

**ANNUAL GOVERNANCE  
STATEMENT FOR THE  
FINANCIAL YEAR  
2017/18**



## **SCOPE OF RESPONSIBILITY**

1. Welwyn Hatfield Borough 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.
2. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
3. 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.
4. This Governance Statement explains how the Council has maintained sound governance during the financial year 2017/18. Regulation 6 (1) (a) of the Accounts and Audit (England) Regulations 2015 requires a local authority to conduct a review at least once a year of the effectiveness of its system of internal control and to include a statement on this review with any published Statement of Accounts. Regulation 6 (1) (b) requires that for a local authority in England that the statement is an annual governance statement.

## **THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

5. The governance framework, which has been in place for the financial year 2017/18 comprises the systems and processes as well as the culture and values, by which the Council is directed and controlled and through which it accounts to, engages with and leads the community.
6. The governance framework enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.
7. The system of internal control is a significant part of this framework and is designed to manage risk to a reasonable level. However, it cannot eliminate all risk of failure to achieve policies, aims and objectives and, therefore, can only provide reasonable and not absolute assurance of effectiveness.
8. The system of internal control is based on an ongoing process designed to identify and prioritise the risks (both positive and negative) to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and to manage them efficiently, effectively and economically.

9. The Council has an approved Local Code of Governance [www.welhat.gov.uk/CHttpHandler.ashx?id=687&p=0](http://www.welhat.gov.uk/CHttpHandler.ashx?id=687&p=0) that has recently been revised, which sets out its commitment to the principles of good governance. The code has been revised to reflect the new “Delivering Good Governance in Local Government: Framework produced by the Chartered Institute of Public Finance (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) produced in 2016.

### **REVIEW OF EFFECTIVENESS**

10. The Council is required to prepare an annual governance statement in order to report publicly on the extent to which they comply with the Local Code of Governance. To achieve good governance, the Council should be able to demonstrate that its governance structures comply with the principles contained in the framework document.

This review is informed by those Members and Officers, who have the responsibility for the development and maintenance of the governance environment.

The following paragraphs set out the Council’s assessment of the key elements of the governance framework for 2017/18.

To enable the reader to access further information, links have been provided to key documents and topics relevant to the governance framework. These are provided to limit the need for lengthy descriptions and enable the reader to choose the documents they wish to view.

11. Behaving with integrity

The Council’s political and managerial leadership take the lead in establishing a culture that encourages a climate of openness, support and respect. These senior managers and elected members ensure that the required policies are in place and are monitored.

The Constitution [www.welhat.gov.uk/constitution](http://www.welhat.gov.uk/constitution) sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to the local community. Some of these procedures are required by law, whilst others are adopted by the Council. The Constitution is reviewed annually.

The Constitution sets out:

- The Code of Conduct for Members.
- The Local Code of Guidance for Members and officer involved in planning matters.
- The Officers Code of Conduct
- The Protocol on Member / Officer Relations

A copy of the Constitution is given to each Member when they are first elected to the Council and is also available on the Council's website, e-team pages and at Council offices and libraries.

12. Demonstrating a strong commitment to ethical values.

The Council has an agreed Code of Conduct [www.welhat.gov.uk/Code-of-Conduct](http://www.welhat.gov.uk/Code-of-Conduct) for its Members that reflects the accepted principals of public life.

All elected Members undertake that they will observe the Code of Conduct. Training on the Governance framework is provided to all Members of the Council.

The Standards Committee [www.welhat.gov.uk/Standards-Committee](http://www.welhat.gov.uk/Standards-Committee) are responsible for assessing and determining complaints against alleged breaches of the Code of Conduct. The role and function of the Committee, is amongst, other things, to promote and maintain high standards of conduct by Members and Co-Opted Members. The Monitoring Officer carries overall responsibility for legal compliance with the Code.

The Standards Committee is responsible for arranging training and maintaining high standards for Members. The Chair of the Committee must ensure that all Members and co-opted voting members of the Council and the Town and Parish Council's within the Borough have undergone standards training.

Members are required to register their financial and other interests [www.welhat.gov.uk/Register-of-Interests](http://www.welhat.gov.uk/Register-of-Interests) in accordance with the Localism Act 2011.

Members are also required to declare these interests at each meeting where the matter under discussion has the potential to affect that interest.

An employee Code of Conduct is contained in the Constitution that sets out the requirements of staff to abide by its contents. Each employee is required to comply with the Employee Code of Conduct with further guidance available from senior managers.

13. Respecting the rule of law

The Constitution contains four key governance documents:

- Standing Orders
- Scheme of delegation
- Financial Regulations
- Contract Standing Orders

These documents set the framework for the conduct of the business of the Council.

Codes of Conduct set out the standards of behaviour that are expected of the Council's Members and officers. Breaches of these rules are dealt with under the Members Code of Conduct complaints process or, in the case of officers, under the Council's disciplinary procedures.

The Whistleblowing Policy

[www.welhat.gov.uk/CHttpHandler.ashx?id=681&p=0](http://www.welhat.gov.uk/CHttpHandler.ashx?id=681&p=0) adopted and recently updated, contains an external and internal whistleblowing number as well as a whistleblowing email address. The policy covers any malpractice or wrongdoing by any Member or employee of the Council as well as any contractor, supplier, consultant or partner of the Council in the course of their work for the Council.

The Council has a Monitoring Officer as required by the Local Government & Housing Act 1989. The Constitution sets out how decisions are made to be legally admissible.

#### 14. Openness

The Council is committed to openness and publishes information online in accordance with the Local Government Transparency Code [www.welhat.gov.uk/Open-data](http://www.welhat.gov.uk/Open-data) and in accordance with the Freedom of Information Act 2000 also publishes a Publication Scheme. <http://www.welhat.gov.uk/CHttpHandler.ashx?id=8866&p=0>

The majority of Committee reports are considered in open session with a minimal number of reports considered in closed session. Reports have a formal structure covering the relevant implications and are written in plain English with full explanations of the reason behind decisions. Procedures are in place to enable the recording and filming of meetings where appropriate.

Minutes and agendas for all Council and Committee meetings are published online as well as all its key strategies and policies.

All Cabinet [www.welhat.gov.uk/Cabinet](http://www.welhat.gov.uk/Cabinet) decisions have been taken in public apart from exceptions (such as personnel matters, commercially sensitive information or confidential legal advice)

All Council meetings are open to the public. We welcome public participation in our meetings through the procedures and mechanisms provided [www.welhat.gov.uk/Have-Your-Say](http://www.welhat.gov.uk/Have-Your-Say) .

#### 15. Engaging comprehensively with institutional stakeholders

The Council oversees an annual community engagement programme which seeks the views of local residents and partner organisations on

what is important in the borough and how its services are perceived in the community.

The Council's Business Plan

[www.welhat.gov.uk/CHttpHandler.ashx?id=13629&p=0](http://www.welhat.gov.uk/CHttpHandler.ashx?id=13629&p=0)

explains how the Council is engaging with its communities, structured and governed and how, together with the Medium Term Financial Strategy, [www.welhat.gov.uk/CHttpHandler.ashx?id=10234&p=0](http://www.welhat.gov.uk/CHttpHandler.ashx?id=10234&p=0) all of its key resources are drawn together.

Individual service areas will have their own arrangements for such engagement.

16. Engaging with individual citizens and service users effectively

Community priorities and objectives are set out separately in a Sustainable Community Strategy

[www.welhat.gov.uk/CHttpHandler.ashx?id=4338&p=0](http://www.welhat.gov.uk/CHttpHandler.ashx?id=4338&p=0) which is led by local community partners within the Welwyn Hatfield Alliance.

Partners within the Welwyn Hatfield Alliance participate in one of five working groups covering the agreed community priorities of health, economy, climate change, growth and exclusion.

Consultation is undertaken on specific areas of service, or on matters that may have a substantive impact on citizens. Dedicated web pages are set up for these.

The Communications Team take the lead on ensuring that specific matters are adequately placed in the media and actively engage with the media on specific issues.

Regular Members surgeries [www.welhat.gov.uk/surgeries](http://www.welhat.gov.uk/surgeries) held throughout the Borough give citizens the opportunity to raise or discuss issues with ward Members.

The Council co-ordinates an annual community engagement programme, which deploys a range of consultation methods at a local level. These include online surveys with a Borough Panel, public meetings, online budget consultation and liaison meetings with Town and Parish Council.

Social media has also been used as a means of communication and feedback with residents and is steadily rising. Have your say [www.welhat.gov.uk/Haveyoursay](http://www.welhat.gov.uk/Haveyoursay) on the Council website sets out further information on engaging with the Council in various ways.

Our Customer First Strategy [www.welhat.gov.uk/customerfirst](http://www.welhat.gov.uk/customerfirst) sets out how we intend to achieve our ambitions for delivering customer service excellence over the next three years and beyond.

17. Defining outcomes

The Business Plan sets out the vision, values and priorities for 2018-21. The plan is the only strategic document which fully encompasses Council priorities for the Borough, and integrates with other key documents such as the Medium Term Financial Strategy.

18. Sustainable economic, social and environmental benefits

The Council recognises the long term impact of its decisions and adopts a medium term corporate plan and develops an annual budget which reflect the desired outcomes from the Council's activities.

Individual service areas develop their own service plans. These include consideration of the economic, social and environmental impact of their work in their service areas.

The Council will also engage with other bodies on matters that will or may have a sustainable economic, social or environmental benefit to the Borough. This will include Hertfordshire County Council and East & North Hertfordshire Health Trust.

The Council has in place a Local Strategic Partnership (The Alliance) whose remit includes ensuring sustainable economic, social and environmental improvements within the Borough.

[www.welhat.gov.uk/alliance](http://www.welhat.gov.uk/alliance)

The Council's Capital Programme is structured to achieve appropriate life spans and adaptability for future use and ensuring that resources are spent on optimising sustainable outcomes.

19. Determining courses of action (interventions)

The Council has a Business Plan and service planning process. Service plans are co-ordinated to reflect the Council's Business Plan for the year.

Standard report templates require officers to consider legal, financial, risk management, security & terrorism, procurement, climate change and equality & diversity implications together with the links to corporate priorities.

Work plans are in place for the three scrutiny committees setting out business to be transacted which may assist with determining if interventions are necessary.

Both the Monitoring Officer and Section 151 Officer have powers of intervention.

20. Planning interventions

Performance information, audit, risk and finance information is used to identify any areas of concern and plan required interventions.

The Council has a planned and agreed annual cycle of meetings. These are flexible enough to enable Members to intervene by way of the call-in procedure or the calling of extraordinary meetings, at any point in the year.

21. Optimising the achievement of intended outcomes

Outcomes are monitored on a regular basis and are open to scrutiny.

The Council's Forward Plan

<http://democracy.welhat.gov.uk/mgListPlans.aspx>

and Publication of Decision List [www.welhat.gov.uk/Cabinet-Decision-List](http://www.welhat.gov.uk/Cabinet-Decision-List) provides the three Overview and Scrutiny Committees with proposed and recently made executive decisions, which are used in determining items for scrutiny.

Performance management systems and individual appraisals set the objectives for the year for services and individual members of staff. The outcomes of these are regularly reviewed.

The Council's Corporate Management Team (CMT) maintains strategic oversight of major issues affecting the Council. This includes the risk management system.

22. Developing the Council's capacity

The Head of Paid Service is responsible for the organisation of the Council's staff.

The Council has a performance management system within which each individual member of staff has clear direction for the year against which they are appraised. This consists of an end of year and mid-year reviews.

Benchmarking exercises are undertaken comparing performance and capacity with other authorities.

Reviews of structures are regularly undertaken. Review of the Senior Management structure was recently undertaken

The Council considers collaborative working with other authorities and bodies to increase capacity and improve efficiency.

23. Developing the capability of the Council's leadership and other individuals

Induction training for new members is provided shortly after their election to the Council. Induction training for new staff is also provided covering key aspects of governance.

New Members of both Licensing & Regulated Entertainment and the Developments Management Committee (Planning) and any substitutes have to attend mandatory training before they can attend committees.

Refresher training is provided for all Committee Members and substitutes every six months.

The Annual report to Council [www.welhat.gov.uk/annualreport](http://www.welhat.gov.uk/annualreport) highlights that attendance at member development events has continued to increase and has covered a variety of topics. Events were also held jointly through the Hertfordshire Member Development Network.

A robust recruitment process is in place aimed at seeking to place the right people in the right roles. The induction builds upon the individual's knowledge of the organisation. Mandatory training on aspects such as health & safety, ICT and customer service are in place and professional staff have to undertake additional training requirements as set by their respective governing bodies.

24. Managing Risks

The Council has an approved Risk Management Strategy.

Risk management is embedded within the processes and procedures of the Council. Risk registers are maintained at both strategic and operational levels.

The Strategic and Service Risk Registers are maintained on a corporate risk management system and are reviewed once every six months to ensure that they adequately reflects the risks facing the Council and that effective mitigation is in place.

The constitution clearly defines how decisions are taken and together with the Risk Management Strategy set out the processes and controls to effectively manage risks.

Risks have to be considered as part of the standard report template together with the implications involved.

Strategic and operational risk information is included in performance clinics and resulting updates are reported to the Executive Board, Cabinet and Audit Committee.

25. Managing performance

Individual Cabinet Members meet monthly with Directors to consider the strategic direction, plans and progress of the Council.

Corporate targets are individually owned by the Council's services teams and are performance managed by the Executive Member, Director and Head of Service who are responsible for them. These are monitored and exception reported through quarterly meetings of an internal performance clinic attended by senior Members and officers.

Chaired by the Leader, Deputy Leader and Chief Executive, the clinic meetings discuss and debate progress towards corporate targets. Remedial action is then identified against each target which falls behind schedule. This is then reported to the Cabinet following completion of the clinic meetings.

Clinic meetings also enable discussions to take place on related service matters impacting on the Council on a quarterly basis.

Performance clinics also include a summary of financial and budgetary performance data for both capital and revenue spending. In addition they also review complaints data for all services and local public relations and media activity involving the Council

26. Robust Internal Control

The Audit Committee <http://democracy.welhat.gov.uk/mgCommitteeDetails.aspx?ID=240> has terms of reference (in the Constitution) in accordance with recognised best practice and an agreed work plan. To effectively discharge these responsibilities, the Committee may require any officer to attend meetings of the Committee so it may receive explanations regarding any matter it is considering.

Role of section 151 officer and Monitoring Officer are fully described in the Constitution.

Review of reports containing mandatory assessment of financial, legal issues etc.

Internal audit services have been provided by the Shared Internal Audit Service (SIAS) [www.welhat.gov.uk/Internal-Audit](http://www.welhat.gov.uk/Internal-Audit). SIAS has undertaken a work programme approved by the Audit Committee and has compiled an annual report on the overall adequacy of the Council's internal control environment and highlights any issues which are judged to be relevant to the preparation of the Annual Governance Statement.

The Council has an Anti-fraud and Anti-Corruption policy [www.welhat.gov.uk/CHttpHandler.ashx?id=689&p=0](http://www.welhat.gov.uk/CHttpHandler.ashx?id=689&p=0) in place that sets out its arrangements for dealing with fraud and corruption.

The Council's Senior Management (now known as the Corporate Management Team) comprises:

- Chief Executive (Head of Paid Service)
- Three Directors (including the Section 151 Officer (Chief Financial Officer))
- The Monitoring Officer

27. Managing data

Robust information management policy and procedures are in place and have recently been reviewed.

Handling of data is subject to regulation by the Information Commissioners Office and the Local Government Ombudsman. Complaints against the Council have been minimal and most are concluded in the Council's favour.

Information Governance Training has been provided focused on the upcoming General Data Protection Regulations (GDPR) and aimed at ensuring that all staff and members have an adequate understanding of their responsibilities under the Regulations.

Although there is no longer a requirement to produce performance information, the Council maintains its own performance Indicators and data quality standards. [www.welhat.gov.uk/Data-Quality](http://www.welhat.gov.uk/Data-Quality)

28. Strong public financial management

Robust budget setting process. Budget and medium term financial strategy agreed annually by the Council. Regular budget update reports are provided to the relevant committees.

A Treasury Management & Annual Investment Strategy is updated annually and approved by Full Council.

All Council expenditure is governed by Financial Regulations contained in the Constitution and sets out the rules and procedures for managing budgets and assuring appropriate stewardship of funds.

The Council's External auditors are required to produce an Annual Audit letter which is presented to the Audit Committee which comprises two main elements:

- The audit of the Council's financial statements
- An assessment of the Council's arrangements to achieve value for money in its use of resources

29. Implementing good practice in transparency

The Council complies with the Local Government Transparency Code and publishes information on line. Also includes other information frequently requested by customers.

All Council meetings can be filmed, audio-recorded, photographed or reported electronically by the use of social media. This does not apply to sessions in private.

All reports are published on the Council's website under the appropriate Committee. Reports are standardised and are written in a fair, balanced and understandable style.

30. Implementing good practices in reporting

Comprehensive procedures for the making of decisions are in place and contained in the Constitution.

All reports require the completion of a standard template to cover all risk areas.

Agendas, reports and committees are published on the website except that which is exempt from publication. Exempt information is kept to a minimum.

31. Assurance and effective accountability

The Constitution sets out the executive arrangements and the roles and responsibilities of lead Members, the Cabinet and other Council members.

There are three Overview & Scrutiny Committees <http://democracy.welhat.gov.uk/mgListCommittees.aspx> whose remit is to scrutinise executive decision making, whether through the call-in of decisions before they are implemented or through the post-implementation scrutiny of decisions. Assurance is obtained by regular reviews of decisions made.

Roles of Chief Executive and senior officers, including the Chief Financial Officer (Section 151 Officer) and the Monitoring Officer are described in the Constitution.

The Corporate Management Team (comprising the Chief Executive, the three Directors and the Monitoring Officer) are aware of financial and other procedures and controls outlined in the Constitution.

Each Director and all nine Heads of Service are required to sign a declaration of compliance, in the form of a Management Assurance Statement, at the end of each year.

The work of the Shared Internal Audit Service (SIAS) [www.welhat.gov.uk/Internal-Audit](http://www.welhat.gov.uk/Internal-Audit) assists the statutory officers in discharging their duties effectively. As part of this an Annual report <http://www.welhat.gov.uk/CHttpHandler.ashx?id=683&p=0> is presented to the Audit Committee which includes an opinion on the overall adequacy and effectiveness of the Council's internal control environment.

The governance statement contains an opinion on the level of assurance that the Council's governance arrangements can provide.

### **ACTION PLAN**

32. The Governance Group have considered the actions required to plan for and deal with any key areas identified for attention over the next 12 months.
33. The Council faces continuing financial challenges, not just for next year, but over the medium term. Events such as those at Northamptonshire County Council serve to remind us that a robust financial framework is essential. Particular pressures include changes to government funding, an aging population and increased expectations from the public. Led by the new Corporate Management Team (CMT) and Cabinet, the Council will continue to monitor its financial health and respond to any challenges as required.
34. The Council must be aware of any changes in regulation, legislation powers and national policy and be prepared to address any impacts that may arise from these changes. CMT will take the lead on this and brief the Cabinet as necessary.
35. Changes to the way that personal data is handled have been introduced from May 2018 (GDPR) and it is important that the Council comply with these regulations to ensure that the vast quantities of data that the Council hold are adequately protected. Whilst, acknowledging that preparation and training has been delivered to staff and Members, it is vital that the public recognise that the Council are taking their obligations seriously.
36. There has been significant changes to the political leadership effective from May 2018. A new Leader and Cabinet are now in place. The new CMT together with the Extended Corporate Management Team (previously the Heads of Service Team) must seek to develop and maintain effective working relationships with the political leadership. Governance arrangements are key to this and must be seen to be

sound and meet the highest standards. The “tone from the top” of organisation should continue to be a culture of working in the public interest.

- 37. A review of the Constitution is carried out every year but it has been decided that a fuller review should be conducted. A cross-party Member Group has been set up and will work to make recommendations to ensure that the Constitution remains a document that is fit for purpose.

**CONCLUSION**

- 38. The Council’s governance arrangements are regarded as fit for purpose and are in accordance with the governance framework.

The Governance Group have agreed that, following the review of the effectiveness of the Council’s Governance framework that there are no significant governance weaknesses that should be highlighted in this governance statement.

**CERTIFICATION**

- 39. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Cabinet, the Audit Committee, the Standards Committee and the Governance Group and the plan to ensure continuous improvement of the system is in place.
- 40. We propose over the coming financial year to take steps to further enhance our governance arrangements. We will continue to monitor our governance arrangements until the time of the next annual review.

**Signed:** ..... ..

**Rob Bridge**  
**Chief Executive**

**Councillor Mandy Perkins**  
**Leader of the Council**

**Dated:** .....