

## **HIGH PEAK BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT 2018-19**

### **SCOPE OF RESPONSIBILITY**

High Peak 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. High Peak Borough 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, High Peak Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

High Peak Borough 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*. A copy of the code is on our website at [www.highpeak.gov.uk](http://www.highpeak.gov.uk) or can be obtained from the Executive Director & Monitoring Officer. This statement explains how High Peak Borough Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1)(b), which requires all relevant authorities to prepare an annual governance statement.

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

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

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 High Peak Borough Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at High Peak Borough Council for the year ended 31 March 2019 and up to the date of approval of the Statement of Accounts.

### **THE GOVERNANCE FRAMEWORK**

High Peak Borough Council has adopted a Local Code of Corporate Governance in accordance with the core principles of good governance outlined within the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016.

There are seven core principles of good governance identified in the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016 as follows:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimize the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

Further detail of how the High Peak Borough Council's governance framework supports the achievement of these core principles and their related sub-principles is outlined in the Council's Code of Corporate Governance.

Where significant governance issues are identified they are clearly highlighted in this statement together with actions that are taken during the year and future actions proposed to minimise the risks to the Council. Progress in addressing significant governance issues identified and their required actions are monitored by the Corporate Governance Management Group during the following financial year and reported to the Audit & Regulatory Committee.

## **REVIEW OF EFFECTIVENESS**

High Peak Borough 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 Head of Internal Audit'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 governance framework is ongoing throughout the year and includes:

- **the authority;**
  - The ongoing review of the Council's Constitution by Councillors and Senior Officers of the Council via the Constitution Sub Committee.
  - The ongoing review of existing corporate policies and production and approval of new or revised policies and procedures in accordance with best practice.
  - The Annual Governance Statement process incorporates a review of the local Code of Corporate Governance against CIPFA/SOLACE best practice to ensure that the Council's approach to corporate governance is both adequate and effective in practice.
- **the executive;**
  - The continued operation of clear policy and decision making through the Executive and Regulatory Committees.

- **the audit committee/overview and scrutiny committees/risk management committee;**
  - The Audit & Regulatory Committee's composition and terms of reference are based upon CIPFA guidance and include reviewing the work of the Internal Audit service and any implications arising from their findings and opinion on the adequacy of internal controls and the adequacy of policies and practices to ensure compliance with statutory and other guidance. The Committee are also responsible for overseeing production of the Council's Annual Governance Statement, and to review and recommend/approve its adoption as necessary.
  - Formal reporting mechanisms to councillors to review and monitor the work of the Internal Audit Service through quarterly reports to Audit & Regulatory Committee, including an annual report to Audit & Regulatory Committee containing an opinion statement on the overall adequacy and effectiveness of the Council's internal control environment. For 2018/19, Internal Audit can provide reasonable assurance that the Council's governance arrangements including risk management and systems of internal control were operating adequately and effectively.
  - The continued development and embedding of a risk management culture within the Council driven by the corporate Risk Management Group including reviewing the Council's risk register and associated action plans and ensuring that appropriate management action is taken to minimise / eliminate risk. Risk Management updates are reported to the Audit & Regulatory Committee and the Risk Management Strategy is reviewed biennially.
  - The Select Committees review decisions made by the Executive and areas of concern and also fulfil a policy development role. Councillors can "call-in" a decision that has been made by the Executive when they consider the decision is not in accordance with the Council's Constitution.
- **the Standards Committee;**
  - The Committee is responsible for the ethical framework of the Council, working closely with the monitoring officer. The terms of reference include advising councillors on conduct issues and ensuring the promotion and maintenance of the highest standards of conduct by elected and co-opted members of the Council.
- **chief financial officer;**
  - The CFO is a key member of the "Alliance Leadership Team" (ALT) and "Alliance Management Team" (AMT), which are the most senior officer bodies charged with the leadership of the Council. That role includes helping to develop and implement strategy and to resource and deliver the Council's strategic objectives sustainably and in the public interest.
  - The CFO is actively involved in and able to bring influence to bear on, all material business decisions to ensure the immediate and longer term implications, opportunities and risks are considered, and alignment with the Council's overall financial strategy achieved.
  - High Peak Borough Councils financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

- **internal audit;**

- Internal Audit review services and functions based on a risk assessed audit plan, in order to provide an independent opinion on the adequacy and effectiveness of the system of internal control. Audit reports detailing the findings of each review are issued to Heads of Service, Operational Managers, the Executive Director & Chief Finance Officer and where appropriate, the Executive Director & Monitoring Officer and Chief Executive.
- Audit recommendations for improvements require management agreement, and implementation is monitored and escalated in accordance with formally agreed escalation procedures. Regular updates on audit recommendation agreement and implementation are reported to the Audit & Regulatory Committee.
- The Authority's internal audit arrangements conform to the requirements of the CIPFA Statement of the Role of the Head of Internal Audit. Internal Audit operates in accordance with the Public Sector Internal Audit Standards. The service is subject to regular review by the Council's External Auditors who place reliance on their work. An annual review of the effectiveness of the system of internal audit is also undertaken and an independent external review previously concluded that the internal audit provision within the Council complies with the expectations of the Public Sector Internal Audit Standards.

- **other explicit review/assurance mechanisms;**

- The Council operates a performance framework which is aligned to the Council's four key aims and measures performance against indicators and actions that are focused on the delivery of corporate objectives.
- The Executive Director & Chief Finance Officer produces quarterly and annual financial reports which indicate financial performance against forecasts.
- Directors and Heads of Service complete and sign annual Managers Assurance Statements confirming their arrangements for ensuring data quality and the existence, operation and effectiveness of controls within the service areas for which they are responsible
- External review of the Council's internal control environment by the external auditors Grant Thornton, including a review of internal audit's work.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit & Regulatory Committee, 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 below.

## SIGNIFICANT GOVERNANCE ISSUES

During the 2018/19 financial year three significant governance issues have been identified. These are detailed in the table below together with the action that was and is being taken to address the issue:

Governance Issue	Action taken during 2018/19	Continuing Action
The implications of the central government reforms of housing finance.	<ul style="list-style-type: none"> <li>A 100% stock condition survey has been completed and published and the 30 year Housing Revenue Account business plan outlining investment within available resources was updated and now shows a surplus.</li> </ul>	<ul style="list-style-type: none"> <li>As part of the Housing Revenue Account business plan, an action plan has been developed and this will be implemented within the agreed time scales.</li> </ul>
The significant investment requirements for a number of the Council's non-housing properties.	<ul style="list-style-type: none"> <li>The agreed investment programme to ensure the Council's assets remain fit for purpose has continued to be implemented and work has commenced on all of the major assets identified within the programme.</li> </ul>	<ul style="list-style-type: none"> <li>Refreshed condition surveys will be undertaken during 2019/20 to enable the prioritisation of further work.</li> </ul>
There has been a change in the operating model for the Council's waste collection, fleet management, street cleansing and grounds maintenance services.	<ul style="list-style-type: none"> <li>A new Teckal company has been established to deliver the services with the waste collection service transferred in August 2017 and fleet management services transferred in July 2018. The overall financial and performance targets have been achieved for 2018/19.</li> </ul>	<ul style="list-style-type: none"> <li>The street cleansing and grounds maintenance services are expected to be transferred to the Teckal company in September 2018.</li> </ul>

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 improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

.....

Councillor Anthony McKeown  
Leader

.....

Simon W Baker B.Ed, MBA, MISPAL  
Chief Executive

on behalf of High Peak Borough Council

.....

Date

.....

Date