

NHDC ANNUAL GOVERNANCE STATEMENT 2020-21

Introduction

North Hertfordshire District Council (NHDC) 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.

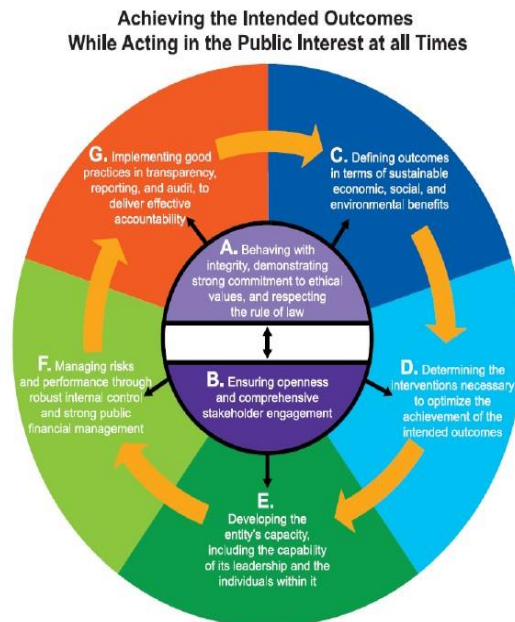
NHDC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, NHDC should have proper arrangements for the governance of its affairs in place. It is legally required¹ to review arrangements and prepare an Annual Governance Statement ('AGS'). It should prepare this Statement in accordance with proper practices set out in the Chartered Institute of Public Finance and Accountancy (CIPFA)/the Society of Local Authority Chief Executives and Senior Managers (SOLACE) Delivering Good Governance in Local Government: Framework 2016. This AGS explains how NHDC has complied with these requirements. The Finance, Audit & Risk (FAR) Committee Members have been informed of progress on producing this AGS and will review it and evaluate the robustness of the underlying assurance statements and evidence. FAR Committee approves the final AGS and monitors the actions identified.

Delivering good governance in Local Government:

The Governance Framework comprises of systems, processes, culture and values, by which the authority is directed and controlled. It enables NHDC to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) applies to AGS prepared for the 2016/17 financial year onwards. The Principles are further supported by examples of what good governance looks like in practice. The Principles are set out in the diagram below:



Key Elements of the Governance Framework:

- ❖ Council, Cabinet and Strong Leader model that provides leadership, develops, and sets policy.
- ❖ A decision-making process that is open to the public and decisions are recorded / available on the NHDC website.
- ❖ An established Shared Internal Audit Service (SIAS) that undertakes detailed reviews.
- ❖ Risk Management and performance procedures that enable risks to be identified and these to be monitored by the Leadership Team and Members on a quarterly basis.
- ❖ Overview & Scrutiny (O&S) Committee reviewing performance and policies.
- ❖ An effective FAR Committee as the Council's Audit Committee that reviews governance and financial arrangements.
- ❖ Following the approval of the redundancy of the Chief Executive in February 2020, a strategic officer leadership team has been established. This includes the Head of Paid Service (Managing Director) and Directors (which again includes all statutory officers).

How NHDC complies with the 2016 Governance Framework

NHDC has approved and adopted:

- ❖ a [Local Code of Corporate Governance](#) in March 2020 which incorporate the Framework 2016 Principles.
- ❖ a number of specific strategies and processes for strengthening corporate governance

Set out below is a summary of **some of the central ways** that NHDC complies with the 2016 Framework Principles. The detailed arrangements, and examples are described / links provided in the Leadership AGS self-assessment document on the Corporate Governance page: <https://www.north-herts.gov.uk/home/council-performance-and-data/corporate-governance>.

¹ Local Audit and Accountability Act 2014 and The Accounts and Audit Regulations 2015.

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Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

What NHDC has or does:

Operates Codes of Conduct for Members (reviewed during 2020-2021) and Employees, maintaining arrangements for sign off of those, awareness of key policies and reporting / investigating any allegations of breaching those Codes. Code of conduct training usually takes place following an election however the election in 2020 was postponed due to COVID-19 as was the associated training. The next round of training took place following the election in 2021 (3 online sessions with District and local Councillors). This was noted in the Standards Committee meeting in October 2020 and March 2021 (and subsequent annual report to Council).

❖ Complaints concerning employees are dealt with according to the Managing Misconduct Policy, and/ or Employment Procedure rules for officer (for relevant officers will also potentially involve the Independent Person Panel, Employment Committee and Full Council).

❖ A Standards Committee which oversees and promotes high standards of Member conduct. It is composed of 12 Councillors and 2 non-voting co-opted Parish Councillors. The 3 IPs are invited to attend the meetings of the Standards Committee. The Committee oversees the Complaints Handling Procedure and Final Determination Hearings through a Sub-Committee. The Chairman of Standards Committee provides an annual report to Full Council in July. This is designed to promote shared values with Members, employees, the community and partners.

❖ The Council's Constitution includes a scheme of delegation and terms of reference for each of the Council's Committees and decision-making practices

are outlined. The Council's Constitution is reviewed annually but has been in effect much more frequently during 2020-21 due to the pandemic.

❖ The Council's Fraud Prevention Policy, which includes the Anti-Money Laundering, Anti-Bribery, Anti-Fraud and Tax Evasion. In addition, the Whistleblowing Policy, have been reviewed and are available on the internet.² Contract Procedure Rules in Section 20 of the Constitution underpin the Council's approach to Procurement. Standard Contracts include an obligation to adhere to the requirements of the Bribery Act 2010 and the Councils' requirements as set out in the Councils' Anti-Bribery Policy.

❖ The Council also has Policies and procedures for Members and Employees to declare interests, including Organisational ones. Members are obliged to comply with such arrangements under their Code of Conduct and employees sign an Annual Declaration Letter to ensure that they are aware of and will comply with key governance policies.

❖ The Council has a Monitoring Officer (MO) whose role is to ensure that decisions are taken lawfully, in a fair manner and procedures followed. After consulting the Chief Executive (now Managing Director) and Chief Finance Officer (CFO) the MO has a statutory duty/ powers to report any proposal, decision or omission that he/she considers would give rise to unlawfulness or any decision or omission that has given rise to maladministration ("Section 5 report"). The MO is responsible for providing advice on ethics and governance to the Standards Committee and to the Members of this Council. The MO/ or Legal advisor attends Full Council, Cabinet, and regulatory Committees – such as Planning, Licensing and Standards to be on hand to provide advice. A Finance Officer attends Full Council, Cabinet and FAR Committee. Legal services/The MO maintain records of advice provided.

❖ The Council's CFO (s151 Officer) has a duty to the Council's taxpayers to ensure that public money is being appropriately spent and managed and reports directly to the Head of Paid Service. The CFO ensures that appropriate advice is given on all financial matters, is responsible for keeping proper financial records and accounts and for maintaining an effective system of internal control.

❖ All Committee reports and delegated decision templates have required areas for legal advice (as well as Finance, Social Value Act 2012 and equality and environmental requirement); part 1 reports are published and available for inspection as per the statutory requirements. Committee Member & Scrutiny Services provide support to the Council, Councillors and the democratic processes of the Council. The team organise the civic calendar of Committee meetings dates, the Forward Plan of Executive Decisions, prepare and despatch agendas and reports in advance of the meetings and take and despatch minutes and decision sheets after the meetings. Delegated decisions are retained by them and are available on-line.

❖ Further Planning training was provided to members via the Planning Advisory Service (PAS). An independent organisation who advises central and local government on planning issues to provide members with the relevant skills and knowledge.

Principle B: Ensuring openness and comprehensive stakeholder engagement.

What NHDC has or does:

❖ The Council's vision and relevant documents are made available on the Council's website with Service Plans/Action Plans that show how the Objectives will be delivered in practical terms [[Council Plan page](#)].

²<https://www.north-herts.gov.uk/home/council-data-and-performance/policies/fraud-prevention-policy>

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- ❖ Open Data is published on the NHDC website, and is available to re-use through the terms of the Open Government Licence [[Open Data page](#)]. Data Sets on NNDR (Full list and monthly credit balances) are also available [[Published Data Sets](#)].
- ❖ An Annual Monitoring Report is produced containing indicators and targets across the District to aid with future planning decisions and identification of local priorities [[Annual Monitoring Report 2020-21](#)].
- ❖ NHDC have a duty to review air quality in the district to provide comprehensive information on the quality of air within the region Air Quality Annual Status Report [[Air Quality Annual Status report 2020](#)].
- ❖ There is a Committee administration process in places so that all Council meeting agendas, reports, minutes are available for inspection, and these, together with public meeting recordings, are available online and through the Modern.gov system [[Council meetings page](#)].
- ❖ There is a presumption of openness and transparency, with reports (or confidential parts of reports) only being exempt so long as statutory exemption requirements³ apply. Report authors consider such matters with the designated Constitutional “Proper Officer”. Meetings are open to the press and public (unless an exemption applies).
- ❖ There is a Council and Democracy page on the NHDC website. This links to information about the Council, Councillors, MPs, Council meetings, Council departments, Forward Plan of Key Decisions, Petitions, Notices of Part 2 (exempt) decisions that the Council intends to take in the near future, delegated decisions, recordings/ the right to record Council meetings and Notices of Urgent Decisions [[Council and Democracy](#)].
- Public Registers and Delegated Decisions are available on the NHDC website [[Public Registers and Delegated Decisions](#)] and Planning applications/decisions [[View Planning Applications](#)]. Delegated Executive and Non-Executive decisions⁴ are on the Council’s website [[Delegated Decisions](#)].
- ❖ The Constitution also sets out what information is available to the public and how to engage with the Council [[Constitution](#)].
- ❖ The Council has a 5 year Consultation Strategy for 2016-2020 [[Consultation Strategy 2016-2020](#)] that sets out the methods that will be used to consult and practical considerations for doing so. This entails various approaches to consultation. A Statement of Community Involvement (SCI) sets out how the Council will involve the community in preparing the Local Plan and in considering planning applications [[Statement of Community Involvement – Adopted July 2020](#)]. The SCI was adopted following a public [consultation](#) which took place in early 2020.
- ❖ The Council conducts a District Wide Survey every two years [[2019 District Wide Survey - Key Findings Report](#)]. Residents who take part in the District Wide Survey are invited to join the Council’s Citizens Panel, which is used for consultation.
- ❖ The Council also has an internal Staff Consultation Forum, a [Joint Staff Consultative Committee \(JSCC\)](#) and a Staff Consultation Policy.
- ❖ The Council convened a Shaping Our Future Group, which is designed to bring together staff and Councillors to input into the future direction of the organisation with regards to succession planning, automation, commercialisation, and diversity.
- ❖ The Inclusion Group feeds into the Shaping our Future group on matters of equality, diversity, and inclusion. Its purpose is to understand the experiences of staff mainly in relation to protected characteristics as defined under the Equality Act 2010, and to drive forward the diversity/inclusion agenda.
- ❖ The Council’s Customer Care Standards aims to put people first [[Customer Care Standards](#)]. The Communications Strategy and action plan [[Communications Strategy page](#)] set out the approach to communicating with residents, partners and the media. The Council has a multi-media approach to communication – on-line, in person, by phone, by post, and social media sites (on Facebook, Twitter and Instagram). The use of social media sites and text alerts is geared towards engagement with the IT adept and/ or younger residents.
- ❖ The Council is also part of the [Hertfordshire Local Enterprise Partnership](#) which aims to ensure a prosperous economy for the District’s residents and businesses. It also works with Town Centres in Partnership to co-ordinate and progress the work in the town, tackle growth and development challenges. It has assisted with the renewals of the 3 Business Improvement Districts (Hitchin, Letchworth and Royston) which will be in place for another 3 years.
- ❖ The Council is also a member of the Hertfordshire Growth Board (alongside the other 10 districts and borough councils and Local Enterprise Partnership. The [Growth Board](#) is the vehicle in which the county is working together to manage future growth and support economic recovery.
- ❖ In response to the COVID-19 pandemic, North Hertfordshire District actively supported the most impacted/vulnerable by the outbreak of the virus. When the country went into full scale lockdown on the 24th

³ Under the Local Government Act 1972 Schedule 12A, and/ or Local Government Act 2000/ The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012/2089

⁴ Made under The Openness of Local Government Bodies Regulations 2014/2095

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March, the council quickly set out its support by signposting residents and businesses to the Council's and central Government's package of guidance and support measures including grant funding awards. The Council's website established multiple pages with information and links and these have also been heavily publicised on various social media platforms.

❖ Since the first Covid-19 lockdown, meetings have been held virtually via Zoom, streamed live to YouTube, and remain on the Council's YouTube channel afterwards and has increased accessibility to members of the public

❖ Throughout the pandemic, Councillor Surgeries, Town Talks, Area Committees and Environment Panel meetings have also been held virtually via Zoom to ensure continued openness and engagement with residents. Monitoring reports of viewing figures of council meetings have tracked the wider engagement. <https://democracy.north-herts.gov.uk/documents/s15625/Virtual%20and%20Physical%20Meeting%20Attendance%20by%20members%20of%20the%20public%202019%20to%202021.pdf>

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

What NHDC has or does:

❖ The Council has a Council Objectives and Plan approval / review process, and its vision is based on partnership aspirations. The Objectives provide the foundations for the Service planning process. Delivery is monitored through detailed Senior Management, Committee and Executive Member / Member procedures.

❖ The Corporate Equality Strategy contains equality objectives and contributes towards the

Council's vision of equality and diversity [[Corporate Equality page](#)]. These issues are monitored through the report / decision making process and [Annual Cumulative Equality Impact Assessment 2020/21](#)

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

What NHDC has or does:

❖ Decision making is effectively delegated through the Constitution (to Council, Committees, Cabinet, Executive Members and Officer). The Council has a set report / delegated decision template and guidance on how to complete these, which include standard areas such as an 'options' appraisal called "Alternative options considered" and risk analysis assists with optimising outcomes.

❖ The Corporate business planning programme is used to assess projects against criteria including the Council's agreed Policy, its priorities, the outcomes of public consultation, demonstration of continuous improvement and changing legislative need.

❖ The Council has a Risk Management Framework, and Service Managers have to identify threats to service delivery/performance in their own areas, when undertaking projects, letting contracts, formulating or introducing new policies and engaging in partnership working. This is part of the [Risk Management Framework - Strategy](#) These are recorded on the Risk Register and monitored through the Council's Pentana performance/risk management system available to Councillors and staff. Project management lessons are logged and detailed in a Corporate Lessons Log, which is available on the intranet. The corporate and individual risks are reported to the [Finance Audit and Risk Committee](#) on a quarterly basis.

❖ The Council's Financial Regulations [[Constitution PART B Section 19 Financial](#)

[Regulations](#)] are an essential part of risk management / resource control for delivery of services (whether internally, externally or in partnership). The Medium-Term Financial Strategy (MTFS) is reviewed annually to set an indicative 5 year financial plan for the longer term strategic vision as well as a detailed one year budget. The MTFS and annual budget are prepared in line with the agreed Objectives and Council Plan/business planning process. Budget workshops are provided to Political groups prior to budget setting/budget approval, and this helps to optimise achievements.

❖ From 2019, the Investment Strategy replaced the Capital Programme and Treasury Strategy, and was considered by Finance, Audit, and Risk on 20th January 2020 and approved by Full Council on 28th January 2020.

❖ The Council's Procurement Strategy 2021-22 puts in place the aspirations for the district as they relate to the Council Plan, including taking a focus on achieving community benefits though emphasis of the Go Local policy and a widening of the scope of this to incorporate Community Wealth Building.

❖ That Council have been alerted to a forecast impact of Covid-19 in comparison to available reserves and confirmed that these reserves will be used to fund the impact.

❖ In 2020, the Council awarded grants to food banks and food provision services, and to groups providing support for residents suffering from loneliness or mental health issues. This was done as part of the COVID-19 Community Support Fund with the aim to ensure the continued operation of vital services and organisations through and beyond the pandemic. See [Financial Impacts](#).

❖ The Council also provided the following support during the pandemic to the community:

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- Supporting the Food provision network and signposting families who need emergency help with food to local organisations in their area
- Distributing of food vouchers
- Providing Activity packs to families during the school holidays
- Supplying local charities and support groups with sanitary products to tackle period poverty
- Working with Survivors Against Domestic Abuse (SADA) to provide welfare packs to individuals and families who flee domestic abuse
- Supporting the Letchworth Best Before Café to purchase a basic kitchen for their new premises
- Working with the Hitchin Food Rescue Hub to stock up their non-perishable larder essentials
- In addition to these projects, we have also provided £42,150 from the Coronavirus Community Support Fund between June 2020 and May 2021 to help alleviate child poverty.
- The Council also received for distribution Central Government Grants to which the council developed policy criteria to support the access to payments; the Local Restrictions Support Grant (LRSG) to support businesses during lockdown and the Closed Business Lockdown Package (CBLP). The Council are in the process of developing an eligibility criteria policy for a local Restart Programme.
- The Council secured central government funding from the Next Steps Accommodation Programme (NSAP) to assist local authorities provide ongoing accommodation and support for rough sleepers housed during the current pandemic.
- The Council also received Homelessness Prevention Grant funding. The funding is

ringfenced for use in managing homelessness pressures and supporting those who are at risk of homelessness and rough sleeping.

Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

What NHDC has or does:

- ❖ The Council recognises the importance of employees, planning recruitment and development. The People Strategy incorporates the Workforce Development Plan People Strategy 2015-2020; Workforce profile (from the intranet), referenced externally through the [JSCC](#) and was developed with the Corporate Objectives (Priorities as was), Corporate Projects and workforce demands anticipated. A vacancy management process provides a corporate overview of vacancy management and to ensure compliance with proper recruitment practices. The Council promotes ILM Leadership & Management qualifications and has Investors in People accreditation. (from the intranet), referenced externally through the
- ❖ Members and employees engage in various groups and benchmarking initiatives. These assist the Council in analysing/ improving its capability, such as the County Benchmarking, HR Salary benchmarking, Sport England's National Benchmarking service and Customer Services.
- ❖ Service area employees attend / are part of groups – such as Legal PLP and Herts First where good practice can be shared.
- ❖ The Council also considers and participates in Shared Service/ commercial ventures to develop services and resilience, such as the CCTV Partnership, the Local-Authority Building Control Company, 'Hertfordshire Building Control, and has been a Lead authority developing the Herts Home Improvement Agency and shared Waste service with East

Hertfordshire District Council. It has its own private holding company – Broadwater Hundred Limited, set up as a contingency matter, during the pandemic (currently dormant).

- ❖ The Leader is part of Herts Leaders Group, East of England Leaders Group and County wide Growth board, has weekly Managing director/ Leader Briefings. Political Liaison Board (PLB) meetings are held, and opposition Member/ shadow Member briefings provided by the Chief Executive/ Service Directors and other senior officers.
- ❖ Weekly Leadership meetings are held where Policy, Projects, Performance and Risk are (amongst other things) monitored. The Council encourages close working liaison between Senior Officers and Executive Members.
- ❖ Statutory officers meet regularly with political leaders where relevant standard issues are raised. Service directors convene monthly briefings with relevant Executive Members
- ❖ Following the recently published Gender Pay Gap report, NHDC officers will take actions to implement the recommendations of the report.
- ❖ Following an [LGA Corporate Peer Challenge assessment, an Action Plan](#) has been developed to ensure the benefits of the CPS process are realised through thorough Organisational Development.
- ❖ The Council has a Transformation Project which seeks to improve our services to residents through the use of Artificial intelligence and development of self-serve systems. It also seeks to improve Council working and efficiency by automating processes that are currently manually handled.
- ❖ The Shaping Our Future Programme contributes towards the development of the organisation, by considering how the Council

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can change and adapt in order to continue to achieve its priorities. It includes (but is not limited to) staff and leadership development; work on equality, diversity and inclusion; moving towards a more commercial culture; digital transformation.

❖ Staff Learning and Development sessions have also been instituted on the morning of every first Friday of each month. These are a mixture of themed and non-themed sessions to enable them to be used by teams or individuals to focus on an area of development most useful for them.

❖ In response to the COVID-19 crisis, the government has recently brought in new arrangements for meetings to be held remotely. The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 ('the Regulations') came into force on 4 April 2020 and apply to local authority and police and crime panel meetings that are required to be held, or held before 7 May 2021. It was reported at the March Overview and Scrutiny meeting the increase of wider engagement on virtual platforms - [Virtual and Physical Committee Meeting attendance by members of the public 2019 - 2021](#)

❖ In response to Covid-19, the Council established a Recovery Board to oversee and monitor the delivery of the Recovery Plan; provide the necessary strategic guidance and direction; ensure effective project and risk management systems are in place; ensure collaboration and integration, where appropriate, with other public and private sector recovery plans. They meet regularly to respond to changing and current circumstances.

Principle F: Managing risks and performance through robust internal control and strong public financial management

What NHDC has or does:

❖ The Council has extensive mechanisms in place to manage risk and performance, for example, through the Risk Management Team/Group/Member Champion and the [Risk Management Policy Statement](#), [Risk Management Framework – Strategy](#), the [Risk Management Framework - Policy](#) and operational guide. The Pentana system supports the logging/monitoring process by identifying performance indicators, individual risks and relevant 'ownership'. These are reported to Leadership, FAR (risk) and O&S (performance) Committees and Cabinet for transparency and in Cabinet's case, overall management purposes. The Risk Management framework is embedded across all service areas and helps to inform decision making. The Risk Management Strategy is reviewed regularly and most recently was revised and approved by Cabinet in December 2020.

❖ [SIAS' reviews of Risk Management and Financial systems during 2019/20](#) provided overall Satisfactory assurance. SIAS concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice on corporate governance. This will be updated in June 2021 for the year 2020/21.

❖ The COVID-19 emergency, the most serious public health crisis in the UK for over a Century, has and will continue to present a challenge for the Council to ensure the health and safety of its staff, Members and customers. COVID-19 remains one of the Council's top risks and currently has the highest risk score of 9 (assessed as high for both impact and likelihood). Actions taken to manage this risk have included: Closure of services in line with national restrictions, local outbreak and response plans, creation of a Project Board to manage the recovery process, including opportunities to build back better, ongoing support to staff, the majority of are continuing to work from home, ensuring services continue to be successfully delivered, offering sites for vaccination

programme and continuing wave monitoring and response. This has most recently been reviewed in the [Risk Management Update](#) in March 2021.

Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

What NHDC has or does:

❖ The Council's 'Outlook' Magazine is provided to all households in the District and is available on the Council's website. It contains information about the Council's services and events. The Autumn Outlook– Annual Residents Report contains a review of the previous financial year and summarises key achievements against priorities / expenditure and is a useful accountability mechanism.

❖ SIAS undertake numerous planned audits (additional on request) and presents quarterly progress reports against these. An Annual Assurance Opinion and Internal Audit Annual Report is presented to the first FAR Committee of each year outlining the work undertaken in the previous civic year. On an annual basis SIAS is required to undertake a self-assessment of its conformance with the requirements of the Public Sector Internal Audit Standards (PSIAS). [Annual Assurance Statement and Annual Report 2020-21 presented in June 2021](#). An external review is required at least once *every five years* and this was last carried out in January 2016. The next external assessment was due in November 2020. The external review took place in June 2021 and reported at the December FAR meeting. [SIAS 2021/22 PROGRESS REPORT PDF 721 KB](#)

❖ The Head of Assurance has concluded, therefore, that SIAS 'partially conforms' to the Standards and associated Code of Ethics. However, the noted deficiencies did not preclude the internal audit activity from performing its responsibilities in an acceptable manner. It was noted that both identified issues (defining and clarifying the Board and Chief

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Audit Executive role across the partnership) were relatively easy and swift to resolve to enable the services to be classified as 'generally conforms'.

❖ The CFO follows: the CIPFA Code of practice on local authority accounting in the United Kingdom 2020/2021 and the CIPFA Statement on the role of the Chief Financial Officer in Local Government 2016 by ensuring that the financial statements are prepared on a timely basis, meet legislative requirements, financial reporting standards and professional standards as reflected in CIPFA's Code of Practice.

❖ External Auditors provide key timetabling/ stage of audit reports to FAR Committee (Audit Fee Letter, Audit Plan, testing routine procedures, Audit on financial statement and value for money conclusions/ Audit completion certificate and Annual Audit Letter).

Review of Effectiveness

❖ The Council uses a number of ways to review and assess the effectiveness of its governance arrangements. These are set out below:

Assurance from Internal and External Audit

❖ One of the fundamental assurance statements the Council receives is the Head of Internal Audit's Annual Assurance Opinion on the work undertaken. From 1 April 2021, SIAS have adopted the CIPFA assurance definitions (previously SIAS have used their own definitions). During 20/20/21 SIAS reported on 26 areas of which 8 received a Good assurance, 8 received a satisfactory assurance and 1 received limited assurance, 5 not assessed and 4 not finalised. The limited assurance opinion related to the Financial Resilience of supplier audit. Three high priority recommendations were made and implemented. All key financial/ risk systems/ contract management were also reviewed and a satisfactory assurance opinion overall on financial systems was concluded.

Recommendations are detailed in the [June 2021 SIAS Annual Assurance Statement](#). SIAS concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. Some of the recommendations have been implemented and outstanding ones will be taken forward and monitored through the 2021/22 reports to FAR Committee. SIAS also reviewed the effectiveness of the FAR Committee. Their conclusions for 2019/20 were that overall the FAR committee was compliant with guidance issued by CIPFA as noted at the [FAR Annual Report](#).

❖ The Council's external auditors provide assurance on the accuracy of the year-end Statement of Accounts and the overall adequacy of arrangements for securing and improving value for money. Following the national impact of Covid-19, Ernst & Young added all new Covid related risks for all councils. The last Annual Audit Letter presented to the FAR Committee in January 2021 was generally very positive, with unqualified opinions on both the Council's financial statements and the value for money in use of its resources. This did include a paragraph emphasising the material uncertainty in relation to the valuation of the Council's property assets (including investment property) as a result of Covid-19. This was not a qualification or modification to the audit opinion. [\[NHDC Annual Audit Letter 2019-20\]](#). The External Audit Update report issued in June 2020 [\[External Audit plan for year ending 31/3/20\]](#) indicated the addition of new risks – all Covid-19 related and in line with other local authorities. The Audit Letter issued in December 2020 proposed to issue an unqualified opinion on its value for money conclusion.

❖ SIAS confirmed a good compliance level for corporate governance for the systems in place for 2018/19. Additionally, SIAS audits on Key financial systems: all provided a good level of assurance.

Assurance from self-assessment

❖ The review of effectiveness is informed by the work of the Senior Managers within the authority who have responsibility for the development and maintenance of the governance environment. Each Service Director was responsible for producing their own assurance statements and an improvement action plan to rectify any identified governance weaknesses, as part of the Service Planning process. This process was reviewed with an overall Leadership assurance statement provided [see⁵].

❖ Leadership Team is chaired by the Managing Director respectively, includes the MO, CFO and key senior managers. It followed the CIPFA/ SOLACE recommended self-assessment process of reviewing the Council's arrangements against the 2016 Framework Principles/ sub-principles guidance examples. This was undertaken during March-June and Leadership is satisfied that appropriate and overall Substantial 2016 Framework governance arrangements are in place. However, any improvement actions have been identified for 2019-20 in the Action Plan. The detailed AGS self-assessment is available on the Corporate Governance page⁶.

Assurance from Risk Management

❖ The top risks for the Council, as reported to the FAR Committee in March 2021 [\(Risk Management Update report March 2021\)](#), are: Brexit - EU Transition, Covid-19 - Leisure Management Contracts, Local Plan, Managing the Council's Finances, Novel Coronavirus - Covid-19, Cyber Risks, Delivery of the Waste Collection and Street Cleansing Services Contract, Sustainable Development - Neighbouring Authorities, Impact of Anti-Social Behaviour on Council Facilities, Income Generation, Increased Homelessness and Sustainable Development - National and Regional Planning Issues and External Factors Affecting the Future Provision of Waste Services. It is worth noting that the Brexit - EU

⁵ <https://www.north-herts.gov.uk/home/council-data-and-performance/corporate-objectives>

⁶ <https://www.north-herts.gov.uk/home/council-performance-and-data/corporate-governance>

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Transition risk score has subsequently been reduced to 5 (medium in terms of impact and likelihood).

❖ **Brexit** had been a top risk since March 2019, with the risk score reflecting the continued high level of uncertainty during that period. The Council continues to analyse and assess the potential implications and to take proportionate actions based on the likelihood and potential impact. This was recently downgraded.

❖ **Leisure Management contracts** - The facilities, operated by Stevenage Leisure Ltd (SLL) under a contract with NHDC, were heavily impacted by coronavirus (COVID-19) since the start of the pandemic. The council agreed a revised package of financial support to ensure the continued delivery of Council owned leisure facilities in the district to support the health and wellbeing of our residents.

❖ Delivery of the **Local Plan** has been and remains a top risk. The Planning Inspector published the Main Modifications arising from the Local Plan examination process in November 2018. These were reported to Cabinet in December 2018, when approval was granted for consultation on the proposals. The Council concluded consultation on the Main Modifications in April 2019. Following the consultation on the Main modifications in January 2020, the Inspector arranged for further hearing sessions for March 2020. Further progress has taken place to seek approval to conduct a consultation upon the Inspector's proposed Further Main Modifications to the Plan and documentation produced under delegated authority. It was resolved that officers be authorised to conduct a consultation on the proposed Further Main Modifications and relevant supporting documents.

❖ **Managing the Council's Finances** is an ongoing top risk which is reported through the FAR Committee and Cabinet process. The MTFs, budgets and capital programme are, however, noted as soundly based and designed to deliver the Council's strategic objectives.

❖ A new top risk relating to **Delivery of the Waste Collection and Street Cleansing Services Contract** was first introduced in 2019/20, which replaced the previously reported Waste Management, Recycling and Street Cleansing risk. The new risk focuses on the operational effectiveness of the contractor and the potential high-profile impacts on residents, businesses and the Council's reputation. The reduced overall risk score of 8 reflects improvements in service provision and the positive direction of travel of performance since the new contract commenced.

Assurance from Complaints outcomes

Local Government Ombudsman (LGO):

❖ The Council reports complaints to Leadership and O&S. The summary for the full period 2020/2021, was presented at the [July 2021 Overview and Scrutiny](#) meeting the summary indicated that the number of complaints received decreased from 764 in 2019/20 to 527 in 2020/21. 57% of complaints received in 2020/2021 were related to services delivered by key contractors.

Standards complaints involving Councillors

❖ During the 2020/21 (April to March), there were twenty-eight formal complaints made to the Monitoring Officer. These complaints are reported to the Standards Committee by the Service Director for Legal and Community on a regular basis. See [Standards Matters Report](#). (N.B complaints are recorded by calendar year rather than financial year, but we have calculated the figure for financial year 2020/21 for the purposes of this AGS)

Information Commissioner's office (ICO)

❖ The Review time limit supplements the statutory one for handling requests (20 working days) and during 2020/21 the Council only failed to handle 1.03% of the 677 FOIs/EIRs requests within that period. There were 7 reviews, 1 of which was

successful, and the information released, 3 which were partially successful, and 3 which were unsuccessful.

❖ There were 0 ICO cases. In respect to requests for information under the Data Protection Act - 165 Data Protection cases (including 22 Subject Access Requests) were received in the period 2020/21, of which 98.8% were successfully answered within the 40-calendar day deadline. There was 1 complaint lodged at the ICO. The council were unaware of the complaint until the outcome had been received. It was found in the Council's favour.

Conclusion

❖ No significant governance issues have arisen as a result of the review of effectiveness for the 2020/21 financial year. The Council is satisfied that it has appropriate arrangements in place. The Council proposes over the coming year to take actions set out in the Action Plan below to address/enhance its governance arrangements. Implementation will be monitored through the Finance Audit and Risk Committee.

Cllr Elizabeth Dennis-Harburg Leader of the Council
Anthony Roche Managing Director

NHDC ANNUAL GOVERNANCE STATEMENT 2020-21

Action Plan 2021/2022

1. Ethical awareness training – increased staff/member uptake of the Anti-bribery e-learning module (Learning & Development)
2. Revised Grant Policy to be reviewed after a complete cycle of area committee meeting to assess awards across the voluntary sector (Policy and Communities Manager)
3. Implement recommendations of Gender Pay Gap Report action plan for 2020/21 (HR Manager and Learning and Development)
4. On-going implementation of Local Government Association (LGA) Peer Challenges recommendations; development of action plan; links to Organisational Development with reference to demonstration of NHDC compliance with relevant 2016 Framework Principles. [Leadership Management Team; HR Manager].
5. Recovery Project Board – ongoing action to oversee and monitor delivery of the Recovery Plan; provide the necessary strategic guidance and direction; ensure effective project and risk management systems are in place; ensure collaboration and integration, where appropriate, with other public and private sector recovery plans during the Covid-19 pandemic. (Leadership Management Team)