

**ANNUAL GOVERNANCE  
STATEMENT FOR THE  
FINANCIAL YEAR  
2019/20**



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## **1. Background**

- 1.1. Towards the end of 2019/20, a global pandemic was declared in connection with the Covid-19 virus. Emergency responses were triggered and lockdown measures were introduced in the UK from 23 March. These affected all the services that the council delivers, however despite the challenges, the council was able to deploy rapid responses to ensure core services were delivered and that residents and businesses continued to be supported at this difficult time. The impact to our priorities and objectives, along with the actions taken are detailed in our report to Special council on 6 May.
- 1.2. Covid-19 is already having a significant adverse effect on the economy, it is also affecting the services that the council delivers. The council is faced with significant financial pressures in service areas such as homelessness and rough sleepers, at the same time there is a substantial reduction in income across our services. The estimated financial pressure amounts to £7m this year and the scale of the impact on the economy and public finances resulting from COVID-19 in the medium-to long-term is unknown. The details of our financial impact due to COVID-19 are shown in our 19 May Cabinet report.

## **2. Scope of Responsibility**

- 2.1. 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.
- 2.2. 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.
- 2.3. 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.
- 2.4. This Governance Statement explains how the Council has maintained sound governance during the financial year 2019/20. 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.
- 2.5. The Council also has a duty under Coronavirus Act 2020, The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 to make arrangements for council meetings to be held remotely, with provision for public and press access, the new Regulations will apply from 4 April 2020 to 7 May 2021.

### **3. The Purpose of the Governance Framework**

- 3.1. The governance framework, which has been in place for the financial year 2019/20 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.
- 3.2. 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.
- 3.3. 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.
- 3.4. 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.
- 3.5. The Council has an approved [Local Code of Governance](#), which sets out its commitment to the principles of good governance. The code reflects the "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) in 2016.

## 4. Review of Effectiveness

- 4.1. 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.
- 4.2. 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 2019/20.
- 4.3. 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.

### 4.4. 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](#) 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. A full review of the Council's Constitution is underway, with a cross-party Member Group meeting throughout the year and working towards modernising the constitution whilst ensuring it remains a document that is fit for purpose.

The Constitution sets out:

- The Code of Conduct for Members
- The Local Code of Guidance for Members and officers 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, eTeam pages and at Council offices and libraries.

### 4.5. Demonstrating a Strong Commitment to Ethical Values

The Council has an agreed [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](#) 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](#) 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.

#### 4.6. **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](#) 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.

#### 4.7. **Openness**

The Council is committed to openness and publishes information [online](#) in accordance with the Local Government Transparency Code and in accordance with the Freedom of Information Act 2000 also publishes a [Publication Scheme](#).

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 key strategies and policies.

All [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](#).

#### 4.8. **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](#) explains how the Council is engaging with its communities, structured and governed and how, together with the [Medium Term Financial Strategy](#), all of its key resources are drawn together.

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

#### 4.9. **Engaging with Individual Citizens and Service Users Effectively**

Community priorities and objectives are set out separately in a [Community Strategy](#) 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 effect 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](#) 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](#) on the Council website sets out further information on engaging with the Council in various ways.

Our Digital Strategy, [Think Digital](#), sets out how we will use modern and innovative digital methods to support service delivery, drive change and efficiency, and putting customers at the heart of everything we do.

Our [Customer First Strategy](#) sets out how we intend to achieve our ambitions for delivering customer service excellence over the next three years and beyond.

#### 4.10. **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.

#### **4.11. 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.

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.

#### **4.12. Determining Courses of Action (Interventions)**

The Council has a [Business Plan](#) and service planning process. Service plans are coordinated 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.

The Council has a [Corporate Enforcement Policy](#) in place outlining the steps the Council will use to secure compliance with the law while minimising the burden on individuals, business and the Council.

Work plans were 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.

#### **4.13. 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.

#### **4.14. Optimising the Achievement of Intended Outcomes**

Outcomes are monitored on a regular basis and are open to scrutiny. The Council's [Forward Plan](#) and [Publication of Decision List](#) provided the 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 Councils Corporate Management Team (CMT) maintains strategic oversight of major issues affecting the Council. This includes the risk management system.

#### **4.15. 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 appraisal and regular reviews throughout the year.

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

Reviews of structures are regularly undertaken.

The Council considers collaborative working with other authorities and bodies to increase capacity and improve efficiency. This includes SIAS, Waste Partnership, Emergency Planning and Hertfordshire Growth Board.

#### **4.16. 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 Hackney Carriage Committee, Licensing Committee, Licensing & Regulated Entertainment Committee and the Development 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.

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.

#### **4.17. Managing Risks**

The Council has an approved Risk Management Strategy with risk management 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 quarter to ensure that they adequately reflect 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 sets 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 Corporate Management Team, Cabinet and Audit Committee.

#### **4.18. Managing Performance**

Individual Cabinet Members meet at least 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 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, local public relations and media activity involving the Council.

#### **4.19. Robust Internal Control**

The [Audit Committee](#) 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. The committee reviews reports containing mandatory assessment of financial, legal issues etc.

Internal audit services have been provided by the [Shared Internal Audit Service](#) (SIAS). 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](#) in place that sets out its arrangements for dealing with fraud and corruption.

The Council's Senior Management (Corporate Management Team) comprises:

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

#### 4.20. **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.

The Council complies with the General Data Protection Regulation and The Data Protection Act 2018 requirements when handling our residents', partners' and customers' data. All the personal and sensitive data we deal with is handled in accordance with the six data protection principles. There is a regular cycle of training for staff and policies and procedures have been drawn up to guide our teams on how they should be securely managing the data they handle. The Council is regularly audited to ensure compliance with the aforementioned legislation and has received satisfactory assurance following a recent audit.

Following the 2018 inspection of the Council's RIPA policy and procedures the council has rolled out a new specific training course which focuses on RIPA in the online space. This course is mandatory for all staff with access to the internet at work and fulfils a recommendation made by the Investigatory Powers Commissioners Office after that inspection.

The Council's [Data Quality Statement](#) outlines our responsibilities and commitments to providing reliable and relevant data. The Council maintains its own performance indicators using them to measure how well we are performing and improving our services over time. Key performance indicators are reported to quarterly Performance Clinics held internally and led by the Leader and Chief Executive. An exception report detailing remedial actions needed is reported on to the Cabinet. These are also reported to our Overview and Scrutiny Committees on a quarterly basis for their information, oversight and review.

#### 4.21. **Strong Public Financial Management**

The Council has a robust budget setting process with the 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

#### 4.22. **Implementing Good Practice in Transparency**

The Council complies with the Local Government Transparency Code and publishes information online including other information frequently requested by customers.

Meetings of the Council, Cabinet Planning and Parking Panel, Development Management Committee and Local Plan examinations are webcast live and are subsequently available for viewing on the council website. Additionally, these meetings can be filmed, audio-recorded, photographed or reported electronically by anyone in attendance through the use of social media. This does not apply to sessions in private. It should be noted that due to the current COVID-19 situation, all of the council's public committee meetings are being held virtually and broadcast live.

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.

#### **4.23. Implementing Good Practice 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.

#### **4.24. 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 were three [Overview & Scrutiny Committees](#) whose remit was 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.

During 2019/20, the council carried out a comprehensive review of the Constitution, which led to a number of changes to improve our governance process; the revised Constitution was subsequently approved at Special Council meeting on 6 May 2020.

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) assists the statutory officers in discharging their duties effectively. As part of this an annual report 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.

## 5. Action Plan

- 4.1. The Governance Group have considered the actions required to plan for and deal with any key areas identified for action over the next twelve months:

Action	Lead Officer
Review of the Medium Term Financial Strategy, taking into account the 2019/20 final outturn.	(Corporate Director Resources, Environment and Cultural Services)
Financial Resilience Recovery project to take into account CIPFA's new Financial Management Code: this will also play a fundamental part of the 2021/22 budget setting process.	(Corporate Director Resources, Environment and Cultural Services)
Further development of recruitment processes, using the new recruitment microsite as well as amendments to the application form and the level of detail provided to applicants. Promotion of vacancies on social media sites making it easier to attract and recruit suitable candidates.	HR Manager
Being prepared to address any impacts that may arise from changes in regulation, legislation powers and national policy.	CMT
Oversee the implementation of the changes to the Constitution with the use of new Cabinet Member decision notices and the new OSC system trialled for 12 months. Further review of the Constitutional chapters will continue with councillor input.	Monitoring Officer
Further development of the corporate modernisation programme and revised governance arrangements. The Modernisation Board is meeting every two weeks and significant work has been undertaken to start the modernisation reviews and also the Digital and Customer Services work programme to make our service delivery more efficient and effective.	Chief Executive
Whilst the Government has temporarily removed the legal requirement for local authorities to hold public meetings in person during the Coronavirus pandemic, the council is using new powers to hold public meetings virtually by using video or telephone conferencing technology. Meetings remain accessible whilst ensuring that Councillors, staff and the wider public are able to follow Government advice. These meetings will be managed securely with data processed in a manner that ensures appropriate security of the personal or confidential data that the Council handles.	Monitoring Officer

## 6. Conclusion

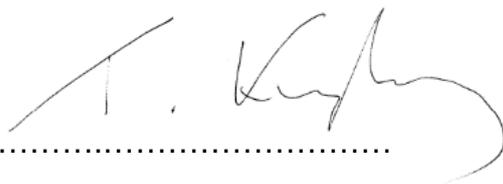
- 5.1. The Council's governance arrangements are regarded as fit for purpose and are in accordance with the governance framework.
- 5.2. The Governance Group have agreed that, following the review of the effectiveness of the Council's Governance framework that there are no significant governance weaknesses that should be highlighted in this governance statement.

## 7. Certification

- 6.1. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, the Standards Committee and the Governance Group and the plan to ensure continuous improvement of the system is in place.
- 6.2. 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 Tony Kingsbury  
Leader of the Council

Dated: 6 July 2020