Balances at £10m in 2021/22. 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 £66.9m to £69.1m in 2021/22.

3.13 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 2021/22 to discharge these duties.

3.14 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 2021/22.

3.15 Development Needs

On election Members are given induction training this takes place on mass after the local elections and individual after by-elections if required. Ad hoc training is undertaken throughout the year that is non-mandatory.

Following the local government elections in May 2022, new Members received a range of induction training including a welcome evening was held for all elected members on 10th May to cover an overview of the Council's functions, code of conduct, agile working, personal safety, and IT & Data Protection. From May – July 2022 a series of training sessions some mandatory some non-mandatory were held for members covering for example the Council's finances, code of conduct, safeguarding.

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 2021/22 will be reported in the final AGS.

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 reflected early priorities identified by CSB.

3.16 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 four times during 2021/22 for Q1 in May 2021, for Q2 in August 2021, for Q3 in November 2021 and for Q4 in February 2022. Each update was presented to the Corporate Strategic Board (CSB) for review and challenge and Q1, Q2 and Q3 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. Q4 was not presented to the GARMS Committee as the April GARMS Committee meeting was cancelled due to the local elections.

Risks relating to COVID 19 have been included in the Corporate Risk Register since Quarter 4 2019/20, throughout 2020/21 and 2021/22. These risks changed throughout this period 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.

During Q1 2022/23 the key risk was reviewed and reframed to ensure the both the risk, and its causes/drivers and key actions, were consistent with the Council returning to a business-as-usual approach to service delivery and of managing Covid19 in endemic rather than pandemic terms and also consistent with its Living with Covid Strategy.

The risk management implications section of the report template for Cabinet and other Committee decision reports requires risks to decisions to be identified along with mitigations and red, amber, green (RAG) assurance ratings to be included. This is supported by 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.

The Management Assurance exercise for 2021/22 confirmed that Directorate Risk Registers were in place for each Directorate with the Resources and People Risk registers being updated quarterly throughout 2021/22.

3.17 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 was 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. Work undertaken on the significant governance gap identified in 2021/22 (outline in section 5 below) has further delayed the Strategy being updated, however it is currently being updated and will be presented to the next GARMS Committee meeting in December 2022.

3.18 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 2021/22 O&S met 10 times, P&F 3 times and H&SC 3 times.

3.19 Internal Audit

The Internal Audit Service is 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. A further review is due to be undertaken during 2022/23.

2021/22 has been another challenging year for Internal Audit with audit work continuing to be undertaken remotely, three vacant posts and a major investigation (into the significant governance gap – see section 5) impacting on the completion of the 2021/22 Internal Audit Plan. As a result a significant portion of the plan will be rolled forward to the 2022/23 plan.

Internal audit work during 2021/22 was performed in conformance with the Public Sector Internal Audit Standards.

3.20 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 on 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 did not produce an Annual Report 2020/21 which would usually be produced in 2021/22 and presented to Council to confirm that the committee had successfully fulfilled its purpose/role and responsibilities as outlined in its agreed Terms of Reference and the 2021/22 annual report has yet to be drafted.

The Governance, Audit, Risk Management & Standards Committee met 5 times during 2021/22 with the meeting due to take place in April 2022 being cancelled due to the local elections.

3.21 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 2021/22 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

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 Council also runs a shared legal service (HBPL) for which it is the lead authority however this is not a separate legal entity.

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 has highlighted that these bodies are not yet publishing their board agenda, minutes and annual reports.

4. Level of Assurance

The analysis of assurances from the annual review of governance 2021/22 indicates that a **reasonable level of governance is in place across the Council**. An increased number of minor governance gaps were identified relating to the lack of monitoring and absent or out-of-date policies however work is already underway to address many of the gaps identified and a formal action plan will be produced to track progress. 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 robust financial performance monitoring and performance monitoring in service areas being in place throughout 2021/22.

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 2021/22 is: **Good with some significant improvements required in a few areas.** This is a qualified opinion based on fewer reviews undertaken than in a typical year due to the considerable amount of work required on the significant governance gap during 2021/22. Review of the operation of Council's core financial systems, Housing Benefits, Treasury Management, Housing Rents, Business Rates, Capital Expenditure, Corporate Accounts Receivable, Corporate Accounts Payable, Payroll and Council Tax during 2021/22 demonstrated a sound level of control in place with 7 receiving a green assurance rating and 2 an amber/green assurance, a slight overall improvement from 2020/21. One red assurance report, relating to the significant governance gap and two red/amber assurance reports relating to schools were issued during the year. All recommendations made to improve control were agreed by management.

5. Previous Significant Governance Issues

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

The Chief Executive commissioned an independently led review, to ensure appropriate challenge and rigour, to establish what happened and what lessons should be learned which was supported internally by work undertaken by the Internal Audit Service, the Corporate Anti-Fraud Team, Human Resources and the Council's Legal Team.

A detailed Internal Audit review was undertaken of the system involved and all recommendations made were agreed by Management. A follow-up of the implementation of these actions will be undertaken in September 2022 to assess progress and to re-assess the risks.

Internal Audit and the Corporate Anti-fraud team also undertook extensive work to support the Police criminal investigation during 2021/22.

The independently led review concluded that 'Whilst direct responsibility for any fraud must rest with anyone found guilty of perpetrating it and whilst it is not possible to prevent fraud from happening entirely, the Council does recognise the importance of putting in place a range of controls designed to mitigate against that risk and make it less likely to happen. Those steps are essentially in place in terms of corporate frameworks.' Five recommendations were made to further strengthen these and the

implementation of these will be followed up along with the Internal Audit recommendations in September.

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 have been fed into the 2021/22 annual review of governance.

6. Significant Governance Issue 2020/21

The above gap identified in the 2020/21 AGS remained a significant gap throughout 2021/22 although the fraud itself was stopped. Action will continue during 2022/23 to address all the recommendations made in both the internal and external reports.

7. Conclusion

The annual review of governance 2021/22 confirmed that overall appropriate governance arrangements were in place in the majority of areas of the Council with only one significant governance gap being identified.

8. Declaration

The Leader of the Council during 2021/22 and the xxx on behalf of the Chief Executive will sign the final 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.