



Craven District Council

Annual Governance Statement 2018/19

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1.1 Scope and Purpose of the Governance Framework

Craven District Council is responsible for conducting its business in accordance with the law, and for ensuring that public money is used efficiently and properly accounted for.

The Council is responsible for putting in place governance arrangements to ensure it exercises its duties and functions with proper regard to legislation and guidance. These arrangements include financial controls, risk management, audit and performance management.

The Council's Governance Framework describes the systems, processes cultures and values, by which the Council is directed and controlled.

The Council has approved and adopted a Local Code of Governance (the Code), which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

A copy of the Local Code and a description of our governance arrangements can be obtained from the Council's website at <https://www.cravenc.gov.uk/the-council/corporate-governance/>

or by writing to:

Financial Services, Craven District Council, 1 Belle Vue Square, Broughton Road, Skipton, North Yorkshire, BD23 1FJ.

This Statement describes how Craven District Council has complied with this Code and meets the requirements of Regulation 6 of the Accounts and Audit (England) Regulations 2015, which require the Council to prepare an Annual Governance Statement.

This statement gives assurances on compliance with Craven District Council's governance framework for the year ending 31 March 2019 and up to the date of approval of the Statement of Accounts for 2018/2019.

1.2 Annual Review of Effectiveness

Craven District Council must conduct, at least annually, a review of the effectiveness of its governance framework.

The Council has reviewed the effectiveness of its governance mechanisms as outlined in the Local Code of Governance.

The purpose of the review is to identify and evaluate the controls in place to manage key risks, evaluate any assurances received from responsible Officers, and identify gaps in controls and assurances. Areas of improvement have been identified and are outlined in the Statement.

Review of the governance framework is overseen by the Council's Chief Financial Officer (s151 Officer) and undertaken by the Corporate Governance Working Group consisting of the Corporate Leadership Team (CLT) and representatives of the service managers that form the Council's Senior Leadership Team (SLT).

The review of effectiveness is informed by the work of the Corporate Leadership Team (CLT) who have responsibility for developing and maintaining the governance environment, the Internal Audit Services Manager's annual report. The report considers recommendations made by external auditors as well as feedback from other review agencies and inspectorates including the LGA Peer Review process.

The outcomes of the review are considered and approved by the Audit and Governance Committee. The Audit and Governance Committee has overall responsibility for ensuring the effective development and operation of corporate governance within the Council.

Issues identified in the Annual Governance Statement and management actions to reduce risks have been reported to Audit & Governance Committee and/or Policy Committee and/or Council. These reports where appropriate have also included new issues for consideration.

1.3 Specific Assurances

The following specific assurances have been obtained to support this statement:

Chief Finance Officer, Section 151 Officer: The CIPFA statement on the role of the Chief Finance Officer requires them to provide assurance on financial decision making, financial accounting and reporting, internal control, and risk management. These assurances have been considered through the review of our governance arrangements. The Council's arrangements conform to CIPFA requirements. The Council's Chief Finance Officer at the time of compiling accounts for the 2018/19 financial year retires from the council on 3rd July 2019. A new Chief Finance Officer with substantial experience of acting as a Local Authority Section 151 Officer will start with the council on 4th July 2019 to ensure continuity. The final accounts will be signed off by the new Chief Finance Officer once in post.

Chief Information Officer: Craven District Council maintains externally verified (annually) compliance with the Governments PSN (Public Services Network) and the Payment Card Industries PCI-DSS (Payment Card Industries – Data Security Standards). Compliance with these standards provides confidence that services used over the technical network will work without problems, gives assurance that our data and our customers data is protected in accordance with our Information Assurance (IA) commitments and ensures that in the event of things going wrong they can be quickly put right. In the case of PCI-DSS it also ensures that adequate controls are in place surrounding the storage, transmission and processing of customer payment card data.

Audit Services Manager: The 2018/19 financial year was the first year of a new 3 year shared service arrangement between Craven District Council and Harrogate Borough Council. This follows the completion of a successful 3-year arrangement with Harrogate Borough Council which ran from 2015/16 to 2017/18. There were 12 audit reports completed during 2018/19. 8 of these indicated a 'substantial' level of assurance, 3 a 'good' level of assurance and 3 a 'partial' level of assurance. Progress against all Internal Audit recommendations is routinely monitored and reported to the Audit & Governance Committee. The Audit Services Manager's overall opinion is that, based on the audit work undertaken during 2018/19, the council's framework of governance, risk management and internal control is satisfactory and operating effectively in practice.

External Audit: The external audit of the Council is provided by Mazars. Whilst external auditors are not required to form an opinion on the effectiveness of the Council's risk and

control procedures, their work does give a degree of assurance. The Council believes that a proactive relationship with the Mazars strengthens its governance arrangements. Regular meetings have taken place to cover corporate governance, accounting and internal audit matters. There were no significant issues arising from the 2018/19 Audit.

1.4 Local Government Ombudsman

The Local Government Ombudsman Annual Review letter was published in July 2018. The report considered 9 complaints referred to the Ombudsman in for the year ended 31 March 2018. One of the 9 complaints was upheld. 4 were referred back to the Council for local resolution and 1 was closed after initial enquiries.

The letter is published online at

<https://www.lgo.org.uk/documents/councilperformance/2018/craven%20district%20council.pdf>

The Review letter for the year ended 31 March 2019 is expected in July 2019.

1.5 Performance against the Local Code of Corporate Governance

The Council considers that its governance arrangements continue to be fit for purpose and compliant with our Local Code of Corporate Governance. In undertaking our review of effectiveness we have assessed our performance against the detailed arrangements set out in the code.

The Council has assessed and confirms that arrangements detailed within the Local Code are in place and no significant weaknesses to our governance arrangements have been identified. However, in doing so we have identified a number of areas for improvement to form part of our Governance Improvement Plan.

It is stressed that no system of control can provide absolute assurance against material mis-statement or loss. This statement is intended to provide reasonable assurance.

The following pages detail our assessment of compliance with the arrangements we have in place to meet the governance principles as set out in our Local Code, along with our Governance Improvement Plan.

2. Review of Actions from the Annual Governance Plan, 2018/19

Action to Improve Governance Arrangements

Update

GS 18/19/01

Constitution

Undertake a light touch review of the Constitution

A light-touch review of the council's constitution was completed in July 2018, and an updated version was uploaded to the council website. The constitution can be accessed at

https://www.cravendc.gov.uk/media/7280/constitution_2018-july-ch-revisions.pdf

The Constitution was reviewed and adopted by Full Council at its August meeting.

This action was **completed**.

GS 18/19/02

Nolan principles

Further develop and embed understanding of the Nolan Principles and the linkages between them and the Council's Officer Code of Conduct and Core Values amongst Officers at all levels throughout the Council

A 'Principles of Public Life' flyer has been designed. This was distributed in the annual reminder for the Officer's Code of Conduct in April 2019, and will be continue to be included in the annual reminder for the Officers' Code of Conduct in future.

This action was **completed**.

GS 18/19/03

Consultation and Engagement

Work to further develop understanding of and embed the North Yorkshire Joint Principles for Consultation across all services

The council successfully completed a comprehensive budget consultation exercise, with an improved rate of return. The 'North Yorkshire Joint Principles for Consultation' have not been widely adopted across North Yorkshire, and the council will review its approach to consultation in 2019/20.

This action was **partially completed**.

GS 18/19/04

Member Engagement

Enhance approaches to Member engagement through improvements to the Contact Your Councillor section of the Council's website and Member reporting on their work with Outside Bodies

We've introduced a new item on full Council agendas that provides an opportunity for Outside Body representatives to report back on initiatives, key work undertaken etc. This has included, for example, an update at the December Council meeting about the work of the Yorkshire Dales Leader Programme in relation to funding for local schemes. Members will continue to provide updates.

This action was **completed**.

GS 18/19/05

Economic, Social and Environmental Impacts

Improve our approach to ensure greater consideration of wider economic, social and environmental impacts of policy decisions in our decision making processes

Due to conflicting priorities a review of the economic, social and environmental impacts of policy decisions has been rescheduled for 2019/20 financial year. This will allow our approach to understanding the economic, social and environmental impacts of policy decisions to be reviewed alongside the 'beyond 2020' planning exercise, ensuring that the potential impacts of our long-term decisions are fully considered at an early stage.

This action was **not completed but is planned for 2019/20**.

GS 18/19/06

Project management

Improve our approach to project management to ensure that the range of improvement projects implemented across Council services are done so effectively to maximise outcomes and make best use of resources

A Project Centre has been established on our Intranet providing guidance in terms of the 'Craven Project Methodology' through a project management toolkit, also provided are standard templates for the management and control of projects across the organisation. Additionally, the Transformation Team provide guidance and support where required on key projects.

This action was **completed**.

GS 18/19/07

Procurement

Review procurement to ensure arrangements continue to be fit for purpose, secure value for money, and contribute the achievement of added value (social value) within the community including publication of an updated Procurement Strategy, improved use of E-Tendering, staff training and development, and improved supplier engagement and contract management

An approach to ensuring the continuous improvement of procurement support has been identified, and an improved service agreement with Procure North Yorkshire is currently under negotiation. The e-tendering system (Proactis Procontract/Yortender) is widely used and training is available to all staff with budget responsibility.

Improving social value and supplier engagement will be included in the revised procurement strategy, which will be put in place once the new support service contract is agreed.

This action was **partially completed and further action is planned for 2019/20**.

GS 18/19/08

Arrangements to secure value for money

Review and update of the Council's Value for Money Framework

Due to staffing changes in the Finance team, this review did not happen during 2018/19 and will be rescheduled to take place in 2019/20.

This action was **not started**.

GS 18/19/09

Officer induction

Review and improve the effectiveness of the Council's approach to Officer Induction

The Officer Induction was reviewed during 2018. The induction programme is now subject to ongoing review; we encourage Officers to actively contribute to its development. Recent changes include improved arrangements for Finance and Performance in the Managers' induction.

This action was **completed**.

GS 18/19/10

Member training

Review and improve the Council's approach to training for new Members

This year we've introduced mandatory training for Members of Planning and Licensing Committee. We've already run two successful sessions. Further training will be introduced in the coming year.

This action was **completed**.

GS 18/19/11

Risk Management

Implement the revised corporate approach to risk management to ensure arrangements are fully embedded within the culture of the organisation, are fit for purpose and identified risks effectively addressed.

Risk management training has been provided for Managers to enable alignment of risks with the Council Plan. Risk management working group established of officers and members. Update of risk registers undertaken to align risks with Council plan priorities. Training for members on governance and risk management arranged. Risk appetite for the Council to be jointly developed by Senior Managers and Member representatives from the Audit & Governance Committee. Further training for Members will take place on 10th June 2019. Note that although planned activity for 2018/19 was completed, further action to improve Risk Management is planned for 2018/19.

This action was **completed**.

GS 18/19/12

Counter Fraud and Corruption

Further strengthen Counter Fraud and Corruption Arrangements to drive a strong anti fraud and corruption culture from corporate to operational level

Briefings for staff to ensure that fraud awareness / detection and prevention remains a focus. Role within Revenues and Benefits Service being developed to focus on Fraud within the service and also across the Council. Risk based approach to internal audit service reviews developed and weaknesses in service procedures being identified and recommendations for improvement made.

This action was **completed**.

GS 18/19/13

Internal Audit

Undertake an assurance mapping exercise to further integrate the role of Internal Audit within the Council's 'assurance framework'

Internal audit assurance mapping exercise limited work due to staff changes. Internal audit work moved to more risk based audit review process from the traditional audit reviews and service audit reviews selected as appropriate. Internal Audit service procured specialist software to assist with reporting structure.

This action was **partially completed**.

GS 18/19/14

Data Protection

Implement our action plan to ensure compliance with the requirements of the new General Data Protection Regulations

New Data Protection guidance was issued to Members and to Officers in October 2018, covering all aspects of the change in regulation.

The council has a comprehensive approach to managing Data Protection risks which is described in our Information Management and Governance Strategy. A brief guide can be found at:

<http://cdcintranet.cravendc.gov.uk/media/1430/at-a-glance-img-strategy-guide.pdf>

Our Data Protection requirements are now reviewed on an ongoing basis and activity forms a part of a quarterly update to the Council Leadership Team.

This action was **completed**.

GS 18/19/15

Partnership Governance

Ensure appropriate governance arrangements are instigated for and effectively embedded in Council performance review and monitoring arrangements existing and new partnership arrangements, including the Great Places Partnership with South Lakeland District Council and the Council's Joint Venture Regeneration Scheme

The Council's Joint Venture Partnership is governed by a Joint Venture Agreement with performance review undertaken by the JV Board. The JV Board comprises Council Members and Council Officers. The JV Company delivers to the Business Plan approved by the Council. The Council's Policy Committee is required to approve all projects prior to any development proceeding. Internal Audit will be requested to review projects at an appropriate time.

This action was **completed**.

GS 18/19/16

Data Transparency

Raise awareness of requirements for data publication under Data Transparency Guidelines, improve ownership across services of services and look to opportunities for improvement to data publication arising from the implementation of the new website

Data Transparency is a key principle of our Digital Strategy. A brief guide can be found at:

<http://cdcintranet.cravendc.gov.uk/media/1426/at-a-glance-digital-strategy-guide.pdf>

The new CDC website was launched in January 2018 and contains an improved range of public information.

We are regularly reviewing and identifying opportunities for greater transparency on an ongoing basis (for example, the comprehensive information that we are publishing relating to our progress on the Local Plan).

Our activity on Data Transparency is part of a quarterly update to the Council Leadership Team.

This action was **completed**.

3. Review of Effectiveness for 2018/19

This section of the report describes our self-assessment of our effectiveness in applying the principles we have identified in the Local Code of Governance over the past financial year.

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

Overall Assessment: We are achieving this principle

The Council's ethical values and the legal requirements of our work are clearly communicated and regularly reinforced.

The Council's constitution is reviewed and updated annually. A light touch review was completed and agreed by Council in July 2018. The Nolan Principles have been actively promoted to Members and Officers, and this activity is now part of the Council's routine 'annual reminder' activity for all staff.

3.2 Principle B – Ensuring openness and comprehensive stakeholder engagement

Overall Assessment: We are largely achieving this principle, but with some minor areas for targeted improvement

The Council has engaged successfully with a range of stakeholders to deliver key projects. This includes, for example, our successful engagement with Friends of Aireville Park and our partnership projects with local NHS organisations. The Great Place: Lakes and Dales project has included a wide range of activity to increase our engagement with young people in the area.

The 2018/19 budget consultation exercise achieved our highest ever response rate. We believe that there is an opportunity to increase the response rate for young people in next year's consultation.

Improvement Action 1: Ensure that the response rate for the budget consultation exercise remains high, and that the number of responses from young people is increased.

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

Overall Assessment: We are partially achieving this principle

Some improvement is required to ensure that we achieve this principle in 2019/20

The Council has a clear vision which provides a strong basis for strategy, planning and decision-making. The required resources and intended outputs of projects and service activities are clearly defined.

The Council does not always clearly define the longer-term outcomes that it expects to achieve for residents as a result of its activity.

Improvement Action 2: Ensure that project, partnership and service delivery plans clearly define the longer-term outcomes that we expect to achieve for residents.

The council does take into account financial, legal, risk and equality impact of all decisions. There remains a need to embed the assessment of economic, social and environmental impacts into decision-making processes.

Improvement Action 3: Review our approach to assessing the economic, social and environmental impact of decision-making. Ensure that meaningful consideration of these impacts is embedded in our processes.

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

Overall Assessment: We are partially achieving this principle

Some improvement is required in key areas to ensure that we achieve this principle in 2019/20

The council continues to achieve many aspects of this principle including ensuring clear Lead Member responsibility for priorities, sound financial planning, comprehensive monitoring arrangements and regular contingency planning.

We improved our approach to project management during 2018/19, including introducing a Programme Office and developing a Project Management Toolkit. We now consider that staff have access to the tools and support necessary to manage projects effectively from initiation to completion.

There is a need to review the Council's arrangements for procurement support to ensure that colleagues are able to comply with our Contract Procedure Rules. The Council does not have an up-to-date Procurement Strategy or Procurement Forward Plan; these should be revised immediately following the renewal of our procurement support arrangements.

Improvement Action 4: Ensure that an appropriate procurement support arrangement is in place.

Improvement Action 5: Agree and implement an updated Procurement Strategy and Procurement Forward Plan.

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

Overall Assessment: We are largely achieving this principle, but with some minor areas for targeted improvement

The council continues to achieve many aspects of this principle. Leadership roles are clearly defined, there are transparent lines of delegated decision-making and an effective performance review process is in place. The Council's Apprenticeship scheme is a strength.

A revised induction programme is in place and this is subject to ongoing review. New training for Members has been introduced, with further training planned for 2019/20.

There have been recent improvements in arrangements to ensure the Health & Safety of our workforce, including a new strategy and a newly contracted Health & Safety Advisor. We must ensure that these recent improvements are embedded.

Improvement Action 6: Review progress on Health & Safety actions to ensure that identified improvements are fully embedded both in our defined processes and in practice.

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

Overall Assessment: We are partially achieving this principle

Some improvement is required in key areas to ensure that we achieve this principle in 2019/20

The Council's approach to Risk Management was strengthened in 2018/19. A clear, defined approach to Risk Management was rolled out to all staff with further Member training planned for June 2019.

The Council has a clearly defined Performance Management Framework. Some elements of the framework require review to ensure that our performance management activity supports effective and constructive challenge and debate. We should ensure that projects and contracts are covered by our Performance Management activity, as well as ensuring that risk is regularly considered.

All required policies are now in place to ensure safe and effective data management. Our compliance with these policies is monitored on an ongoing basis and reported quarterly to the Council's Leadership Team.

Improvement Action 7: Ensure that the roll-out of our Risk Management approach is successfully completed, via member training and the development of a risk appetite statement.

Improvement Action 8: Revise the Performance Management Framework to ensure that regular performance meetings cover service delivery, projects and contracts and guarantee regular consideration of risk.

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

Overall Assessment: We are largely achieving this principle, but with some minor areas for targeted improvement

The Council's approach to transparency is supported by clear policies and regular consideration is given to the style and volume of both reporting and data presented to the public and other stakeholders. The Council is compliant with the Local Government Transparency Code.

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We have continued our strong and compliant Internal Audit shared service with Harrogate Borough Council. Our financial controls are well-established and effective. External Audit services are provided by Mazars.

Partnership governance arrangements are clearly defined. More work is still required to ensure that we are able to monitor the shared impact of partnership activity.

Improvement Action 9: Embed the review of partnership impact within the Council's performance review and monitoring arrangements.

4. Summary of improvement actions for 2019/20

| Principle | Actions |
|--|--|
| Ensuring openness and comprehensive stakeholder engagement | <ol style="list-style-type: none"> 1. Ensure that the response rate for the budget consultation exercise remains high, and that the number of responses from young people is increased |
| Defining outcomes in terms of sustainable economic, social and environmental benefits | <ol style="list-style-type: none"> 2. Ensure that all project, partnership and service delivery plans clearly define the longer-term outcomes that we expect to achieve for residents. 3. Review our approach to assessing the economic, social and environmental impact of decision-making. Ensure that meaningful consideration of these impacts is embedded in our processes. |
| Determining the interventions necessary to optimise the achievement of the intended outcomes | <ol style="list-style-type: none"> 4. Ensure that an appropriate procurement support arrangement is in place. 5. Agree and implement an updated Procurement Strategy and Procurement Forward Plan. |
| Developing the entity's capacity, including the capability of its leadership and the individuals within it | <ol style="list-style-type: none"> 6. Review progress on Health & Safety actions to ensure that identified improvements are fully embedded both in our defined processes and in practice. |
| Managing risks and performance through robust internal control and strong public financial management | <ol style="list-style-type: none"> 7. Ensure that the roll-out of our Risk Management approach is successfully completed, via member training and the development of a risk appetite statement. 8. Revise the Performance Management Framework to ensure that regular performance meetings cover service delivery, projects and contracts and guarantee regular consideration of risk. |
| Implementing good practices in transparency, reporting and audit to deliver effective accountability | <ol style="list-style-type: none"> 9. Embed the review of partnership impact within the Council's performance review and monitoring arrangements. |