

Annual Governance Statement 2012/13

1. Introduction and scope of responsibility

- 1.1 St Edmundsbury 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, 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, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging this overall responsibility, the 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. 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*.
- 1.3 A copy of the Code is available electronically (via the council's website) or can be obtained from Internal Audit.
- 1.4 This Statement explains how the council has complied with the Code and also meets the requirements of Regulation 4(3) of The Accounts and Audit (England) Regulations 2011 whereby all relevant bodies should prepare an Annual Governance Statement.

2. The purpose of the governance framework

- 2.1 The council's governance framework comprises the systems and processes, and culture and values by which the authority 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 corporate objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 2.2 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 the 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.

- 2.3 The governance framework has been in place at the council for the year ended 31st March 2013 and up to the date of approval of the annual Statement of Accounts.

3. The governance framework

- 3.1 Our governance framework is derived from six core principles identified in a 2004 publication entitled "The Good Governance Standard for Public Services", and later guidance contained in the Statement on the Role of the Chief Finance Officer in Local Government (CIPFA 2010) plus the associated Application Notes (CIPFA 2010). These principles were adapted for application to local authorities and published by CIPFA in 2007 in the document "Delivering Good Governance in Local Government". The six principles are:

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles;
3. Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
5. Developing the capacity and capability of members to be effective; and
6. Engaging with local people and other stakeholders to ensure robust accountability.

The next section of this Statement looks at each of these principles.

Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

- 3.2 The Corporate Plan represents the key planning document for the council from which a number of supporting strategies are developed. These include, amongst others, the Medium Term Financial Strategy, Asset Management Plan and Local Development Framework. The Plan also sets out the council's vision ('we will work with others to deliver the services and support that communities need to thrive') for the future establishing the priorities and, most importantly, actions that the council needs to take to help make that vision a reality. Communities are at the heart of the Corporate Plan, with priorities focused on actions which will improve, support and improve the borough for the benefit of communities.

- 3.3 The council produces an annual report which provides highlights of the council's achievements and progress against its priorities over the past 12 months.
- 3.4 The council's services are divided into different service areas. Annual service plans set a clear direction for the service by outlining what the future tasks and projects are and linking these to the corporate priorities. Service plans have not been produced for 2013/14 due to the current service restructuring and associated organisational development taking place within the council.
- 3.5 The current economic climate continues to have a significant impact on local authorities. St Edmundsbury has responded to these changes by seeking opportunities for joint working with other local authorities, in particular Forest Heath District Council. The two councils share a Chief Executive, joint leadership team, and now also share a single staff team.
- 3.6 A task and finish group (Shared Services Steering Group) was used to advise, support and drive forward the shared services agenda. A Memorandum of Understanding is also in place which sets out the principles and framework for agreeing and implementing shared services across St Edmundsbury and Forest Heath.
- 3.7 Services are joining up with staff working across the councils' borders. The aim is to save money, at a time when public sector funding is reducing, and to increase efficiency, making it easier for people living and working in West Suffolk to access services. Delivering effective customer access is a key part of the shared services programme. A major business process re-engineering project is currently underway to streamline customer access and improve customers' experiences.
- 3.8 The council's overall financial arrangements are governed by the Medium Term Financial Strategy which sets out the financial framework for delivery of the council's priorities.
- 3.9 In order to properly understand costs, budget monitoring and forecasting information is provided to budget holders via monthly financial reports. These reports show current expenditure, over / under spend, and remaining budget for the year as well as highlighting any areas where unexpected variances are apparent. In addition, budget monitoring reports are considered by Joint Leadership Team and at Performance and Audit Scrutiny Committee meetings.
- 3.10 Alongside financial reporting, key performance indicators are considered by Joint Leadership Team and the Performance and Audit Scrutiny Committee to enable progress against targets to be monitored.

- 3.11 The councils ensure that working in partnership supports and underpins the achievement of the councils' objectives. A comprehensive partnership assessment toolkit is in place which includes evaluating how arrangements inform and support St Edmundsbury's higher level priorities and objectives.

Members and officers working together to achieve a common purpose with clearly defined functions and roles

- 3.12 The council has an approved Constitution which defines and documents the roles and responsibilities of members, the Leader, the Mayor and Cabinet as well as senior officer functions. The Constitution also sets out rules of procedure and codes of conduct defining the standards of behaviour for members and staff. Elements of the Constitution are subject to annual review to ensure that it reflects new legislation and working practices and remains fit for purpose.
- 3.13 Policy and decision making is facilitated by a clear framework of delegation as set out in the council's Constitution, including details of delegated authority to officers. The council has several committees which carry out regulatory or scrutiny functions.
- 3.14 The statutory roles of Head of Paid Service, Section 151 Officer and Monitoring Officer are vested in the Chief Executive, Head of Resources and Performance, and Head of Legal and Democratic Services respectively.
- 3.15 During 2012/13 the organisational structure of the council changed as part of its move towards shared services with a joint leadership team, shared with Forest Heath District Council now in place. The team comprises the Chief Executive, Directors, and Heads of Service. The senior management structure is designed to ensure that both West Suffolk councils have the skills and capacity necessary to address the combined challenges of delivering the councils' priorities whilst dealing with the consequences of the severe financial settlements facing local government.

Promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- 3.16 The council's Monitoring Officer advises management on new legislation and compliance with the Constitution. She also uses statutory powers to report to Full Council where there has been non-compliance with legislation or with the council's own procedures.
- 3.17 Within service areas staff monitor the introduction of legislation specific to their expertise. Where legislation has a corporate or cross-cutting effect, Legal Services and Policy will generally co-ordinate dissemination of information and training.

- 3.18 The Head of Resources and Performance (as the council's Section 151 Officer) has overall responsibility for the financial administration of the Council. The authority's financial management and internal audit arrangements conform to the governance requirements of the CIPFA Statements on the Role of the Chief Financial Officer in Local Government and the Role of the Head of Internal Audit in public service organisations respectively.
- 3.19 Policies and procedures governing the council's operations include both Financial and Contracts Procedure Rules. Ensuring compliance with these is the responsibility of management across the council. Internal Audit checks that policies and procedures are actually being complied with. Where incidents of non-compliance are identified, Internal Audit agrees with management the appropriate action to be taken.
- 3.20 The behaviour of officers and members is regulated through separate Codes of Conduct which have been formally approved and adopted. Both Codes are supported by the Member / Officer Protocol and Responsibility of Functions, all of which form an integral part of the Constitution, as are the Financial Procedure Rules and Contract Procedure Rules.
- 3.21 A Joint Standards Committee between St Edmundsbury and Forest Heath was established in 2013. Its roles and functions include promoting and maintaining high standards of conduct by councillors, assisting councillors to observe the Members' Code of Conduct, monitoring its operation and overseeing any breaches.
- 3.22 The council takes fraud, corruption and maladministration seriously and has appropriate policies in place to prevent, and deal with, such occurrences, including the Whistleblowing Policy, Anti-Fraud and Anti-Corruption Strategy, Anti-Money Laundering Policy and E-mail and Internet Usage. All members of staff are made aware of these documents through the induction programme and they are publicised through the internal staff bulletin, intranet and council website. The documents have all been subject to recent review to ensure they continue to reflect best practice, legislation and shared services arrangements.
- 3.23 Registers for the recording of financial / non financial interests which could be considered to conflict with the authority's interests and the offer / receipt of goods and hospitality are maintained for both officers and members.
- 3.24 Council services are delivered by appropriately trained and experienced staff. Each post has a detailed job description and person specification. Training needs are identified through development reviews and other routes within individual services as appropriate. Delivery of corporate training is coordinated through

the Learning and Development Team with service specific support and guidance delivered at service level.

- 3.25 A staff disciplinary and capability policy / procedure is in place which sets out the council's expectations in terms of behaviour, conduct and performance which staff are made aware of through induction and the performance development review process.

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

- 3.26 The council's Constitution sets out how the council operates and the process for policy and decision making. The Constitution is published on the council's website.

- 3.27 The council has a number of committees which carry out regulatory or scrutiny functions:

- Development Control Committee – determines planning applications, listed building and conservation area consent;
- Joint Standards Committee – promotes, monitors and enforces probity and high ethical standards regarding the council's elected members and members of town and parish councils within the borough;
- Performance and Audit Scrutiny Committee - monitors and scrutinises the performance of the council's services by having regard to a variety of information, including key performance indicators, financial information, audit reports, corporate risks and complaints;
- Licensing and Regulatory Committee – determines licensing applications and monitors and reviews the effectiveness of the council's licensing and gambling policy and procedures;
- Overview and Scrutiny Committee – reviews and / or scrutinises decisions made or actions taken in connection with the discharge of any of the council's functions, except individual licensing and regulatory decisions; undertakes research and makes recommendations regarding matters affecting the council's area or inhabitants; deals with the Councillor Call for Action protocol and takes the lead on policy development particularly relating to cross-cutting issues.

- 3.28 Processes have been established for the provision of information to inform committee decisions using a standard report template that addresses all relevant aspects of the council's duties and obligations.

- 3.29 All formal meetings are held in public, and the reports and minutes of those meetings are published on the council's website, unless there are legal reasons for confidentiality with paper copies available on request. There are opportunities for members of the public to ask questions at Full Council meetings.

- 3.30 As a council we collect and use many different types of data from a wide variety of sources, including customers, stakeholders, partners and other local authorities and Government bodies. Data quality is crucial and the availability of complete, accurate and timely data is important in supporting and informing corporate and service planning, customer care, corporate governance and overall accountability. The council first adopted a Data Quality Policy in 2008 which was subsequently revised in 2011 to take into account the Localism Bill and the Government's transparency agenda in partnership with Forest Heath District Council. We also publish our equality data in line with the requirements of the Equality Act 2010.
- 3.31 Risk Management is an integral part of the council's decision making processes. The council's Risk Management Strategy provides guidance to members and officers on responsibilities and on the application of risk management processes. Guidance along with an online training module has also been provided for managers to assist with the risk management methodology, which is available on the council's intranet. In addition, the committee report template includes a risk / opportunity assessment to help inform decision-making.
- 3.32 A Joint Risk Management Group was formed in 2012/13 to look at revising this strategy. Systems and processes for the management of risk are also under review to ensure they remain robust and fit for purpose.
- 3.33 A Corporate Complaints Procedure is in place with all services having a designated Complaints Co-ordinator. In addition, complaints are reported twice a year to Performance and Audit Scrutiny Committee in order to provide an overview of the quantity and range of corporate complaints received, as well as monitoring the effectiveness at responding to, and learning from, any mistakes that have been made.

Developing the capacity and capability of members to be effective

- 3.34 The council was awarded the Member Development Charter for a further three years from 5 October 2011. This recognises the continuing commitment and support provided to members in their role as community leaders and the development required to assist them.
- 3.35 Induction training courses for members are provided after each election which are open to experienced as well as new members, and include a section on standards, ethics and codes of conduct.
- 3.36 Annually, members are provided with a Member Development Plan to complete, in order to identify their own priorities for improved

skills and knowledge. In addition, a range of skills workshops via the Member Development Programme is offered to members.

- 3.37 Political groups have a role in encouraging new talent and representatives of all sections of the community to stand for election as members of the council.
- 3.38 Budget provision is set aside annually to ensure training / development needs are met.

Engaging with local people and other stakeholders to ensure robust local public accountability

- 3.39 The Community Engagement Strategy sets out the council's approach to consultation and community involvement, along with providing guidance to members and officers about how to consult people effectively.
- 3.40 St Edmundsbury consults routinely with residents, businesses, organisations, members and staff on a range of matters. The council's home page provides links to various activities that invite consultation with the public.
- 3.41 Both the Corporate Plan and Annual Report are available to stakeholders via the council's website providing an opportunity to see progress and performance against the priorities in the Corporate Plan.
- 3.42 The council has begun to use social media tools to provide new avenues of interaction such as Facebook and Twitter.
- 3.43 The council publishes information relating to all of its expenditure on its website and also publishes a pay policy statement, detailing the remuneration of senior officers.
- 3.44 Communication and consultation with staff is carried out through weekly staff bulletins, team meetings, and through formal consultation with the Trades Union.
- 3.45 The council uses a variety of service delivery models, and is involved in a number of partnership arrangements, including work with Forest Heath District Council, Anglia Revenues and Benefits Partnership, Havebury Housing Partnership, Abbeycroft Leisure, Haverhill Town Council (re Haverhill Town Hall and Arts Centre), Theatre Royal, Guildhall and West Stow trustees.
- 3.46 Governance arrangements for these partnerships are subject to ongoing review, as appropriate, with funding agreements being reviewed on at least an annual basis. Regular liaison meetings take place with key partners, including Havebury Housing Partnership and Abbeycroft Leisure.

3.47 The council continues to review how services should be delivered and this remains a key part of budget deliberations.

4. Review of effectiveness

4.1 St Edmundsbury Borough Council undertakes an annual review of the effectiveness of its governance framework, including the system of internal control, by carrying out a self-assessment exercise.

4.2 This exercise is informed by the work of the Governance Review. Other review mechanisms are Internal Audit's annual report which includes the Internal Audit Manager's annual audit opinion, and also comments made by the external auditors and other review agencies and inspectorates. As a part of the self assessment an action plan has been prepared and progress is assessed and recorded.

4.3 The Joint Leadership Team has overall responsibility for the development and maintenance of the governance environment and reviews the draft Annual Governance Statement prior to submission to Performance and Audit Scrutiny Committee.

4.4 In addition to the role and responsibilities detailed above, the Performance and Audit Scrutiny Committee also acts as the council's audit committee. In this capacity the Committee regularly receives reports that concern governance arrangements and is presented with this Statement as part of that role.

4.5 Internal Audit is responsible for conducting an independent appraisal of the council's activities, financial or otherwise, and provides an independent and objective opinion regarding these activities. It is also responsible for giving assurance to members, the s151 Officer, Joint Leadership Team and the Performance and Audit Scrutiny Committee on the design and operating effectiveness of the council's risk and control arrangements.

4.6 Based upon the audit work undertaken during the financial year 2012/13, as well as assurances made available to the council by other assurance providers, the Internal Audit Manager has confirmed that reasonable assurance can be provided that the systems of internal control within these areas of the council, as well as the risk management systems, were operating adequately and effectively. As in previous years Internal Audit work has, however, identified a number of areas where existing arrangements could usefully be improved, and agreed actions will be followed up by Internal Audit in the usual way.

4.7 Internal audit reports are discussed with relevant service officers including, as a minimum, service managers. The report includes an evaluation of the effectiveness of internal controls and documents any findings and recommendations for control weakness improvements. Recommendations are prioritised reflecting the risk

to the council of action not being taken. The recommendations are agreed with the relevant service and reported to the Performance and Audit Scrutiny Committee as appropriate. Improvements made to the control environment since the previous audit review are also reported.

- 4.8 The council is subject to an annual programme of independent external audits and statutory inspections. The external auditor summarises the findings from his audit of the council's systems and his assessment of the council's arrangements to achieve value for money.

5. Significant governance issues

- 5.1 Governance is about running things properly and ensuring that the council is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It is the foundation for the delivery of good quality and improved services that meet the local community's needs.

- 5.2 In determining the significant issues to disclose, we have considered whether issues had:

- Seriously prejudiced or prevented achievement of council objectives;
- Resulted in a need to seek additional funding to allow it to be resolved or had resulted in a significant diversion of resources from another aspect of the council's services;
- Led to material impact on the accounts;
- Received adverse commentary in external inspection reports;
- Been reported by the Internal Audit Manager as significant in the annual opinion on the council's internal control environment;
- Attracted significant public interest or had seriously damaged the council's reputation;
- Resulted in formal action being taken by the s151 Officer and / or the Monitoring Officer; or
- Members had advised that it should be considered significant for this purpose.

- 5.3 As a result of the work undertaken to review arrangements within the governance framework we have highlighted a number of key developments that arose this year:-

- During the year, as described above, the council has continued to forge closer links with Forest Heath District Council. The new management and service structure, and roles within it, are significantly different from the previous arrangements at either council. They are designed with the financial challenges, evolution of shared services, and wider partnership working opportunities in mind and with a

particular focus on dealing with the changing expectations people have of local government.

- This restructure has taken the opportunity to look at the way both councils will work in the future to ensure that they deliver required outcomes in a more complex and demanding public sector environment. Senior management and members from both councils are committed to this change in order to transform and improve customers' experiences, as well as the opportunity to achieve efficiencies and cost savings.
- A new financial management system will be implemented during 2013/14 to both update and improve on current arrangements and to deliver significant cost savings for the two authorities. The planned go-live date is April 2014.
- A Joint Procurement Manager shared with Forest Heath District Council is in place from July 2013. Procurement arrangements will continue to be reviewed in order to meet the challenges of reduced funding by delivering better value for money through efficient and effective procurement.
- It is expected that the current management of risk will require review and re-affirmation as a consequence of the closer working links with Forest Heath. Risk management practices, and the council's risk appetite will need to be reviewed across both councils with a view to achieving greater clarity, consistency and support to the shared service structure.
- An internal audit review undertaken in 2012/13 identified weaknesses in the operation of internal controls as part of the council's general ledger, in particular the adequacy and timeliness of bank reconciliations. As a result, resources were allocated to address this and procedures adopted to ensure that the process operates correctly. Internal Audit undertook an early review of these procedures and concluded that, properly followed, these procedures should significantly improve internal controls and address the identified weaknesses. Further follow up work will be undertaken by Internal Audit in 2013/14 to assess the effectiveness of these measures.

5.4 An action plan to further strengthen the council's governance and internal control arrangements for the coming year has been compiled. We will monitor implementation and operation of these actions as part of the next annual review. This is attached as an appendix.

6. Assurance by Chief Executive and Leader of the Council

6.1 We approve this statement and confirm that it forms the basis of the council's governance arrangements and that these arrangements will be monitored and strengthened in the forthcoming year as described above.

Signed:

Signed:

Ian Gallin
Chief Executive

John Griffiths
Leader of the Council

Date:

Date: