



**ANNUAL GOVERNANCE**  
**STATEMENT FOR THE**  
**FINANCIAL YEAR 2020/21**

This Annual Governance Statement covers the 2020/21 financial year and up to the date of the approval of the audited accounts.

### **BACKGROUND**

1. The Accounts and Audit (England) Regulations 2015 require the Council to:
  - a) Ensure that it has a sound system of internal control (Regulation 3),
  - b) Undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance (Regulation 5),
  - c) Conducts a review at least once a year of the effectiveness of its system of internal control (Regulation 6),
  - d) Prepare an annual governance statement (Regulation 6),
  - e) Consider the findings of the review (either at a committee meeting or at Council) and, following that consideration, approve an AGS prepared in accordance with proper practices (Regulation 6), and
  - f) Approve the annual governance statement in advance of approval of the statement of accounts (Regulation 6).
  
2. A local authority shall undertake a review of its system of internal control in accordance with best practice. Delivering Good Governance in Local Government: Framework (2016), published by CIPFA and SOLACE, recommends that the review be reported in an Annual Governance Statement.
  
3. The preparation and publication of an Annual Governance Statement in accordance with Delivering Good Governance in Local Government: Framework (2016) would fulfil the statutory requirements across the United Kingdom for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts. In England, the Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be “prepared in accordance with proper practices in relation to accounts”. Therefore, a local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016) and the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.
  
4. The Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (CIPFA / LASAAC) states that the preparation of an AGS fulfils the statutory requirement for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control, and that authorities should include an AGS report on the review in its Statement of Accounts. It also states that:
  - a) The statement shall relate to the governance system as it applied during the financial year for the accounts that it accompanies;
  - b) Significant events or developments relating to the governance system that occur between the reporting date and the date on which the Statement of Accounts is signed by the responsible financial officer shall also be reported; and

- c) Where an authority is in a group relationship with other entities and undertakes significant activities through the group, the review of the effectiveness of the system of internal control shall include its group activities.
5. Governance arrangements in the public services are keenly observed and sometimes criticised. Significant governance failings attract huge attention – as they should – and one significant failing can taint a whole sector. Local government organisations are big business and are vitally important to taxpayers and service users. They need to ensure that they meet the highest standards, and that governance arrangements are not only sound but are seen to be sound.
6. The International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the ‘International Framework’) defines governance as “Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.”
7. The International Framework also states that “To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.”
8. Local authorities are required to prepare an annual governance statement in order to report publicly on the extent to which they comply with their own local code of governance (‘local code’ essentially refers to the governance structure), which in turn is consistent with the good governance principles in the Framework 2016. This includes how they have monitored and evaluated the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the effectiveness of the governance and internal control framework.
9. To achieve good governance, each local authority should be able to demonstrate that its governance structures comply with the core and sub-principles contained in the Framework 2016. It should therefore develop and maintain a local code of governance / governance arrangements reflecting the principles set out.
10. The seven core principles in the Framework 2016 are as follows:
- a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law,
  - b) Ensuring openness and comprehensive stakeholder engagement,
  - c) Defining outcomes in terms of sustainable economic, social, and environmental benefits,
  - d) Determining the interventions necessary to optimise the achievement of the intended outcomes,
  - e) Developing the entity’s capacity, including the capability of its leadership and the individuals within it,
  - f) Managing risks and performance through robust internal control and strong public financial management, and
  - g) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

11. The AGS should include the following information:
- a) An acknowledgement of responsibility for ensuring that there is a sound system of governance (incorporating the system of internal control) and reference to the authority's code of governance,
  - b) Reference to and assessment of the effectiveness of key elements of the governance framework and the role of those responsible for the development and maintenance of the governance environment, such as the authority, the executive, the audit committee, internal audit and others as appropriate,
  - c) An opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework,
  - d) An agreed action plan showing actions taken, or proposed, to deal with significant governance issues,
  - e) Reference to how issues raised in the previous year's annual governance statement have been resolved, and
  - f) A Conclusion – a commitment to monitoring implementation as part of the next annual review.

#### **SCOPE OF RESPONSIBILITY**

12. Hertsmere 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.
13. 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.
14. 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.
15. This Governance Statement explains how the Council has maintained sound governance during the financial year 2020/21 and also how the Council meets the requirements of regulation 6(1) of the Accounts and Audit Regulations 2015.

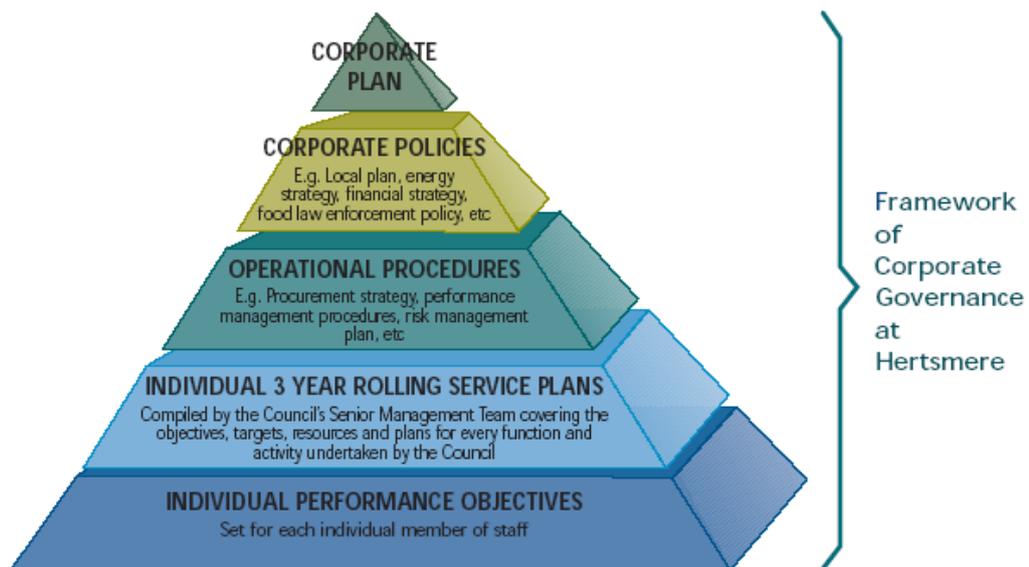
#### **THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

16. The governance framework, which has been in place for the financial year 2020/21, 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.
17. 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.

18. 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.
19. The system of internal control is based on an ongoing process designed to identify and prioritise the risks 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.

**THE GOVERNANCE FRAMEWORK**

20. The diagram below shows how the Council's plans and strategies link together. The model recognises the external influence of the Community Strategy as well as internal business planning processes:



21. The key elements of the systems and processes that comprise the Council's governance arrangements, as per the CIPFA 'Delivering good governance in local government: Framework – Addendum' include the following:

**General**

22. The Council has adopted the Leader and Cabinet style of political management under the Local Government Act 2000 and has a comprehensive Constitution to govern its actions and decision-making.
23. 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. The Constitution is reviewed annually and is available on the Council's website and intranet.

24. The Council has an approved Local Code of Governance, which
- a) Defines good governance,
  - b) Establishes and describes the seven principles of good governance in the 2016 Framework,
  - c) States its commitment to the principles of good governance,
  - d) Sets out the Council's governance structure and framework specifically in terms of the seven principles within the 2016 Framework.
- e) Establishes the arrangements and timing for ensuring that it operates effectively in practice.
25. The Local Code of Governance is included as an Appendix to the Annual Governance Statement, which is available on the Council's website and intranet and should be read together with the AGS.
26. The Council acknowledges its responsibility for internal control, and for ensuring that its systems maintain the integrity of accounting records and safeguard its assets. These systems provide reasonable assurance as to the reliability of financial information and to maintain proper control over the income, expenditure, assets and liabilities of the Council. However, no system of internal control can provide absolute assurance against material misstatement or loss.
27. The Chief Officers' Board and the Senior Management Team are aware of the financial and other procedures and controls outlined in the Constitution, and the Managing Director and each Head of Service is required to sign a declaration of compliance, in the form of a Service Assurance Statement, at the end of each year – this evidences, amongst other things, that their staff are aware of and consistently apply the requirements of the Constitution.
28. Elected Members as decision-makers have to declare conflicts of interest as and when they occur, as well as on an annual basis. All staff complete an outside commitments form which for senior officers would include directorships. A Related Party Declaration is also completed by Members and Senior Officers.
- Identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users / translating the vision into objectives for the authority and its partnerships
29. The Council and its partner agencies in the Local Strategic Partnership (LSP) Hertsmere Together have a Sustainable Community Strategy which is underpinned by the Council's Corporate Plan. The Community Strategy was reviewed during 2017 and the revised strategy 2017/2021 was launched at the LSP in June 2017 and adopted by the Council in September 2017.
30. The Community Strategy and Corporate Plan ensure that the Council's strategic plans, priorities and targets are robustly developed in consultation with local communities and other key stakeholders.
31. The Corporate Plan and associated Performance Management Framework was reviewed during 2016/17. The high level vision, priorities and organisational values were agreed by the Council in November 2016.



32. The existing Corporate Plan priorities with regard to supporting our communities are closely allied to the strategic objectives in the Community Strategy to ensure an integrated approach to delivering services that meet community needs.

| Local Strategic Partnership “Community Strategy” Strategic Objectives   | Hertsmere Borough Council Corporate Plan High Level Priorities   |
|---|--|
| <p><b>Safer Communities</b></p> <ul style="list-style-type: none"> <li>To create safer environments by tackling crime, antisocial behaviour and extremism.</li> <li>To build community confidence and increase feelings of safety empowering our communities</li> <li>To raise awareness and take action against domestic abuse.</li> <li>To support and protect vulnerable people affected by emerging issues , such as child sexual exploitation, modern slavery and human trafficking</li> </ul> | <p><b>Supporting our Communities</b></p> <ul style="list-style-type: none"> <li>Work in partnership to build a safe, strong and cohesive community</li> </ul>  |
| <p><b>Healthier Communities</b></p> <ul style="list-style-type: none"> <li>To promote healthy weight and increase physical activity.</li> <li>To improve mental health and emotional wellbeing.</li> <li>To support the reduction of smoking, drug and alcohol misuse.</li> <li>Enhance our environments and increase use of green space.</li> </ul>  | <p><u>Supporting our Communities</u></p> <ul style="list-style-type: none"> <li>Support our residents to be healthier and live longer</li> <li>Provide opportunities to enable all the people of Hertsmere to lead fulfilling lives</li> </ul> |

| Local Strategic Partnership “Community Strategy” Strategic Objectives   | Hertsmere Borough Council Corporate Plan High Level Priorities   |
|---|--|
| <p>Thriving Communities</p> <ul style="list-style-type: none"> <li>• To support and empower people to have a good start in life and age well.</li> <li>• Develop volunteering, social enterprise and business opportunities.</li> <li>• Provide accessible opportunities for skills development and financial advice.</li> <li>• Ensure a healthy standard of living for all and prevent homelessness.</li> </ul> | <p><a href="#">Supporting our Communities</a></p> <ul style="list-style-type: none"> <li>• Provide opportunities to enable all the people of Hertsmere to lead fulfilling lives</li> </ul> |

Reviewing the Council’s vision and its implications for the Council’s governance arrangements

33. The Council’s Corporate Plan has been subject to ongoing review and the previous vision, priorities and values were subject to review and consultation in 2016. A new approach has been agreed with a high-level vision 2020 Vision as above at paragraph 19, with the key priorities and organisational values agreed at Council in November 2016. This will be supported with an Annual Corporate Action Plan and Annual Report of Performance. The Performance Management Framework has also been revised to reflect the new arrangements. The updated Corporate Plan / Vision for the year 2022 – 2027, known as the Hertsmere Vision 2022-27, was agreed at Executive and Full Council in November 2021. The 2021/22 Accounts will reference the new Hertsmere Vision 2022-27.
34. The Corporate Plan will always form part of the Council’s governance arrangements as, together with the Community Strategy, they fully encompass Council and community priorities for the Borough and they are used to inform other key documents such as the Council’s Medium-Term Financial Strategy.
35. The Council publishes an Annual Statement of Accounts, which show its activities, achievements, financial position and performance.

Measuring the quality of services for users, for ensuring they are delivered in accordance with the Council’s objectives and for ensuring that they represent the best use of resources

36. The Corporate Plan and Annual Action Plan provide the benchmarks for performance within the Council, and the Annual Report of Performance and Annual Statement of Accounts shows the achievements against the Plan. The Council allocates resources based on its priorities, as set out in the Plan as well as in other Policy Framework Documents and the Communications Strategy and Residents’ Survey.
37. The Council has made proper arrangements for monitoring and reporting performance through the Executive Performance Management Panel and Scrutiny Committees and has sound systems to provide management and financial information. Where performance does not meet the planned levels, the Panel may refer the matter to the Scrutiny Committee for a more in-depth review.

38. The Council aims to provide high-quality services for everyone in the Hertsmere area and recognises the importance of customer feedback (i.e. Comments, Compliments or Complaints). The Council has approved a Customer Feedback Procedure, which is available both in leaflet form in the Civic Offices' Reception and in the Area Offices as well as on the website.
39. The Council aims to use its resources efficiently, effectively and economically – the Constitution provides specific guidance in this.
40. The Council has entered into a number of shared service initiatives, e.g. with Hertfordshire County Council, Broxbourne Borough Council, Dacorum Borough Council, East Herts Council, North Herts District Council, Stevenage Borough Council, Three Rivers District Council, Watford Borough Council and Welwyn Hatfield Borough Council as well as the Hertfordshire Constabulary.

**Defining and documenting the roles and responsibilities of the Executive, non-Executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication**

41. The Council's Constitution sets out the roles and responsibilities of both Members and officers. It also commits the Council to provide clear leadership to the community. It aims to enhance the involvement of citizens in decision-making and make the decision-making process efficient, effective and transparent and those involved in it accountable.
42. There are regular meetings of the Council, the Executive, the Management Board and the Senior Management Team.
43. In addition, there are regular meetings of the Planning, Licensing, Operations Review, Policy Review, Personnel, Standards and Audit Committee.  
  
Each has a clear terms of reference covering the business they respectively conduct.
44. There is a realistic level of delegation in place, which permits the Council's business to be conducted as effectively as possible.
45. Committee terms of reference and levels of delegation are kept under review to ensure that there is a clear demarcation of roles between the Council, Executive and various Committees, and between the Committees and officers. These boundaries are understood in order to manage reputational and uninsurable risks that are contrary to the best interests of the Council, and it is advisable to have regular training in respect of these roles.
46. The Council's Forward Plan and publication of minutes provides the Operations Review Committee and the Policy Review Committee with proposed and recently made executive decisions including key decisions, which are used to determine items for call-in or scrutiny.
47. In addition, the Council has created a list of policies and strategies, which identifies the responsible officer and when the policy is due for review. This document is used by councillors wishing to raise items on the scrutiny agenda.

48. The Constitution includes roles and responsibilities of the three statutory officers, and the Chief Officers, as well as Proper Officer Functions. In addition, each Head of Service has an up to date Scheme of Delegation which is reviewed annually. Roles and responsibilities of officers are further defined in the job descriptions for each post.
49. The Constitution also provides a Protocol for Member/Officer Relations and Codes of Conduct, which define the standard of behaviour that the Council requires of both Members and Officers. These also ensure that Members and Officers are not influenced by prejudice, bias or conflict of interest in their work.

**Developing, communicating and embedding Codes of Conduct, defining the standards of behaviour for Members and officers**

50. The Council's Constitution sets out:
- a) Code of Conduct for Members – this includes General Provisions, Interests and the Register of Members' Interests, including Gifts and Hospitality and Related Party Declarations. The Register entries are renewed annually and when Members are elected or re-elected. Members are regularly advised to keep their entries accurate and up to date. The Register is subject to review by both Management and SIAS. Members are also required to declare the existence and nature of interests at meetings and these are recorded in the minutes of the meeting,
  - b) Local Code of Guidance for Members and Officers involved in Planning Matters – this includes conduct of Members and officers, Procedures for Committees considering Planning Matters, Site Visits by Members and by the Planning Control Committee,
  - c) Officers' Code of Conduct – this includes Duties, Disclosure of Information, Political Neutrality, Outside Commitments, Personal Interests, Interests of Officers in Contracts, Gifts and Hospitality and Related Party Declarations. Appointment and other employment matters, Use of Financial Resources and Disciplinary Rules. Officers are regularly reminded to record any offers of gifts and hospitality,
  - d) Protocol on Member Officer Relations – this includes the Principles underlying Member Officer Relations, the roles of Members and Officers, the relationships between the Mayor and officers, the Leader and Members of the Cabinet and officers, the Chairmen and Members of Committees and officers, Officer relationships with Party Groups, etc.
51. Copies of the Council's Constitution are available to all on the Council's website and at Council Offices (including the Members' Room), libraries and other appropriate locations.
52. In addition, Induction Training is provided to all newly elected Members and new employees and the Council has been awarded the Elected Members' Development Charter. In a digital world, there is also an emphasis on responsible use of social media.

**Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls to manage risks**

53. The Constitution and the decision-making structures (both Members and officers) are regularly reviewed to ensure that they are up-to-date, relevant, in line with good practice and fit for purpose. In the period covered by this Statement, the work of the Constitution and

Member Development Working Party included a detailed review of the Council Procedure Rules intended to improve the efficient and effective working of Council meetings. This resulted in the adoption of revised Council Procedure Rules in July 2018.

54. The Constitution sets out the Council's Policy Framework which includes the following plans and policies at Article 4:

- Community Strategy
- Corporate Plan
- Community Safety Partnership Plan
- Economic Development Strategy
- Financial Strategy including the Efficiency Plan
- Gambling Policy
- Homeless Strategy
- Local Development Documents which include the Local Development Framework; the Local Plan Core Strategy and Site Allocation and Development Management Development Plan Document
- Risk Management Strategy
- The Local Code of Governance
- Treasury Management Strategy
- Workforce Strategy

55. The Council has an approved Risk Management Strategy, which sets out:

- the key features of its risk management system
- roles and responsibilities with regard to risk management
- its overall approach to the management of risk
- actions to embed the process in future periods

56. The Council's Risk Register is recorded on Pentana the Council's Performance and Risk management software. This includes both Strategic and Operational risks. The Risk Management Strategy provides an introduction to the risk management framework, definitions and how to identify assess and manage risks. The use of a risk matrix enables the assessment level of the risks to be readily identified.

#### **Undertaking the core functions of an Audit Committee**

57. The Audit Committee has Terms of Reference, which are included in the Council's Constitution and are regularly reviewed to ensure compliance with recognised best practice - the CIPFA publication "Audit Committees – Practical Guidance for Local Authorities and Police". Responsibilities arising from the Bribery Act were added. From April 2016, the Audit Committee became the nominated body responsible for the scrutiny of the Treasury Management function and receives a minimum of three reports per annum in accordance with the Treasury Management code of practice.

58. It is recognised that, in order to discharge these responsibilities, the Audit Committee may require any officer to attend meetings of the Committee, so it may receive explanations regarding any matter that it is considering.

59. At the beginning of each financial year, the Committee establishes a Work Program, as well as a Training and Development Program. At each Committee, it receives reports from officers setting out performance against items listed in the Work Program.
60. The Audit Committee Chair presents a report on the work of the Committee to the Full Council.

**Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

61. The Council has a full range of relevant policies and procedures and places emphasis on compliance with these, as well as with the law and other external regulations. Compliance is achieved through the following mechanisms:

Members - Code of Conduct, Role Descriptions, Training and Development and Declaration of Interests

Employees - Code of Conduct, Job / Person Specification, Appraisals, Team Meetings and Training & Development and Declarations of Outside Interests.

Other -

- a) The Constitution and other policies and procedures are available on the Council's website, intranet and as hard copy
- b) Officers prepare timely reports to all of the Council's decision-making bodies (including the Executive, the Audit Committee and the Chief Officers' Board) on statutory requirements and proposals regarding their implementation
- c) Standard report formats require officers to consider the implications of Corporate Policy, Finance, Health and Safety, Legal, Personnel and Risk Management
- d) Two Officer Groups, the Corporate Policy Network and the Governance Group generally met quarterly to review policy and track changes in legislation
- e) The work of the Council's external auditors, who report to members, officers and the Council's stakeholders if they have been required to issue a report in the public interest or exercise any other special powers of the auditor under the Local Audit and Accountability Act 2014, including applying to the court for a declaration that an item of account is contrary to law.

**Whistle-blowing and receiving and investigating complaints from the public**

62. The Council's Whistle-blowing Policy was reviewed and updated in June 2017 to ensure that staff can continue to raise concerns in confidence and without fear of retribution in relation to actual or perceived unlawful conduct, financial malpractice or dangers to the public and the environment. The Policy is available on the Council's Website and Intranet and covers malpractice or wrongdoing by:
- a) Any Member of the Council
  - b) Any employee of the Council

- c) Any contractor, supplier, consultant or partner of the Council in the course of their work for the Council
63. The Council aims to provide high-quality services for everyone in the Hertsmere area and recognises the importance of customer feedback (i.e. Comments, Compliments or Complaints). The Council has approved a Customer Feedback Procedure, which is available both in leaflet form in the Civic Offices' Reception and in the Area Offices as well as on the website.

**Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by the appropriate training**

64. On taking up office, all Members are required to attend a comprehensive Members' Induction Course. The Constitution states that the Council's Standards Committee is responsible for "advising, training or arranging to train Councillors and co-opted members on matters relating to the Members' Code of Conduct".
65. The Constitution also states that "All Members appointed to the Planning Committee (and all other Members who may from time to time consider a planning application) must receive training in planning procedures. Induction training in planning procedures shall be provided to all Members, either before serving on the Committee or within two months of appointment."
66. The Council has also identified the need to provide role descriptions and training to members nominated or appointed by the Council to the Boards of Management of Council owned companies and dedicated training had been delivered by the Institute of Directors to the member and officers who currently act as non-executive directors or company secretaries to Elstree Film Studio Limited, Hertsmere Developments Limited and Hertsmere Homes Limited.
67. Senior Officers' training needs are identified (and regularly monitored) as part of the Council's Continuous Performance Review Scheme (appraisals). In addition to the Corporate Training Programme and various professional development courses, seminars and conferences, a variety of Management Development Courses, Project Planning and mentoring facilities have been delivered to senior managers.

**Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

68. Opinion Research Services has been commissioned by the Council to undertake a survey in which the Council wished to examine residents' views on a range of services. Overall the results have historically been very positive for the Council, showing improvements in key areas. The chart below shows the response to key questions from each year the survey was carried out since 1999. The most recent survey was conducted in early 2018. Overall, the results show that Hertsmere Borough Council is performing similarly to other councils nationally. Hertsmere Borough Council figures have fallen back when benchmarked against the Hertsmere 2014/15 survey but are generally at similar levels to other council areas in the country, and in some cases better (LGA Survey Results).
- 69.

|   | 1999 | 2002 | 2005 | 2008 | 2011 | 2014 | 2018 |
|---|------|------|------|------|------|------|------|
| % Satisfaction with the area as a place to live | 82   | 82   | 82   | 84   | 91   | 90   | 83   |
| % Satisfaction with the way the Council is run  | 62   | 64   | 66   | 65   | 74   | 74   | 66   |
| % Agree the Council provides value for money    | 45   | 45   | 39   | 52   | 61   | 65   | 48   |
| % Agree treats all areas of the borough fairly  | 29   | 31   | 28   | 35   | 65   | 70   | 69   |

70. The Council’s official magazine “Hertsmere News” is published three times a year and delivered throughout the Borough.
71. The Council’s upgraded website has provision for residents and interested parties to register to receive e-alerts on topics which are of interest of them or for all council alerts. In addition, the Council has an active presence on social media platforms, including Facebook, Instagram, Twitter and Youtube.
72. Residents and property / business owners in the Borough are able to submit relevant questions in writing for consideration and response at Council meetings.
73. There is a facility for the Council to receive petitions should a group of residents feel strongly about an issue that relates to or affects the Council’s functions or the Council has an interest in or involvement with.
74. Committee meetings of the Council, including the Executive and Planning Committee are webcast.
75. Members of the public are also able to speak at a Planning Committee on any application being considered at that meeting – by prior arrangement only.
76. A Participatory Budgeting process was carried out in November 2016 and resulted in ongoing annual savings of £201,000, which assisted the Council in balancing the 2017/18 budget and in addressing the continuing reduction in funding from Central Government. Further annual savings of £150,000 were incorporated into the revenue budget from 2018/19.
77. The Council is subject to the requirements of the Freedom of Information Act 2003 and the Local Government Transparency Code 2014, the approaches of which are to provide demand-led, open, honest, timely and transparent information to all stakeholders without compromising confidentiality.
78. The Council has established clear channels of communication with its staff, e.g. briefings from the Managing Director, regular Directorate meetings and weekly ‘All Staff’ e-mails.

**Compliance with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)**

79. The Council can confirm that its financial management arrangements conform to the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government.

**Incorporating good governance arrangements in respect of partnerships and other joint working and reflecting these in the Council's overall governance arrangements**

80. The Council is committed to improving and supporting collaborative working of all kinds, although the wide range of partnership models do make it very difficult to prescribe a single set of arrangements. However, partnership working should not result in diminished accountability to the public.
81. There is a Partnership Governance Framework in place for significant partnership and the register of such partnerships and shared services is reviewed on an annual basis by the Governance Group. For the organisations which the council supports through core funding there are individual Service Level / Partnership Agreements in place and there are regular meetings with partners to monitor the performance of the work carried out by the organisation / partnership. All Service Level / Partnership Agreements are subject to an annual review with a full review carried out every five years ahead of any renewal of agreements.
82. The Local Strategic Partnership is the forum for all of the Council's key partners – meetings are chaired by the Leader and are supported by the Chief Executive / Managing Director and senior managers.

**REVIEW OF EFFECTIVENESS**

83. The Council has the responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.
84. This review is informed by those Members and officers, who have the responsibility for the development and maintenance of the governance environment, including:
- a) The work of Members at Council, Executive, Overview and Scrutiny Committees, the Audit Committee, the Standards Committee and Financial Monitoring Panel,
  - b) The work of the Corporate Governance Group,
  - c) The annual Management Assurance Statements prepared by the Directors, Heads of Service and Senior Managers relating to internal controls, performance and risk management within their areas of activity,
  - d) The Head of SIAS's Annual Assurance Statement and Annual Report as well as the individual audit reports, and

- e) Reports made by the Council's External Auditors and any other review agencies and inspectorates.

### **Reviewing the effectiveness of the authority's decision-making framework**

#### The Council

85. The full Council comprises 39 Members, who as a collective, approve the Council's annual Revenue and Capital Budgets, set the Council Tax, approve the Policy Framework and take decisions that are contrary to, or not in accordance with, the Budget or the Policy Framework. Full Council also takes a range of decisions that are reserved to it such as approving the Council's Constitution, electing or removing an Executive Leader (in Hertsmere called the Leader of the Council), establishing a number of committees to discharge the Council's regulatory, scrutiny and non- executive functions, approving an Officers Scheme of Delegations, making bye-laws and making a Scheme of Allowances for Members.
86. At the Annual Meeting in June 2020 the Council noted the appointment by the Leader to the Executive of a Deputy Leader and six other portfolio-holders. The Council also elected a Mayor, appointed a Deputy Mayor and appointed members to the standing Committees in accordance with the requirements of political balance and appointed a number of members to represent the Council on a range of outside bodies for the coming municipal year.
87. Each Council meeting has been open to the public to view online (due to the Covid-19 pandemic). Members are also entitled to submit a question or petition to any ordinary meeting of Council.
88. The Council met nine times during the last financial year comprising of an annual meeting, six ordinary meetings and two extraordinary meetings. Agendas, Open Reports and Minutes are available on the Council's website.

#### The Executive

89. The Executive comprises the Leader of the Council and seven other members appointed by him, one of whom is also appointed as Deputy Leader. The Executive is responsible for developing the annual budget, for the development and implementation of Council policy, for the delivery of the Council's corporate plan priorities, for ensuring that the officers team have sufficient resources to effectively discharge all the Council's statutory and discretionary functions and for setting and monitoring service standards and service delivery performance indicators.
90. Each Member of the Executive has responsibility for a range of Council functions, known as a portfolio and each portfolio-holder is required to work closely with Directors and Heads of Service and develop an in-depth knowledge of their portfolio area.
91. The dates of all Executive meeting are pre-published and all executive decisions have been taken in public apart from a small number of reports which were considered and determined after the press and public has been lawfully excluded (for example, to protect personal or commercially sensitive information or to receive confidential legal advice). Agendas, open

- reports and the minutes of the meetings are available on the Council's web site and all background documents can be inspected by the public for six year after the date of the decision.
92. The Executive are unable to take key decision that have not been published in the Forward Plan unless the general exception or urgency procedures are followed and officers are unable to implement key decisions until the five day 'call-in' period has elapsed – except for those decisions taken under urgency procedures.
93. The Executive met 14 times during the 2020/21 municipal year, including one special meeting. Agendas, Open Reports and Minutes are available on the Council's website.

#### The Review Committees

94. At the Annual Meeting in 2019, Council appointed two Review Committees. These were the Operations Review Committee and the Policy Review Committee whose role is to scrutinise the decisions and performance of the Executive and the Council as a whole, to call-in unimplemented executive decisions for re-consideration and to undertake policy development and review work. Both Committees have the power to require executive member and officers to appear before them to give account and have extensive rights of access to Council records and information to enable them to effectively discharge their functions. It is important to maintain the clear demarcation between the conduct of executive functions and the scrutiny of executive decisions as part of democratic accountability.
95. The Operations Review Committee has responsibility for reviewing all aspects of the Councils operational business and met nine times in 2020/21. It set and monitored its own work plan which included regular Financial and Performance Monitoring, the receipt of presentations from Executive Portfolio-holders and consideration of the annual reports of Elstree Film Studios Limited, Hertsmere Developments Limited and InspireAll Leisure Limited.
96. The Policy Review Committee has responsibility for keeping the Council's strategies and plans under review, for reviewing the draft budget and financial performance of the Council and for overseeing the enterprise and regeneration agenda of the Council. It met six times during 2020/21 and its work plan included a review of the Scrutiny function.

#### Member Panels

97. There has been a number of cross-party Member Panels to scrutinise the various areas of Council activity, e.g. Asset Management Panel, Financial Monitoring Panel, Leisure Panel, the Performance Management Panel and the Shareholder Panel.

#### The Standards Committee

98. The Standards Committee's Terms of Reference were amended to take account of the revised purpose of this Committee following the enactment of the Localism Act 2011. One of its functions remains the promotion and maintenance of high standards of conduct by Members and co-opted Members.
99. The Committee comprises five Borough Councillors supported by two Independent Persons

(IP).

100. The Standards Committee met three times during 2020/21 of which one meeting was solely to appoint the Chair and Vice-Chair. Agendas, supporting papers and minutes of the Standards Committee are available on the Council's website. The Standards Assessment Panel which considers whether a complaint against an elected or co-opted member warrants investigation or other action, met four times in the year. The decisions of the Panel are published for a minimum of fifty-six days on the Council's website.

#### Members' and Officers' Allowances and Expenses

101. **Members' Allowances:**  
As recommended by the Council's Independent Remuneration Panel, members' allowances were increased by 2% in 2020/21, this being the level of the officers pay award. The actual allowances and expenses received by members in 2020/21, including those received by members appointed by the Council as directors of Council owned and controlled companies, will be reported to full Council in July 2021 and thereafter published on the Council's website.

102. **Officers' Allowances & Expenses:**  
Allowances are stipulated by individual employment contracts, whereby the Human Resources Team instructs the Payroll Team as to the payment to be made.

Officers' Expenses are authorised for payment by employees' line managers and reimbursed via payroll. Senior officer pay is disclosed in the Statement of Accounts and the Pay Policy Statement. These are also published on the Council's website.

103. Both Members' and Officers' Allowances and Expenses are subject to periodic review by the SIAS Team to ensure that the internal controls in operation are both adequate and effective.

#### Senior Management

104. There are three Council officers who are statutory appointments – the Managing Director's role as the Head of Paid Service, the Head of Finance and Business Services as the Section 151 Officer and the Head of Legal and Democratic Services as the Monitoring Officer.

105. The Chief Officers' Board (Managing Director and Executive Director), together with the Heads of Housing, Partnerships and Community Engagement, Finance and Business Services, HR & Customer Services, Street Scene, Planning and Economic Development, Asset Management and Engineering Services and Legal and Democratic Services comprise the Senior Management Team, which meets on a monthly basis. The SIAS Client Audit Manager also attends Senior Management Team.

106. Each Director and Head of Service has completed and signed off a personal Service Assurance Statement. These statements have been designed to require each officer to certify the effective operation of the control environment in their service area – including arrangements for performance management and risk management. As a consequence, these Statements are key supporting documents in identifying any significant governance issues.

Governance Group

107. The Governance Group has been chaired by the Managing Director, in their capacity as the Council's Head of Corporate Governance.
108. The Group met four times during the financial year and received reports and updates covering Ethics and Standards, New Legislation, Officer and Member Issues, Internal Control, Counter-fraud and Corruption, Health and Safety, Partnerships and Performance Management and Risk Management, Shared Learning and other current governance matters.
109. The Group has co-ordinated the preparation of this Annual Governance Statement – as part of this process. The Group has also monitored the progress of the Action Plan which was put in place to address the Significant Governance Issues identified in the Annual Governance Statement (see Appendix A).

Performance Management

110. The Performance Strategy remains a key link between the Community Strategy, the Corporate Plan, Service Plans and individual Key Result Areas – “the golden thread”.
111. Local Performance Indicators have been regularly collected, analysed, risk managed alongside the Corporate Plan Annual Action Plan and reported to Members and senior management – the process is facilitated by a software package, Covalent.
112. An Executive-led Performance Management Panel, which comprises key Members and Senior Officers, has met on a quarterly basis to consider selected key performance indicators and the delivery of the Corporate Annual Action Plan where the performance is deteriorating or below target, the Panel may refer the matter to Scrutiny. The quarterly performance report has also been presented to the Executive on a quarterly basis.
113. The Financial Monitoring Panel has met on a monthly basis to scrutinise the Council's financial performance (April through to March). The financial performance is scrutinised in detail by the Panel and reported in summary and by exception back to the Operations Review Committee. Whereas the panel would usually meet monthly commencing from the June monitoring, due to the financial impact of the Covid pandemic the Panel met every month during 2020/21. The Panel were informed of the impact from the pandemic on the Council's services and budgets both in terms of additional cost pressures and loss of income from fees and charges and were advised how the resulting financial pressure could be funded through the various government funding schemes and the use of the contingency budget agreed by the full Council in July.

Procurement

114. The Council aims to use its resources efficiently, effectively and economically.
115. The Council has a robust set of documentation to provide guidance and advice to Members and officers to ensure that Procurement is carried out in an effective and ethical manner. This documentation includes the Procurement Strategy, Contract Procedure Rules and the Procurement Handbook. These documents are regularly reviewed to reflect changes in local

requirements, EU policy and legislation and general good practice. Both documents were updated and approved during 2020/21.

116. To ensure compliance with these rules, an expenditure report is run on a six monthly basis and mapped against the contract list. An exception list is then produced and, where possible, non-compliance is highlighted. Officers are then required to provide an explanation of this non-compliance and then put into place an action plan to address this.
117. The Council has a full e-tendering package that provides a secure and auditable method of issuing and receiving tenders.

### **Undertaking the core functions of an audit committee, as identified in the CIPFA's 'Audit Committees: Practical Guidance for Local Authorities'**

#### The Audit Committee

118. The Audit Committee's Terms of Reference have been kept under regular review to ensure that its role complies with those prescribed by the CIPFA publication "Audit Committees – Practical Guidance for Local Authorities".
119. The Audit Committee has comprised five non-Executive Members (as required) and has met four times during the financial year – Agendas, Open Reports and Minutes are available on the Council's website.
120. It substantially completed its Planned Work Programme, regularly receiving reports from:
  - The Council's External Auditors – Progress Reports, Annual Governance Report, Annual Audit Letter, Audit Plan and Certification Report on Claims and Returns
  - The Shared Anti-Fraud Service – Progress Reports and Annual Report
  - The SIAS Team – Progress Reports, Draft Annual Governance Statement, Annual Assurance Statement and Annual Report, and Annual Audit Plan
  - The Risk Manager – Progress Reports
  - The Head of Finance and Business Services – Accounting Policies, Statement of Accounts, Treasury Management.

### **Ensuring the authority's assurance arrangements conform with governance requirements**

#### Internal Audit

121. Internal Audit is an assurance function that provides an independent and objective opinion to the Council on its control environment – this comprises the systems of governance, internal control and risk management – by evaluating its effectiveness in achieving the organisation's objectives.
122. The Council joined six other districts / boroughs (East Herts Council, North Herts DC, Stevenage BC, Welwyn Hatfield BC, Watford BC and Three Rivers DC) and Hertfordshire County Council in 2011/12 to deliver a shared internal audit service to provide efficiency and resilience.

123. The SIAS Team has undertaken a work programme during the financial year, which was approved by the Audit Committee, and has operated in accordance with the Public Sector Internal Audit Standards (PSIAS).
124. In line with the PSIAS, an Annual Assurance Statement and Internal Audit Annual Report is presented to the Audit Committee which:
- a) includes an opinion on the overall adequacy and effectiveness of the Council's internal control environment,
  - b) discloses any qualifications to that opinion, together with any reasons for the qualification, and
  - c) draws attention to any issues which are judged particularly relevant to the preparation of the Annual Governance Statement.
125. The SIAS Head of Assurance Annual Report is a key source document for the Council's Annual Governance Statement. For 2020/21 this report includes the following statements:
- A satisfactory assurance opinion is given on the adequacy and effectiveness of both financial systems and non-financial systems in the internal control environment. The internal control framework is largely working well in managing the key risks in scope, with some audit findings related to the current arrangements. There are no qualifications to this assurance.
  - SIAS has concluded that the corporate governance and risk management frameworks substantially comply with the CIPFA/SOLACE best practice guidance on corporate governance. This conclusion is based on the work undertaken by the Council and reported in its Annual Governance Statement. Although no specific review of Risk Management was carried out by SIAS during the year, a Risk Management audit has been requested by the Head of Assurance and by the Audit Committee in 2021/22. Risk Management arrangements are considered during annual audit planning and delivery of individual audit assignments. A review of members declarations of interest was completed in 2020/21.
126. Individual SIAS Reports also state whether or not there are any implications for the Annual Governance Statement. All 2020/21 final reports issued have stated that there are no implications for the Annual Governance Statement.
127. All recommendations made by the SIAS Team to strengthen the internal control environment and agreed by management are kept under review by the Audit Committee and Corporate Governance Group to ensure that they are implemented in a timely manner.
128. The Council's External Auditors regularly review the work of the SIAS Team.

#### The Council's External Auditors

129. Following the abolition of the Audit Commission in March 2015, the Secretary of State for Communities and Local Government delegated statutory functions to Public Sector Audit Appointments Limited (PSAA), on a transitional basis, to make auditor appointments to local government, police and local NHS bodies under the Local Audit and Accountability Act 2014

until 2018/19. Ernst and Young LLP were appointed as Hertsmere’s external auditors under these transitional arrangements from 2015/16.

- 130. The transitional arrangements only extended to the 2017/18 financial year in November 2016 the Full Council agreed that Hertsmere BC should take advantage of the new national collective scheme that the Public Sector Audit Appointments (PSAA) was developing by formally “opting in” in January 2017.
- 131. Hertsmere have since opted into the new PSAA scheme (along with 98% of Local Authorities) and on 17 August 2017 the PSAA confirmed the appointment of Ernst & Young LLP as Hertsmere’s external auditors for five years from 2018/19.
- 132. Ernst & Young LLP presented their Annual Audit Letter for 2020/21 to the Audit Committee in January 2021 and their main audit conclusions for the year were:

| Area of Work   | Conclusions  |
|--|--|
| <p><b>Opinion on the Council’s:</b></p> <p>Financial Statements</p> <p>Consistency of other information published with the financial statements.</p> <p>Concluding on the Council’s arrangements for securing economy, efficiency and effectiveness.</p> | <p>Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2020 and of its expenditure and income for the year then ended.</p> <p>Other information published with the financial statements was consistent with the Annual Accounts.</p> <p>We concluded that you have put in place proper arrangements to secure value for money in your use of resources.</p> |
| <p><b>Reports by exception:</b></p> <p>Consistency of Governance Statement</p> <p>Public interest report</p> <p>Written recommendations to the Council, which should be copied to the Secretary of State.</p>  | <p>The Governance Statement was consistent with our understanding of the Council.</p> <p>We had no matters to report in the public interest.</p> <p>We had no matters to report.</p> <p>We had no matters to report.</p>   |

|   |   |
|---|---|
| Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014.  |   |
| Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).  | The Council is below the specified audit threshold of £500mn. Therefore, we did not perform any audit procedures on the consolidation pack. |
| Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.  | Our Audit Results Report was issued on 30 July 2020   |
| Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice. | Our certificate was issued on 25 November 2020.   |

133. The new PSAA scheme did not include provision for the audit of the Housing Benefit Subsidy claim and Local Authorities are now responsible for their own appointment in this respect. In September 2017, it was recommended to the Audit Committee that Hertsmere also appoint Ernst & Young LLP to undertake this subsidy work along-side their other audit work due in the main to the efficiencies of appointing a single auditor. The Audit Committee considered Ernst & Young LLP's proposal and recommended their appointment by the full Council.

**Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained**

Anti-Fraud and Anti-Corruption

134. During 2014/15, the Council joined four other districts / boroughs (East Herts Council, North Herts DC, Stevenage BC and Broxbourne BC) and Hertfordshire County Council to form the Shared Anti-Fraud Service (SAFS), offering an exclusive strategic fraud prevention and investigation service to its partners across Hertfordshire and subsequently to Luton Borough Council within Bedfordshire. The SAFS officially commenced at the Council on 1 April 2015.
135. The service has delivered a full range of fraud awareness training, the use of highly developed investigation skills, data-matching opportunities and partnership working with law enforcement agencies. This allows for the investigation of any fraud and corruption, bribery or money laundering matters (internal or external) that the Council becomes aware of and, the comprehensive reporting of all fraud deterrence, prevention and investigation activity undertaken by the SAFS and the Council.
136. The aims of the Shared Anti-Fraud Service are as follows:

- Ensure ongoing effectiveness and resilience of Partner anti-fraud arrangements
  - Deliver financial benefits in terms of cost savings or increased revenue to Partners
  - Develop the current Data-Hub into a *FraudHub* working in partnership with the Cabinet Office and others
  - Improve the reach into new areas of fraud risk across all partner services, with a focus on Adult Care, Procurement and emerging areas of high risk
  - Develop services which can be marketed to 3<sup>rd</sup> Parties or shared for mutual benefit
  - Continue to develop SAFS as a recognised centre of excellence regionally and nationally.
137. The Audit Committee reviews the comprehensive Anti-Fraud Action Plan each year which is agreed by SAFS and senior managers. This is based on CIPFA / MHCLG / NAO Good Practice and progress against this is reported to Audit Committee three times each year. The Committee also reviews the Anti-Fraud and Corruption Strategy and Anti-Money Laundering Policy.

**Review of effectiveness of the framework for identifying and managing risks and demonstrating clear accountability**

Risk Management

138. Responsibility and accountability for Risk Management is placed with the Heads of Service and on-going training and support was provided to assist them in this role. Risk Management support was provided by Hertfordshire County Council.
139. Regular reporting to the Audit Committee on the Council's strategic risks is in place. The Council's risks are recorded on Pentana, the Council's performance and risk management software, so there is one central record of the Council's risks.

**SIGNIFICANT GOVERNANCE ISSUES**

140. In reviewing and approving the AGS, officers and Members require assurances on the effectiveness of the governance framework and how this addresses the key risks faced by the Council, taking account of changing risks and circumstances.
141. Management from across the Council have provided the primary source of assurance – this is evidenced by the Managing Director, Executive Director and Heads of Service (including statutory officers) producing a duly signed Service Assurance Statement. This certifies the effective operation of the control environment in their Directorate and Service Areas, including arrangements for:
- a) Internal controls,
  - b) Governance,
  - c) Financial and Non-Financial Performance, and
  - d) Risk Management.
142. Weaknesses or gaps in control identified were given consideration as to whether they constituted a significant governance issue, and thus whether they should be included in the AGS Action Plan. Significant governance issues should fulfil at least one of the following criteria:

- a) It has seriously prejudiced or prevented the achievement of a principal corporate or service priority or objective of the authority,
  - b) It has resulted in the need to seek additional funding to allow it to be resolved, or has resulted in a significant diversion of resources from other areas,
  - c) It has led to a material adverse impact on the accounts,
  - d) The Audit Committee has advised that it should be considered significant,
  - e) The Head of Internal Audit has reported the matter as significant in the annual opinion on the internal control environment,
  - f) The Head of Partnerships and Community Engagement has reported the matter as significant in relation to the Performance Management Framework,
  - g) The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation, and
  - h) The issue has resulted in formal action being undertaken by the S151 Officer and/or the Monitoring Officer.
143. Another significant source of assurance and source of identification of significant governance issues is the work of the Internal Audit Team – this is evidenced by the production of the Head of Assurance Annual Internal Audit Report.
144. Further assurances are available from a wide range of external sources including corporate assessments and direction of travel statements, peer reviews, inspections and the Council’s External Auditors – through the annual audit of the accounts.
145. The officer Corporate Governance Group and Chief Officers Board, both of which are chaired by the Managing Director (i.e., the Head of Governance), has reviewed the assurances and significant governance issues, as well as the Constitutional review, performance reporting, risk management arrangements and the individual audit and risk management assessments.
146. Prior to the approval of the AGS, the Managing Director and the Leader of the Council should seek to satisfy themselves that all of the information obtained to support the disclosures made is relevant and reliable so that they can then sign the AGS.

#### AGS Action Plan

147. A key part of the AGS is the AGS Action Plan. For 2020/21 one significant governance issue has been identified (see Appendix A) as follows:

##### Freedom of Information

The internal audit of FOI completed in March 2021 concluded that a ‘Limited’ level of assurance could be given. Two ‘high’ and ‘three’ medium priority recommendations were made. Full implementation of these recommendations is a priority in 2021/22.

148. Coronavirus (Covid-19) – whilst the coronavirus is not a specific governance issue, the impact of this pandemic during the year does need to be noted. There was a significant financial impact due to Covid-19 during 2020/21 resulting in a year-end budget deficit of c.£2.7m albeit this was fully funded from Government Grants. Whilst it is anticipated that there will continue to be a financial impact due to the pandemic well into 2021/22 the budget has been prepared

based on normal service provision meaning any Covid related measures can be identified and reported in this context as a variance against the normal budget.

As agreed by Council any remaining Government Covid funding and/or Contingency budget from 2020/21 (c.£430k) has been carried forward in a reserve to support any ongoing financial impact in 2021/22. Further Government funding was announced in the budget in March 2021, with allocations to be confirmed. More regular financial monitoring and reporting will also continue during 2021/22 with financial monitoring meetings recommencing from April 2021.

149. Local Plan- whilst not a specific significant governance issue, the Council continues to face significant risks in delivering the development needs of the Borough. The Council has continued to progress the Local Plan and adoption is expected in 2023. Public examination of the draft plan will be via Regulation 18 of the Town and County Planning (Local Planning) Regulations 2012 prior to further scrutiny by the examiner.
150. The 2019/20 AGS Action Plan contained two significant governance issues. These are noted below with a comment on whether or not they are being carried forward into 2020/21:
- a) GDPR – not carried forward into 2020/21 as significant work has been undertaken during the last year and the internal audit recommendations from the limited assurance audit completed in March 2020 have fully implemented or are close to full implementation,
  - b) Newberries Car Park Development – not carried forward into 2020/21 as the site will likely be offered on the open market and the proceeds will off-set the costs incurred.

### **CERTIFICATION**

151. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Executive, the Audit Committee and the Governance Group, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined above, and the plan to address the identified weaknesses and to ensure continuous improvement of the system is in place.
152. We propose to take steps over the coming financial year to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that have been identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**Signed: Leader of the Council**  
**Cllr Morris Bright**

**8 September 2022**  
**Date**

**Signed: Managing Director**  
**Sajida Bijle**

**8 September 2022**  
**Date**