

## SECTION 4 : Annual Governance Statement

### Scope Of Responsibility

Hartlepool Borough Council is responsible for ensuring that:

- Its business is conducted in accordance with the law and proper standards,
- Public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement

In discharging these overall responsibilities, Hartlepool Borough Council is also responsible for putting in place proper

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the

### The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It

In order to facilitate the completion of the Statement, an officer working group has been formed and a programme of work

### Significant Governance Issues Update from 2015/16 Statement

Progress has been made over the course of 2016/17 to actively manage and address issues identified as part of the 2015/16

<u>Issue Raised</u>	<u>Action Undertaken</u>
Delivery of Medium Term Financial Strategy, the sustainability of	Revised Savings Programme encompassing key required programme elements at a corporate and department level were developed and
Delivery of Council Plan.	The Council Plan 2016/17 has been largely delivered and is reported to Members via Finance and Policy Committee on a quarterly basis. The
Ensuring adequate management arrangements for non-core grant	Review of departmental arrangements undertaken to ensure risks are mitigated. Development and agreement of strategies and plans for

### The Governance Framework

The key elements of the Council's Governance Framework are as follows:

Hartlepool Borough Council has adopted a Constitution, which sets out how the Council operates, how decisions are made,

Effective procedures to identify, evaluate, communicate, implement, comply with and monitor legislative change exist and

Committee terms of reference are included in the constitution. A procedure is in place to ensure that all Committee

The constitution contains financial and contract procedure rules, and code of conduct for Members, which have been formally

The full range of Member committees regularly meet to review specific policy areas, to consider plans, reports and progress

Workforce Services has drawn up policies to ensure suitably qualified employees are employed in key areas. Supporting

A Health and Safety Policy has been approved and published and a Communication Strategy implemented to ensure general

The Council has an ongoing programme of monitoring and reviewing arrangements in place in respect of the operation of its

The Council reviewed and adopted their Community Strategy on 3rd April 2014 following consultation with residents and key

In order to further embed the process of risk management, control identification and the production of the AGS into the A Data Quality framework is in place with Internal Audit conducting a targeted annual review of PIs. The Council's

Key performance indicators are identified in the Council plan. These indicators are monitored throughout the year and

Key policies such as the Corporate Complaints, Comments and Compliments Procedure, Proceeds of Crime (Money

The Council agreed the current Risk Management Framework on 5th March 2015. The Framework sets out the structure of

The Framework is available to all staff via the intranet. Key staff have undergone appropriate training and departmental risk

There is corporate support at senior management level for development of Risk Management with risk assessment

The Finance and Policy Committee Chair is Hartlepool Borough Councils risk 'champion'. Each department also has a risk co-

The Council's Performance and Risk Management system (Covalent) holds the risk registers. Risk registers are also

The Council has a long-standing, nationally and regionally recognised emergency planning arrangements through the

A review of the Council's Flu Pandemic Plan is being undertaken by Public Health to take into account the changes in the

The Corporate Business Continuity Group meets Quarterly and includes lead officers from all departments and the Hartlepool

The Equality Act 2010 came into force on 1st October, 2010 and brought together over 116 separate pieces of legislation into one single Act. The Act provides a legal framework to protect the rights of individuals and advance equality of opportunity for all. The Act covers the 9 protected characteristics – age, disability, gender reassignment, marriage/civil partnership, pregnancy/maternity, race, religion/belief, gender and sexual orientation.

The Public Sector Equality Duty (PSED) is supported by "specific duties" to assist public bodies to achieve the aims of the general duty. Under the specific duties, the Council must:

- Publish equalities information to demonstrate its compliance with the Equality Duty by the 31st January each year; and,
- Develop and publish equality objectives by 6th April, 2012 and then every four years.

In order to demonstrate our compliance with the above requirements, we have compiled two equality reports 'Equality Information - Jan 2017' and 'Workforce Equalities Information 2015-16' to demonstrate the progress that the Council has made to date. We are aware that there are gaps in our data and are working to provide more information in an accessible format. On that basis both reports are regularly updated. Our latest equality objectives were agreed by Council as part of the Council Plan 2017/18 – 2019/20 on 16th March 2017.

Equality issues must influence the decisions reached by public bodies - in how they act as employers; how they develop, evaluate and review policy; how they design, deliver and evaluate services, and how they commission and procure from others. We do this by considering impacts on equality as an integral part of our decision-making process and this is reflected in reports to Committees in the Equality & Diversity Considerations section.

Internal Audit reports on a regular basis to the Audit and Governance Committee on the effectiveness of the organisation's system of internal control. Recommendations for improvement are also made and reported on. Internal Audits performance is measured against standards agreed by management and Members. Internal Audit reporting arrangements have been formalised and strengthened as part of the review of financial procedure rules.

Other review bodies external to the Council also make regular reports on efficiency, effectiveness and compliance with regulations. Ofsted has rated the Council's Children's Services as "performing well". The most recent SIF inspection which is the most comprehensive inspection framework for CS rated Hartlepool CS as 'good'. Most childcare providers and schools are rated "good" or "outstanding" and none are "inadequate". Hartlepool Connect has achieved the Customer Service Excellence standard. In their 2015/16 Annual Audit Letter, Mazars, the Councils External Auditor, issued an unqualified opinion on the financial statements and value for money conclusion at the Council.

### **Review of Effectiveness**

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Audit and Governance's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

- Corporate Management Team agreed process for the review of the internal control environment. The risk inherent in meeting departmental objectives and the controls to mitigate those risks are recorded as part of the corporate service planning process at a departmental level. This has brought together risk management, control identification and the process for compiling the evidence needed to produce the AGS. This enables managers to provide documented evidence regarding the controls within their service units as part of the service planning process. The controls in place are designed to negate the identified and recorded risks of not achieving service, departmental or corporate objectives. In order to ensure adequate controls are in place the procedures, processes and management arrangements in place to mitigate identified risks and the officers responsible for them are also documented. Gaps in controls can be addressed as part of the regular reviews of departmental risks and control measures.
- Director of Finance and Policy – reports to the Audit and Governance Committee how the Council's financial arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- Internal Audit – the Council has the responsibility for maintaining and reviewing the system of internal control and reviewing annually Internal Audit. In practice, the Council, and its External Auditors, takes assurance from the work of Internal Audit. In fulfilling this responsibility:
  - Internal Audit is reviewing its procedures in line with Public Sector Internal Audit Standards (PSIAS).
  - Internal Audit reports to the Section 151 Officer and Audit and Governance Committee.
  - The Head of Audit and Governance reports to the Audit and Governance Committee how the Council's financial arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).
  - The Head of Audit and Governance provides an independent opinion on the adequacy and effectiveness of the system of internal control, quarterly update reports and an annual internal audit performance report to the Audit and Governance Committee
  - Internal audit plans are formulated from an approved risk assessment package.
- External Audit – in their annual audit letter, comment on their overall assessment of the Council. It draws on the findings and conclusions from the audit of the Council.
- Other review and assurance mechanisms: for example, Department of Education, Care Quality Commission, Ofsted, HMI Probation and Service Excellence.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by

### **Significant Governance Issues**

The following significant governance issues have been identified:

<b>No</b>	<b>Issue</b>	<b>Action</b>	<b>Timescale</b>	<b>Responsible Officer</b>
1	Delivery of Council Plan, revised Performance Management Framework and Medium Term Financial Strategy, the sustainability of services and level of performance.	The approved 2017/18 MTFS includes savings proposals to be implemented in 2018/19 and 2019/20. However, after reflecting these proposals the Council still faces net budget deficits in these years. Detailed proposals for addressing the residual budget deficits will be developed during 2017/18, this will ensure these proposals can be implemented in 2018/19 and 2019/20. The implementation and refresh of the new 3 year Council Plan taking into account the impact of the financial challenges facing the Council, with regular performance reporting to CMT and Members.	2017/18 – 2019/20	CMT
2	Ensuring appropriate arrangements for Information Governance – complying with NHS requirements.	From May 2017 the Council will directly employ School Nursing, Health Visiting and Family Nurse Partnership staff who will require direct access to NHS systems for patient records. In order to gain access to these systems the Council must demonstrate compliance with the Department of Health Information Governance Toolkit	2017	CMT, Information Governance Group

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3	Ensuring adequate management arrangements for noncore grant funding.	The Council is accountable body for competitively secured time limited grant resources for projects that requires the authority to have in place robust arrangements for managing such funding streams. Ongoing assurance of adequate systems to ensure appropriate governance. Development and agreement of strategy and plan for effective working between HBC and partners.	2017/18	CMT
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We propose over the coming year to take steps to address the above matters to further enhance our governance

**Signed on behalf of Hartlepool Borough Council:**

**Chief Executive**

**Chair of Audit and Governance Committee**