

NEWARK AND SHERWOOD DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT

1 Scope of responsibility

Newark and Sherwood District Council is responsible for ensuring that the Authority's own and, (with the addition of Newark and Sherwood Homes, Active4Today Ltd and Arkwood Developments Ltd), its Group business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Newark and Sherwood District 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.

In discharging this overall responsibility, Newark and Sherwood District Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk.

2 The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled. The framework also includes activities through which the authority accounts to, engages with, and leads the communities that it serves. It enables the authority to monitor and assess the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Newark and Sherwood District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Newark and Sherwood District Council for the year ended 31 March 2020. Since May 2013 the Council has operated governance arrangements through the use of a Committee system.

3 The governance framework

The key elements of the District Council's governance framework are as follows:

The District Council has adopted a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution is subject to periodic change either through national legislation or local decision and the Governance Framework may be amended accordingly. Within the Constitution, the Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*, which was revised in 2016. The Council's Code of Corporate Governance was also reviewed during 2016 to ensure it complied with the requirements of the revised Framework.

The Annual Governance Statement explains how the Council has complied with the code and also meets the requirements of *Regulation 6(1)(a) of the Accounts and Audit Regulations 2015* which require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (*England*).

The Council adopted a new Community Plan for the 2019/20 financial year which was approved at Council on 7th March 2019. The new Community Plan spans the medium term from 2019 through to 2023 and sets out 11 Objectives (<https://www.newark-sherwooddc.gov.uk/media/newarkandsherwood/imagesandfiles/strategiesandpolicies/pdfs/20190308CommunityPlan2019to23.pdf>). The delivery of these objectives is being conducted in accordance with the Governance framework.

During 2019/20 the Council facilitated policy and decision-making through a Committee system. Meetings are open to the public except where exempt or confidential matters are being considered. In addition, the Council's Constitution gives delegated authority for senior officers of the Council to make decisions in certain specified circumstances.

The District Council has a cross-service Risk Management Group that meets regularly to identify and evaluate all significant risks. Strategic, Corporate and Operational Risk Registers are in place and appropriate staff have been trained in the assessment, management and monitoring of risks. In addition to this, a Fraud Risk Register is in place and a full refresh took place during 2019/20 facilitated by the Council's Internal Audit contractors Assurance Lincolnshire. This was due to be presented to the Audit and Accounts Committee at its meeting in April, but due to the Coronavirus Pandemic, this meeting was cancelled.

Through reviews by external auditors, external agencies, internal auditors, and its performance team the District Council constantly seeks ways of ensuring the economical, effective and efficient use of resources, and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

Services are delivered by trained and experienced officers. All posts have a detailed job description and person specification. Training needs are identified through the Performance Appraisal Scheme, which was reviewed and updated in 2019.

The statutory role of Monitoring Officer is undertaken by the Director of Governance and Organisational Development. It is the function of the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service, the Monitoring Officer will report to the full Council if she considers that any proposal, decision or omission would give rise to unlawfulness or maladministration. The standards of behaviour for members and employees are defined through Codes of Conduct and the Code of Corporate Governance. The Council also has an Anti-Fraud and Corruption Strategy and a Whistleblowing Policy that enables concerns to be raised confidentially by employees or persons doing business with the Council. A complaints system is also operated by the Council to enable comments on services to be received and investigated.

The Director of Resources post is combined with the Deputy Chief Executive position and has the s151 Officer responsibilities attached to it. The s151 Officer is responsible for the proper administration of the Council's financial affairs including maintenance of financial records, presentation of statutory accounts and budgets, provision of effective internal audit and financial advice to Council. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

The Council communicates with its community and stakeholders by means of a periodic publication, "Voice", through its website and through social media and by specific consultation. It undertook a household survey of all the residents and businesses in the District in 2018/19 – which led to the review and adoption of its Community Plan.

4 Review of effectiveness

Newark and Sherwood District 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 authority who have responsibility for the development and maintenance of the governance environment, the Audit Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. Business managers are required to provide assurance to the s151 officer that service areas are compliant with the Council's governance arrangements.

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

The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution through a dedicated working party comprising, inter alia, all the group leaders, on a regular basis, and has formed a Councillors' Commission to consider any changes resulting from recent legislation and to consider changes to facilitate more effective governance of the Council.

Overview and Scrutiny - During 2019/20 the overview & scrutiny function was undertaken through Committees with overview & scrutiny principles being embedded in the remits of the Policy and Finance Committee and the three functional committees as well as the Audit and Accounts Committee.

Councillors' Commission - The Council reviews the Constitution through a dedicated working party, (the Councillor's Commission), which comprises senior councillors across all political groups, including all the group leaders. It meets on a regular basis to consider any changes resulting from recent legislation, and to consider proposals to facilitate more effective governance of the Council.

In October 2019, the Council undertook a governance review facilitated by an external peer team led by the Local Government Association. The review focussed on three broad areas: what was working well; what could be improved; and what should the Council do next. The report from the peer review made recommendations for the Council to explore the opportunity to improve governance further by looking at a future governance system and structures that delivers:

- a greater focus on outcomes for the community;
- clearer political ownership and accountability for policy and decision making, including opportunities to challenge;
- consideration of where and how policy should be developed;
- greater political and managerial oversight of council performance;
- reducing duplication and inefficiencies;
- improving the speed and transparency of decision-making;
- further and ongoing community and stakeholder engagement, building on the success of the Corporate Plan process

The Councillors' Commission was tasked with taking the review forward in December 2019. It was agreed that the next step would be for councillors and officers to visit a small

number of councils with differing governance of cabinet/committee arrangements to learn from their experiences. Although these visits were arranged to take place in March and April – these have been put on hold due to the pandemic.

The Monitoring Officer -. Recent changes have been made to the Constitution, specifically the procedures for council/committee meetings and decision making arising from new Government Regulations to enable remotely held meetings due to the social distancing rules because of Covid-19. In addition, the Council has commissioned Assurance Lincolnshire, the Council's internal auditors, to undertake an ethics and culture health check. Assurance Lincolnshire have developed a model to review the ethical culture within a local authority to test out how well its rules, procedures and behaviours around good ethical governance are embedded within the organisation. The model has been developed to get 'under the surface' and examine the principles and standards that underpin the way in which officers and members interact with others to support excellent service delivery. It is anticipated that this work will be completed during the current year. The review is being overseen by the Monitoring Officer and the Audit and Accounts Committee.

Internal Audit - is responsible for reviewing the quality and effectiveness of systems of internal control. An annual audit plan is approved by the s151 Officer together with the Senior Leadership Team and reported to the Audit and Accounts Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Chief Officer and Business Manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by service managers. The Audit and Accounts Committee receives executive summaries of all internal audit reports and is advised of progress in implementing recommendations. Internal Audit reports are considered by the Council's Senior Leadership Team. The Head of Internal Audit issues an annual opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework. For the 2019/20 financial year, the opinion of the Head of Internal Audit is that the Council is performing adequately across the areas of Financial Control, Governance, Risk and Internal Control. Five reports gave limited assurance (three during 2018/19) relating to:

- Building Control – Client Side – Since 2016, the Council, together with Rushcliffe Borough Council and South Kesteven District Council, have been working collaboratively on the delivery of a Building Control service. This report identified improvements relating to contract and relationship management;
- Community Centres – The Council currently has 4 Community Centres under its ownership. This audit identified improvements relating to structure and performance measures to ensure that the Council understands the value that the Community Centres are adding and the mitigate any further risks;
- ICT Incident Management – This report highlighted improvements relating to ICT incident reporting, handling and lessons learnt in order to efficiently and effectively deal with reported ICT issues.
- Key Controls – Health and Safety – As part of the Council's key control testing an area of weakness was recognised within Health and Safety reporting. The report identified improvements relating to reviewing risk assessments.
- Key Controls – Absence Management – As part of the Council's key control testing an area of weakness was recognised within absence management. The report identified improvements relating to reporting of information and review of the current policies.

Recommendations are being implemented to address the weaknesses identified by Internal Audit.

In addition, a management review was carried out of phase 1 of the Sherwood Forest Arts and Crafts Centre in Edwinstowe, which involved the conversion of a derelict building on Forest Corner. The review identified a number of weaknesses in project management and budgetary control. Management have carried out further follow up reviews and appropriate action is being taken to address the issues and weaknesses identified.

The internal audit function is carried out by Assurance Lincolnshire. During November 2019, a report reviewing the effectiveness of the Internal Audit function was considered by the Audit and Accounts Committee. The results of this review concluded that the Internal Audit function is currently working effectively. Assurance Lincolnshire conforms to the UK Public Sector Internal Audit Standards. An External Quality Assessment was undertaken IN September 2016 and preparations have started for the next required assessment in 2021. No areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity was identified.

Risk management policies and procedures are in place with the objective of ensuring that the risks facing the authority in achieving its objectives are evaluated, regularly reviewed and mitigation strategies developed.

Additionally to the issues identified in the table below, the current key issue for the Council is COVID-19. The Council is working closely with central government, the health service and the local resilience forum to support businesses and residents across the District as follows:

- Supporting businesses – Rate relief coupled with grants for businesses in the retail, hospitality and leisure sectors have to date helped around 2,200 businesses
- Supporting residents – the Council is making contact with vulnerable residents and tenants and is working with partners to proactively support rough sleepers. Residents who have serious underlying health conditions have been identified and there are processes in place to support this highly vulnerable group

In moving to the recovery phase, the Council has initiated a recovery cell (as part of its Emergency Planning policy) in order to focus initially on community resilience and economic impact, alongside day to day service provision. This group will also consider how lessons can be learned from the response to the pandemic and how opportunities can be explored and impacts be mitigated. The Council plans recognise that recovery is best achieved with multi agency collaboration in accordance with the guidance and responsibilities of the Civil Contingencies Act. The Council is fully engaged in recovery planning and delivery at a local, regional and national level.

Virtual Council meetings are taking place to maintain open and transparent decision making whilst observing social distancing. Further information regarding this can be found on the Council's social media accounts and at www.democracy.newark-sherwooddc.gov.uk

Conclusion

The Council has assessed the governance arrangements in place throughout 2019/20 and whilst it is considered that the current arrangements provide a satisfactory level of assurance, work is continuously underway to ensure that the arrangements remain fit for purpose in an ever changing external environment.

5 Significant governance issues

Issue	Action	Responsible Officer
<p>Development Company</p> <p>The Council has approved the formation of a wholly owned development company, Arkwood Developments Limited. The Company's primary objective is to develop market housing for sale or rent. The Company may also bring forward commercial build.</p>	<p>The Company was incorporated in 2018 and robust governance arrangements are in place.</p> <p>The Company's Business Plan and a Business case for its first development site on land at Bowbridge Road have been approved by the Council through its shareholder and Policy and Finance Committees. Equity capital and loan funding has been approved and released to the Company.</p> <p>Progress of the company in meeting the objectives set out in the Shareholders Agreement will be monitored by the Shareholders' Committee, which has delegated powers granted by full Council and by the Policy and Finance Committee.</p>	<p>Karen White Director- Governance and Organisational Development</p>
<p>Re-integration of Housing Management Function</p> <p>During 2018/19 the Council reviewed its arrangements regarding the Housing Management function, culminating in the "in principle" decision to bring the service in-house for direct service provision by the Council, subject to tenant consultation.</p>	<p>The Council brought back its Housing Service on the 1st February 2020. As part of this, the Council has established a review of tenant engagement. It is a regulatory requirement of housing providers to deliver effective opportunities for tenants to influence the design and delivery of housing services and their homes and to hold their landlord to account. This review will establish the preferred approach to ensure customers (future, present and past) views are used to scrutinise and shape services.</p> <p>A Housing Advisory Group was established by the Homes and Communities Committee and its first meeting was held on 25th February 2020.</p> <p>The role of the Housing Advisory Group is to create an informal forum through which the comments/views of the tenant representatives can be</p>	<p>Suzanne Shead</p> <p>Director – Housing, Health and Wellbeing</p>

	<p>heard on a range of tenant-related matters and then be incorporated into the consideration of these items by the Homes & Communities Committee. The Housing Advisory Group, is effectively a working party of the Committee, and does not have any delegated authority or decision-making powers. It will cease following the implementation of its work and conclusions around the review of tenant involvement and engagement.</p>	
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Other governance issues identified as part of last year's Annual Governance Statement included:

- Organisational Change
- Estate Regeneration Programme – Yorke Drive
- Emergency Planning
- Business Continuity
- Counter Fraud Arrangements
- Compliance with Finance Regulations re: authorisation of goods, works and services

The Council is making good progress against the actions identified in relation to the above issues, in particular Emergency Planning and Business Continuity. The on-going pandemic situation can attest the progress that has been made against these two issues. Work programmes continue in relation to the other items identified.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for proper governance arrangements to be in place. We will undertake ongoing monitoring of the implementation of any improvements that were identified in our review of effectiveness and as part of our next annual review.

Signed

J. Robinson
Chief Executive

D. Lloyd
Leader of the Council