

## Annual Governance Statement

---

### **FOREWORD**

This Annual Governance Statement reflects the governance arrangements within the Council for the period 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021 and takes into account the effects of COVID-19 on the operations at the Council during that period.

As was the case last year, the Council has considered its responses to COVID-19 since 31<sup>st</sup> March 2020 to reflect on these and confirm that governance arrangements were, and remained, robust.

### **Crawley Borough Council's Response to COVID-19 to 31<sup>st</sup> March 2021**

The Council overall has responded swiftly and decisively to the COVID-19 crisis as follows:

- Regular, and where required, daily COVID-19 meetings convened from 6<sup>th</sup> March 2020 and continued throughout 2020/2021 – in attendance:
  - Corporate Management Team
  - Communications representative
  - HR Manager
  - Emergency Planning Officer
  - Facilities Manager
  - Service Improvement and Development Manager
  - Leader of the Council
- The Leader of the Council initially hosted weekly Facebook Live question and answer sessions, which moved to monthly as the year progressed.
- The Chief Executive hosts fortnightly Q&A sessions with all council staff.
- Governance arrangements were confirmed under which the Chief Executive could make Urgent Decisions in liaison with Leader of the Council and the Mayor.
- Regular updates of local Covid activity was also sent to Councillors during periods of national lockdown
- Key decisions were taken through the Chief Executive, in consultation with both party leaders.
- A New Norms Group was established to lead on managing the workspace environments and ensuring they were COVID-19 secure, to advise on remote working best practice and to put in place support for those staff who were struggling.
- All Service areas engaged in the response; examples are:
  - Creation of a support network
  - Mapping of vulnerable people

- Implementation of a Help Hub by 27<sup>th</sup> March 2020 to provide virtual and physical support (food, medicine and welfare checks) which continued until demand ceased
- Food distribution for shielded people arrangements in place for East Sussex, West Sussex and Brighton & Hove LA
- Creation of Crawley Borough Council Helpline
- Staff redeployment
- Additional mobile phones obtained and laptops ready for Councillors
- MS Teams available throughout the Council, including Council public meetings
- Wellbeing Team redeployed to support work of the Council
- Working closely with West Sussex County Council, Gatwick Airport and Manor Royal Business District
- Business Ratepayers written to with information on grant claim process by 26<sup>th</sup> March 2020 and their administration continued during the year
- Benefits Team additional support to deal with increase in claims
- Benefits Team administering Test and Trace isolation payments
- Infrastructure in place by 24<sup>th</sup> March 2020 to process small business grants - redeployment of Corporate Finance staff in Council Tax, Business Rates, Benefits team and Economic development and this continued throughout the year
- Significant Council enforcement and Covid compliance checks of local businesses and open space areas
- Assistance with local track and trace arrangements
- Preparations to get our High Streets open safely.

Examples of the how good governance was maintained during the Council's response to COVID-19 March 2020 - 31<sup>st</sup> March 2021

- All COVID-19 meetings, held daily initially and subsequently as required were formally convened, had an Agenda, and a record of actions to be undertaken, with outcomes reported at the next, or future meetings. These meetings were minuted. This demonstrates strong governance and transparency.
- Decision Logs maintained for all Service areas – these are sent to all Members of the Council via Member Bulletins.
- Future committee meeting dates were agreed and scheduled for the year,
- Legislative changes were considered in respect of holding public meetings and decision making and virtual Council meetings were held. This continued throughout the financial year 2020/2021.

**SCOPE OF RESPONSIBILITY**

The Leader of the Council (Cllr Peter Lamb) and the Chief Executive (Natalie Brahma-Pearl) both recognise the importance of having robust rules, systems and information available to guide the Council when managing and delivering services to the communities of Crawley.

Each year the Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements have been working over the year.

It is intended that this AGS in respect of 2020/2021 will be considered by the Audit Committee at its meeting on 19<sup>th</sup> July 2021. This is subject to the Statement of Accounts potentially being presented to the Audit Committee at a later date in the year.

Crawley Borough Council (the 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. 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.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a Code of Corporate Governance which is consistent with the principles and reflects the requirements outlined in the 2016 CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government'. This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

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

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council 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 Crawley Borough 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 Crawley Borough Council for the year ended 31 March 2021 and will continue to be developed in coming years.

## **THE GOVERNANCE FRAMEWORK**

### **The Principles of Good Governance**

The CIPFA/SOLACE framework was reviewed in 2015 to ensure that it remained "fit for purpose" and a revised edition was published in 2016. The new Delivering Good Governance in Local Government Framework applies to the Annual Governance Statement prepared for the year ended 31 March 2021 and up to the date of the approval of the Annual Report and Statement of Accounts for the financial year 2020/2021. The key elements of the systems and processes that comprise the Council's governance arrangements are as follows.

## **BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW**

### ***The Constitution***

Crawley Borough Council last updated its Constitution on 27<sup>th</sup> January 2021 and this sets out how the Council operates, how decisions are made and the procedures to be followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the Council to choose.

The Constitution is divided into 35 articles which set out the basic rules governing the Council's business. More detailed procedures and codes of practice are provided in separate rules and protocols within the Constitution. This includes the roles and responsibilities of Councillors, officers and the scrutiny and review functions; how decisions are made; and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people.

The Governance Committee is responsible for regularly reviewing the Constitution and ensuring that it is both up to date and fit for purpose. It regularly receives updates advising of Constitutional changes

### ***Head of Paid Service***

The Head of Paid Service is responsible for the strategic management of the authority as a whole and the staff employed. They are required to report to and provide information for the Cabinet, the Council, the Overview and Scrutiny Commission and other Committees. They are responsible for establishing a framework for management direction, style and standards and for monitoring the performance of the organisation

### ***The Monitoring Officer***

The Monitoring Officer is a statutory function and ensures that the Council, its officers, and its elected Councillors, maintain the highest standards of conduct in all they do. The Monitoring Officer ensures that the Council is compliant with laws and regulations, as well as internal policies and procedures. They are also responsible for matters relating to the conduct of Councillors and Officers, and for monitoring and reviewing the operation and maintenance of the Council's Constitution.

The Monitoring Officer also ensures the lawfulness and fairness of decision making within the Council and after consulting with the Head of Paid Service and the Chief Finance Officer, will report to the Full Council (or to the Cabinet in relation to a Cabinet function) if they consider that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

### ***Deputy Monitoring Officer***

A Deputy Monitoring Officer has been appointed to act in the absence of the Monitoring Officer.

### ***Section 151 Officer***

Whilst all Council Councillors and Officers have a general financial responsibility, the Section 151 of the Local Government Act 1972 specifies that one Officer in particular must be responsible for the financial administration of the organisation and that this Officer must be CCAB qualified. This is typically the highest ranking qualified finance officer and in this Council is also the Head of Corporate Finance.

### ***Deputy Section 151 Officer***

A Deputy Section 151 Officer has been appointed to act in the absence of the Section 151 Officer.

### ***Codes of Conduct***

Codes of Conduct exist for both staff and Councillors.

All Councillors must adhere to a Code of Conduct to ensure that they maintain the high ethical standards the public expect from them. If a complainant reveals that a potential breach of this Code has taken place the Council may refer the allegations for investigation or decide to take other action.

On joining the Council, Officers are provided with a contract outlining the terms and conditions of their appointment. All staff must declare any financial interests, gifts or hospitality on a public register, as set out in the Constitution. Additionally, Councillors are expected to declare any interests at the start of every meeting that they attend in accordance with Standing Orders. Councillors and officers are required to comply with approved policies.

### ***Whistleblowing***

The Council is committed to achieving the highest possible standards of openness and accountability in all of its practices. The Council's Whistleblowing policy was revised in February 2018 and it sets out the options and associated procedures for Council staff to raise concerns about potentially illegal, unethical or immoral practice and summarises expectations around handling the matter.

### ***Anti-fraud, bribery and corruption***

The Council is committed to protecting any funds and property to which it has been entrusted and expects the highest standards of conduct from Councillors and Officers regarding the administration of financial affairs. The Anti-Fraud and Corruption Policy was updated in February 2018 and is on the intranet/website for staff, Councillors and the public to see.

The Council has a Fraud and Investigations Team which acts to minimise the risk of fraud, bribery, corruption and dishonesty and recommends procedures for dealing with actual or expected fraud. The team also prosecutes where appropriate and is involved in fraud training and awareness.

Towards the end of 2020/2021, two potential frauds, totalling less than £10,000 were identified and reported to the Head of Corporate Finance. These were passed to the Fraud and Investigations Team and discussed with the Audit and Risk Manager. The outcome of their investigations was that there was insufficient evidence to take action but improvements to the system of internal control have been accepted by management, and implementation will be confirmed by Internal Audit.

## **ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT**

### ***Transparency***

The Council and its decisions are open and accessible to the community, service users, partners and its staff. All reports requiring a decision are considered by appropriately qualified legal, and finance staff with expertise in the particular function area before they are progressed to the relevant Committee or group. This Council wants to ensure that equality considerations are embedded in the decision-making and applied to everything the Council does. To meet this responsibility, equality impact assessments are carried out when there is significant change to major council services,

functions, projects and policies in order to better understand whether the change will impact on people who are protected under the Equality Act 2010 in order to genuinely influence decision making.

All reports and details of decisions made can be found on the Council's website at: <http://democracy.crawley.gov.uk/ieDocHome.aspx?bcr=1>

### ***Freedom of Information/Environmental Information requests***

The Freedom of Information (FOI) Act 2000 and Environmental Information Regulations (EIR) 2004 give anyone the right to ask for any information held by a public authority, which includes this Council. This is subject only to the need to preserve confidentiality and in the application of certain exemptions and exceptions which may be engaged where it is proper and appropriate to do so. We respond to such requests in a timely and impartial manner and in line with the legislation, proactively publish information on our Website.

### ***Subject Access Requests***

Section 7 of the Data Protection Act provides for individuals to obtain a copy of information that an organisation holds about them upon making a written request.

### ***Engagement and communication***

Crawley Borough Council recognises that stakeholders require information about the decisions that are being taken locally, and how public money is being spent in order to hold the council to account for the services they provide.

Please see below under Public Consultation for details of public communications and engagement.

The Council held its annual Question Time on 16<sup>th</sup> March 2021, which gave residents the opportunity to ask questions about topics important to them. This meeting was held virtually.

### ***Consultations***

The council keeps a Forward Plan of planned consultations and future decisions. Internally, a consultation toolkit has been developed to guide council staff through the consultation process. The agreed process ensures that engagement activity is relevant, accessible, transparent and responsive. To increase awareness, consultations are proactively promoted

## **ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT**

### ***Complaints***

Crawley Borough Council is committed to delivering a high quality service and aims to achieve the highest possible standards but recognises that despite its best intentions and hard work, things can go wrong. When there is service failure or users are unhappy about the way a matter has been handled, the Council openly wants to hear about such experiences and operates a two stage complaints system. Stage 1 is where the complaint is dealt with locally by the relevant service area. If the complainant continues to remain dissatisfied with the Stage 1 response, a request can be made to a further review, conducted by a senior officer, normally Head of Service as a Stage 2 complaint. Following this if the matter is still not resolved satisfactorily then the complainant is asked to take the matter up with the Local Government and Social Care Ombudsman. We also use our complaints information to improve service delivery and undertake root cause analysis where appropriate, in order to ensure on-going continuous improvement.

The Housing Ombudsman deals with any complaints that relate to the housing managed service.

## **DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS**

### ***Corporate Priorities***

The Corporate Priorities of the Council for the period 2018-2022 are as follows:

- Delivering value for Money and modernising the way we work
- Delivering affordable homes for Crawley and reducing homelessness
- Improving job opportunities and developing the local Economy
- Creating stronger communities
- Providing high quality leisure and culture facilities and supporting health and wellbeing services
- Protecting the environment

The Council continues to improve performance management within the organisation and service quality and best use of resources is ensured via:

- Transformation and Projects
- Portfolio Briefings
- Quarterly reporting to CMT
- Corporate Project Assurance Group
- Quarterly monitoring of complaints by CMT
- ICT Board

The Council has a ***'dashboard of measures' to track performance across a range of key service and ensure that a more timely response can be applied to service improvement*** and also against service plans and strategies. This is encapsulated within the Performance Management Framework.

The Council recognises that to drive improvement it needs to closely monitor and review its performance. The Council routinely monitors its spend against budgets, and its departments have agreed purpose and collect data to measure their performance.

The Council's Complaints Procedure allows stakeholders to raise issues where the Council needs to improve and is a means of managing performance and recognising the contribution complaints make to service improvement. Outcomes are passed to CMT on a quarterly basis.

### ***Information Management***

Regular meetings are held in respect of the governance arrangements operating around information management. The Information Governance Board has oversight of information management within the Council and is trialling joint arrangements with Horsham DC to share knowledge, best practice and reduce duplication. The Council has also created an Information Management Project Board in 2019 with a remit, amongst other things, to ensure that appropriate governance and policies are in place overseeing the corporate approach to information management, ensuring accountability and that everyone is aware of their respective roles and responsibilities.

### **Financial Controls**

Financial reports comparing budget to actual and projections to end of year are available in real time to all key officers, with access/drilldown facilities appropriate to role and responsibilities. The Leader of the Council and the Cabinet also receive quarterly budget monitoring reports. All Member financial seminars have taken place three times during the year to keep Councillors updated on the financial situation due to COVID-19 and the impact on future budgets.

### **Local Plan**

The Local Plan – Crawley 2030 - was adopted in December 2015 and now forms the Council's development plan under which development control decisions will be taken. The Local Plan is supported by a number of companion planning documents and considerations including Supplementary Planning Documents, Development Briefs, Article 4 Directions and the Community Infrastructure Levy Charging Schedule and associated CIL Infrastructure (Regulation 123) List. The Council's planning policies seek to balance the economic, social and environmental needs of residents, businesses and visitors, ensuring that Crawley continues to be a great place to live, to work and to visit. Review of the Crawley Local Plan commenced in 2019.

Implementation of the Local Plan and the success of the Council's planning policies is measured and reported through the Authority's Monitoring Report which is published annually.

### **Transformation**

In 2020 the Council updated the Transformation Plan to reflect the significant progress made against the previous plan ( 2017/18). The purpose of the Transformation Plan for 2020-22 is to 'prepare the organisation to embrace new ways of working, providing easily accessible and more efficient services for our users, deliver value for money and creating a more commercial culture in order to sustain financial stability'.

Our Transformation Plan consists of six pillars:-

1. Channel Shift, a programme to automate and digitise as many processes as possible and includes gathering of metrics and a change in the IT Board Terms of Reference to allow transparent prioritisation by responsible officers;
2. New Ways of Working; continuing to develop and embed genuinely agile ways of working for all service across the organisation;
3. People Strategy; further embedding our values and behaviours, reflecting the changes COVID-19 has brought to the relationship between staff and the organisation, our recruitment, retention and succession strategies, training and development opportunities and the policies and governance within which these are developed and managed;
4. Service Redesign - a set of thematic reviews including Community Wellbeing and Engagement, Access Crawley, Enforcement, Technical Services and the Corporate Centre;
5. Commercialisation and Income Generation to create a culture of commercialisation. Continuing to develop our PIPES strategy, reviewing the council's pricing strategy and the development of partnerships across public, private, voluntary and not for profit sectors;
6. Assets; The Asset Review Group have initially prioritised:
  - A dispersed model for Patch Working Teams
  - Consider potential opens for capital from land receipts
  - Implementing recommendations from the Neighbourhood Parade review once concluded.

### ***Housing Strategy***

Housing need and the Council's policies to address this are contained within the Local Plan Housing policies.

Following the introduction of the Homelessness Reduction Act, the Council's Homelessness Review and Homelessness Strategy (2019 – 2024) was approved by Full Council on 16<sup>th</sup> December 2019.

The council has identified five priorities for addressing homelessness within Crawley:

- Preventing and relieving homelessness
- Tackling rough sleeping
- Meeting the needs of vulnerable people
- Accessing suitable and affordable accommodation
- Preventing repeat homelessness.

### ***Local Partnerships***

The Council has a key role in a number of local partnerships, working for the benefits of residents and the community to improve the quality of life, including:

- Safer Crawley Partnership - formed in 1998 in response to the Crime and Disorder Act 1998.
- Crawley Wellbeing - a free, friendly and impartial service from your local authority, run in partnership with West Sussex County Council and the local NHS.
- Economic Partnerships, LEAG, Crawley Growth Programme, Crawley Economic Recovery Taskforce/Towns Fund Board
- We are also statutory members of the Local Safeguarding Children Board, the Adult Safeguarding Board and the West Sussex Health & Wellbeing Board.
- Strategic Housing - the Council both leads and participates in a range of groups providing a multi-agency response to tackling street homelessness and providing improved outcomes for care leavers, ex-offenders and people with supported housing needs. The Chief Executive continues to chair the West Sussex Strategic Housing Partnership.

The Council also participates in national, sub-regional and County-wide partnership initiatives, including:

- Coast to Capital LEP
- Greater Brighton Economic Board
- Gatwick Diamond Initiative

## **DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES**

### ***Effectiveness of Governance Framework***

The Council has responsibility for reviewing the effectiveness of its governance framework and this is undertaken by work of CMT in their development and maintenance of the governance environment. The Audit and Risk Manager produces an annual report and specifically comment's on the governance framework, as does the External Auditor. Areas identified for improvement are acted upon by CMT.

### ***Financial Measures***

Crawley Borough Council publishes its Annual Statement of Accounts in accordance with CIPFA guidelines and the annual Budget is approved by Full Council and monitored and reported upon regularly.

### ***Consultations***

To be effective this policy aims to inspire and support a genuine two-way dialogue with all sections of the community and other stakeholders. There are a number of ways people can get involved and connect with the council. Local people have the option to engage in a dialogue through: social media sites (including Facebook and twitter), petition schemes, neighbourhood forums, council meetings (open to the public), their local Councillor and annual Crawley Question Time.

Internally, a Statement of Community Involvement has been developed to guide council staff through the consultation process. The agreed process ensures that engagement activity is relevant, accessible, transparent and responsive. To increase awareness and participation, consultations are proactively promoted via publications (printed and digital), press releases, social media, email, town notice boards and the council's website. A council online publication, Crawley Live, is published quarterly and sent to every household in Crawley to keep residents informed. Various methods are used (depending on the scope of the consultation) to seek people's views, including questionnaires, public events and exhibitions, focus groups, satisfaction surveys and feedback forms. A list of current consultations and consultation events is available on the council's website at [www.crawley.gov.uk/consultation](http://www.crawley.gov.uk/consultation)

### ***Public Consultation***

Where appropriate the council has carried out public consultations. There were a number carried out during 2020/2021, which included Conservation Areas and Locally Listed Buildings, Dormans Play Area, Crawley Community Safety survey 2021-2022, Budget Consultation, Taxi Licensing Fees and Hackney Carriage and Private Hire Standards. All information gathered from public consultations is analysed and considered as part of the council's decision-making process. The consultation that was held on the budget savings options had the best response rate of all consultations. This enabled Councillors to make informed decisions around budget savings. The results of the consultation are available on the Council's website.

## **DEVELOPING THE COUNCIL'S CAPABILITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT**

### ***Recruitment, Training and Development***

Human Resources policies and procedures are in place to facilitate the recruitment and retention of capable staff. The Council operates a robust interview and selection process to ensure that staff are only appointed if they have the right levels of skills and experience to effectively fulfil their role. All new staff attend corporate induction sessions and undertake an e-learning induction package. Suitable training is available to support all staff to carry out their roles to the best of their ability. Newly elected Councillors are required to attend an induction which includes information on: roles and responsibilities; political management and decision-making; the Code of Conduct, declaration and registration of interests, financial management and processes; information governance; and Data Protection.

Councillor's attendance at meetings is recorded via the Modern.Gov system. In the event of continual non-attendance for 4 months the matter will be passed to the Leader of the political group concerned for action to be taken. Should a Councillor fail to attend any formal meeting of the Council, for a period of 6 months, they relinquish being a

Councillor. Each Group may seek approval from the Full Council to extend the 6 month non-attendance period, in exceptional circumstances.

Performance issues relating to staff are dealt with by the Manager / Head of Service.

### ***Legal Compliance***

The Council's Constitution clearly defines the roles and responsibilities of the Chief Executive, Chief and Senior Officers, Councillors and Committees and outlines procedural standards, scheme of delegation and protocol on Council/Officer relations.

The Monitoring Officer, who is the Head of Legal & Democratic Services Manager is responsible for legal compliance, Conduct and Compliance and working with departments to advise on legal issues across the Council.

### ***Financial Compliance***

The Head of Corporate Finance is the designated S151 Officer and has overall financial responsibility within the Council, as outlined in the Constitution.

## **MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT**

### ***Effective scrutiny***

The Council operates an Overview and Scrutiny Commission which has its own terms of reference, as outlined in the Council's Constitution. This Commission supports the work of the Cabinet and the Council as a whole. It allows citizens to have a greater say in Council matters by holding public inquiries into matters of local concern. These lead to reports and recommendations which advise the Cabinet and the Council as a whole on its policies, budget and service delivery. The Overview and Scrutiny Commission also monitors the decisions of the Cabinet. This enables them to consider whether the decision is appropriate. They may recommend that the Cabinet reconsider or amend the decision. They may also be consulted by the Cabinet or the Council on forthcoming decisions and the development of policy.

### ***Financial management***

The Head of Corporate Finance (S151 Officer) is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. They provide advice on financial matters to both the Cabinet Executive and full Council and is actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The Head of Corporate Finance, together with Finance team, ensure that new policies or service proposals are costed, financially appraised, fully financed and identifies the key assumptions and financial risks that face the council.

### ***Risk management***

All significant (strategic) risks are discussed regularly by CMT and are reported to the Audit Committee on a quarterly basis. These include the New Town Hall, District Heat Network, LEP Infrastructure – Crawley Growth Programme, Delivering Affordable Housing, the Transformation Programme, Public Health and Council No Overall Control.

Operational risks are managed at departmental level.

## **IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY**

### ***Internal Audit***

The Audit and Risk Manager (Head of Internal Audit) is a qualified member of the Chartered Institute of Internal Auditors and they have full access to CMT and the Audit Committee. The audit team is properly resourced and the Council is in compliance with the CIPFA statement on the Role of the Head of Internal Audit (2010) and Public Sector Internal Audit Standards.

The Audit and Risk Manager provides an independent and objective annual opinion on the effectiveness of internal control, risk management, and governance each year. This is carried out by the Internal Audit team in accordance with the Public Sector Internal Audit Standards. The Audit and Risk Manager reports to the Audit Committee on a quarterly basis.

### ***Overview and Scrutiny Commission – see above***

### ***Audit Committee***

The role of the Audit Committee is to review and assess the adequacy of the Council's internal audit and risk management arrangements. This Committee meets quarterly and receives the reports from the Audit and Risk Manager, including their progress reports and Annual Report. This committee considers and comments upon the Internal Audit Plan, ensures the Audit and Risk section is properly resourced and reviews the effectiveness of the Council's risk management arrangements.

During the year there was one audit with limited assurance, this was the fleet management audit. The report had one high priority finding and four medium priority ones. The management update progress was reported to the Audit Committee on 15<sup>th</sup> March 2022.

In addition there was one audit with no assurance, this was the Car Parking Visitor Parking permits with ten high priority findings and one medium priority. Managers reacted immediately to some issues with an action plan to implement all recommendations by February 2022. These are being followed up by a follow up audit.

### ***Governance Committee***

The Governance Committee will deal with Constitutional matters, the Conduct of Councillors, Political Management Arrangements, and Corporate Governance, Councillors' Allowances, Elections and all non-Executive functions not specifically delegated to another Committee or Sub-Committee of the Council. This Committee specifically monitors and reviews the Corporate Governance of the Council including giving consideration of the Authority's Annual Governance Statement.

### ***Annual accounts***

The Council publishes full audited accounts each year which are published on the website at <http://www.crawley.gov.uk/pw/sitesearch/index.htm?q=accounts%23>

## **REVIEW OF EFFECTIVENESS**

Crawley 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 CMT, who have responsibility for the development and maintenance of the governance environment,

the Audit and Risk Manager's Annual Report, and also by comments made by relevant stakeholders, the external auditors and other review agencies and inspectorates.

### **Crawley Homes Rent issue**

In April 2021 the Council was contacted by the Regulator for Social Housing following a first mandatory data return about the setting of target rents. The Council was identified as an outlier in that its target rents were higher than the Government's formula rent and valuations suggested they should be.

Forensic investigation identified that the issue dates back to changes to the Tenancy Agreement agreed in October 2013 and implemented in April 2014. One of the changes implemented was to move from charging rent based on a 48-week year to a 52-week year. Actual rents were changed but the target rents on the system were not. This has affected 2,259 tenancies, of which 1,757 are current tenancies.

Existing tenancies were not affected by this change, and neither have new tenancies within properties built since April 2014. New tenancies since April 2014 within properties that pre-date April 2014 have consequently been overcharged in the region of 8%.

Tenants have paid the rent they would have signed up to pay as part of their Tenancy Agreement, but that rent level was set higher than it ought to have been. Given that rents have been set as part of a valid Tenancy Agreement and that all subsequent actions have been taken in line with that Tenancy Agreement, the Council has acted legally throughout.

A [report](#) to the Overview and Scrutiny Commission on 22 November 2021 and Cabinet on 24 November 2021 gave the background and actions to the historic overcharge to HRA rents.

A briefing note was prepared, this provided information around the issue itself, the communications with Members and key staff, how this was communicated with the regulator and the Department of Works and Pensions.

The regulator responded to the actions of the Council saying that due to the prompt action and the steps taken by the council that the regulator would not be publishing a regulatory notice. The regulator did point out that the impact was large and impacted a number of tenants but the error did predate the regulators oversight.

The DWP were satisfied that the housing benefits element of the adjustment could be repaid to them in the financial year 2021/22, this was adjusted in the payment from the DWP in January 2022.

Clear audit trails were kept on the correspondence with tenants and councillors were kept up to date with the actions taken by the team dealing with the issue. The total impact was £3.3m to be repaid to the DWP (£1.7m) and current and former tenants.

A link to the [website](#) was given to affected tenants.

The impact of the adjustment was reported as part of Quarter 3 budget monitoring to [Cabinet](#) in February 2022. On the same agenda was the Budget and Council tax report which included the reduced rental income for future years. The impact of the adjustment resulted in a lower balance in the HRA reserve which is used for the provision for new housing properties, however there is still sufficient within this reserve to meet the current capital programme for the HRA.

An internal audit of the whole process was undertaken during the year and is ongoing, however the feedback is that there are good robust procedures in place and a clear audit trail.

**Head of IA opinion:**

The Head of Audit is required to provide an independent opinion on the overall adequacy of the effectiveness of the Council’s governance, risk and control framework. Their Annual Report and Opinion has been considered and any significant issues incorporated as a result.

From the work undertaken during 2020/21, reasonable assurance can be provided that there is generally a sound system of internal control, designed to meet the Council’s objectives and that controls are applied consistently. Report [FIN/528](#) Audit and Risk Manager’s annual report to the Audit Committee on 19 July 2021 gave a substantial assurance opinion. Where weaknesses are identified, i.e. Limited Assurance reports and Priority One recommendations are made; these are tracked by the Audit Committee until implemented or discharged.

**SIGNIFICANT GOVERNANCE ISSUES**

There are no significant governance issues to report.

**Conclusion**

To the best of our knowledge, the governance arrangements as defined above, have been operating effectively during the year and remain fit for purpose.

Signatures:

..... Date: .....  
Leader of the Council

..... Date: .....  
Chief Executive