



Performance and Audit Scrutiny Committee 24 September 2014

Local Code of Corporate Governance / Annual Governance Statement 2013/14

1. Summary and reasons for recommendations

- 1.1 It is good practice to review arrangements from time to time and as such a review of the Local Code of Corporate Governance has been undertaken to ensure it continues to reflect best practice, legislation and shared services arrangements. The revised West Suffolk Local Code of Corporate Governance is set out in **Appendix A** to this report.
- 1.2 The Annual Governance Statement provides stakeholders with assurance that the council has operated within the law and that the council has met the requirements of the Accounts and Audit Regulations 2011. A copy of the Annual Governance Statement for 2013/14 is attached to this report, at **Appendix B**. This year, the document is presented as a joint statement for St Edmundsbury Borough Council and Forest Heath District Council to reflect both councils working together and sharing services across West Suffolk.

2. Recommendations

- 2.1 That the Committee **recommend** to Council that the West Suffolk Local Code of Corporate Governance be adopted.
- 2.2 The Committee is recommended to **approve** the Annual Governance Statement 2013/14 for signing by the Chief Executive and Leader.

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3. Corporate priorities

- 3.1 Proper governance arrangements in place provide a suitable framework when seeking to achieve the key priorities of the West Suffolk Strategic Plan.

4. Key issues

- 4.1 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 and properly accounted for, and used economically, efficiently and effectively.
- 4.2 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.

Local Code of Corporate Governance

- 4.3 A Local Code of Corporate Governance sets out the principles on how the local government body ensures compliance with statutory requirements and best practice guidance on corporate governance. Whilst the adoption of a Local Code is not a statutory requirement it represents best practice and is a key element of a councils overarching governance arrangements and its commitment to good corporate governance.
- 4.4 The Local Code of Corporate Governance is subject to annual review to ensure it remains up to date. Minor adjustments have been made to the document, at **Appendix A** to reflect it is now a joint West Suffolk Local Code of Corporate Governance between St Edmundsbury Borough Council and Forest Heath District Council.

Annual Governance Statement

- 4.5 The Annual Governance Statement provides stakeholders with assurance that the council has operated within the law and that the council has met the requirements of the Accounts and Audit Regulations 2011. The Annual Governance Statement accompanies the Statement of Accounts.
- 4.6 A copy of the Annual Governance Statement for 2013/14 is attached to this report, at **Appendix B**. This year, the Annual Governance Statement prepared by a Joint Governance Group is presented as a joint statement for St Edmundsbury Borough Council and Forest Heath District Council to reflect both councils working together and sharing services across West Suffolk.
- 4.7 A key function of the Performance and Audit Scrutiny Committee is to review and approve the Annual Governance Statement prior to it being signed off by the Chief Executive and Leaders of the councils.

5. Other options considered

- 5.1 The requirement to produce an Annual Governance Statement is set down in regulation, and it is good practice to have a Local Code.

6. Community impact

6.1 Crime and disorder impact *(including Section 17 of the Crime and Disorder Act 1998)*

6.1.1 None arising directly from this report.

6.2 Diversity and equality impact *(including the findings of the Equality Impact Assessment)*

6.2.1 None arising directly from this report.

6.3 Sustainability impact *(including completing a Sustainability Impact Assessment)*

6.3.1 None arising directly from this report.

6.4 Other impact *(any other impacts affecting this report)*

6.4.1 None arising directly from this report.

7. Consultation *(what consultation has been undertaken, and what were the outcomes?)*

7.1 Consultations have taken place through the Joint Governance Group and Joint Leadership Team.

8. Financial and resource implications *(including asset management implications)*

8.1 The Annual Governance Statement accompanies the Statement of Accounts for 2013/14, although this report has no direct resource implications.

9. Risk/opportunity assessment *(potential hazards or opportunities affecting corporate, service or project objectives)*

Risk area	Inherent level of risk (before controls)	Controls	Residual risk (after controls)
Failure to regularly monitor and improve the council's governance arrangements could weaken corporate governance, impacting on service delivery.	Medium	The statement is fully supported by relevant documentation and evidence. An action plan to address areas of improvement is introduced.	Low

10. Legal and policy implications

10.1 The Accounts and Audit (Amendment) (England) Regulations 2011 require the council to prepare and publish an Annual Governance Statement.

11. Wards affected

11.1 All wards.

12. Background papers

12.1 CIPFA Guidance on Annual Governance Statements

13. Documents attached

Appendix A – West Suffolk Local Code of Corporate Governance

Appendix B – Annual Governance Statement

West Suffolk

Local Code of Corporate Governance

1. Introduction

- 1.1 This document sets out how both St Edmundsbury Borough Council and Forest Heath District Council aim to apply the principles of corporate governance. We are both committed to the principles of good governance and maintain our commitment through the development, adoption and continued maintenance of this Code of Corporate Governance.
- 1.2 We are required to develop and maintain an up-to-date Code of Corporate Governance and to prepare an Annual Governance Statement (AGS) in order to report publicly on the extent to which we comply with this Code.

2. Defining governance

- 2.1 CIPFA and SOLACE define governance as being about how councils ensure they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.
- 2.2 It comprises the systems and processes and cultures and values, by which councils are directed and controlled and through which they are accountable to, engage with and lead communities.
- 2.3 Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users. Good governance enables councils to pursue their visions effectively as well as underpinning that vision with mechanisms for control and management of risk and opportunity.

3. Principles of good governance

- 3.1 We recognise the six core principles of good governance which are:
1. focusing on the purpose of the council 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 values for the council 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 and officers to be effective; and
 6. engaging with local people and other stakeholders to ensure robust our public accountability.

4. Applying the principles of good governance

4.1 CIPFA/SOLACE have identified that the six principles of good governance have a number of supporting principles, which in turn have a range of specific requirements that apply across business. The following tables show how each of the principles should be applied. Compliance with these principles will be subject to annual review (see section 5 of the Code).

Principle 1: Focusing on the purpose of the council and on outcomes for the local community and creating and implementing a vision for the local area	
Supporting principle	The councils are required to:
Exercising strategic leadership by developing and clearly communicating the council's purpose and vision and its intended outcome for citizens and service users	<p>Develop and promote both councils' purpose and vision.</p> <p>Review on a regular basis the West Suffolk vision and its implications for the governance arrangements.</p> <p>Ensure that partnerships are underpinned by a common vision of both councils' work that is understood and agreed by all partners.</p> <p>Regularly communicate both councils' activities and achievements, their financial position and performance.</p>
Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.	<p>Decide how the quality of service for users across West Suffolk is to be measured and make sure that the information needed to review service quality effectively and regularly is available.</p> <p>Put in place effective arrangements to identify and deal with failure in service delivery.</p>
Ensuring that the council makes best use of resources and that tax payers and service users receive excellent value for money.	<p>Decide how value for money for both councils is to be measured and make sure that they have the information needed to review value for money and performance effectively.</p> <p>Measure the environmental impact of policies, plans and decisions across West Suffolk.</p> <p>Ensure that timely, accurate and impartial financial advice and information is provided to both councils to assist in decision making and to ensure that they meet policy and service objectives and provides effective stewardship of public money and value for money in its use across both councils.</p>

	<p>Ensure that both councils maintain a prudential financial framework; keep commitments in balance with available resources; monitor income and expenditure levels to ensure that balance is maintained and corrective action taken when necessary.</p> <p>Ensure both councils comply with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.</p>
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Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles

Supporting principle	The councils are required to:
<p>Ensuring effective leadership throughout the council and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.</p>	<p>Within their Constitutions: (i) set out a clear statement of the respective roles and responsibilities of the Cabinet and Portfolio Holders individually, and our approach towards putting this into practice; and (ii) set out a clear statement of the respective roles and responsibilities of other councillors, committees and senior officers.</p> <p>Ensure that the Chief Financial Officer across both councils reports directly to the Chief Executive and is a member of the leadership team with a status at least equivalent to other members. If different organisational arrangements are adopted, explain the reasons publicly, together with how these deliver the same impact.</p>
<p>Ensuring that a constructive working relationship exists between members and officers and that the responsibilities of members and officers are carried out to a high standard.</p>	<p>Determine their scheme of delegation and reserve powers within the Constitution, including a formal schedule of those matters specifically reserved for collective decision, taking account of relevant legislation, and ensure that it is monitored and updated when required.</p> <p>Make the Chief Executive responsible and accountable for all aspects of operational management across both councils.</p> <p>Ensure that governance arrangements allow the Chief Finance Officer direct access to the Chief Executive and to other leadership team members.</p> <p>Develop protocols to ensure that the Leader and Chief Executive have a shared understanding of their roles and objectives.</p> <p>Make a senior officer (the s151 officer) responsible for ensuring that appropriate advice is given on all financial matters to both councils, for keeping</p>

	<p>proper financial records and accounts, and for maintaining an effective system of internal financial control.</p> <p>Appoint a professionally qualified Chief Financial Officer for both councils whose responsibilities include those set out in the Statement on the Role of the Chief Financial Officer in Local Government and ensure that they are properly understood.</p> <p>Ensure that the Chief Financial Officer:</p> <ul style="list-style-type: none"> • leads the promotion and delivery across both councils of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively; • has a line of professional accountability for finance staff throughout both councils; and • ensures that budget calculations for both councils are robust and reserves adequate, in line with CIPFA's guidance <p>Ensure that appropriate management accounting systems, functions and controls are in place across both councils so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnership arrangements, outsourcing or where we are acting in an enabling role.</p> <p>Make a senior officer (the Monitoring Officer) responsible for ensuring that agreed procedures are followed across both councils and that all applicable statutes and regulations are complied with.</p>
<p>Ensuring relationships between the council, its partners and public are clear so that each knows what to expect of the other.</p>	<p>Develop protocols for both councils to ensure effective communication between members and officers in their respective roles.</p> <p>Set out the terms and conditions for remuneration of members and officers for both councils and an effective structure for managing the process, including an effective remuneration panel (if applicable).</p> <p>Ensure that effective mechanisms exist to monitor service delivery across both councils.</p> <p>Ensure that the West Suffolk vision, strategic plan, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and</p>

	<p>that they are clearly articulated and disseminated.</p> <p>Establish a medium term business and financial planning process across West Suffolk to deliver strategic objectives including:</p> <ul style="list-style-type: none"> • a medium term financial strategy to ensure sustainable finances; • a robust annual budget process that ensures financial balance; and • a monitoring process that enables this to be delivered <p>Ensure that these are subject to regular review to confirm the continuing relevance of assumptions used.</p> <p>When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and both councils.</p> <p>When working in partnership across West Suffolk:</p> <ul style="list-style-type: none"> • Ensure that there is clarity about the legal status of the partnership • Ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.
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Principle 3: Promoting values for the council and demonstrating the values of good governance through upholding high standards of conduct and behaviour	
Supporting principle	The councils are required to:
Ensuring members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.	<p>Ensure that the leadership across West Suffolk sets a tone by creating a climate of openness, support and respect.</p> <p>Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff, partners and the community are defined and communicated through codes of conduct and protocols.</p> <p>Put in place arrangements to ensure that members and staff of both councils are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.</p>

<p>Ensuring that organisational values are put into practice and are effective</p>	<p>Develop and maintain shared West Suffolk values including leadership values for both organisations and staff reflecting public expectations, and communicate these with members, officers, the community and partners.</p> <p>Put in place arrangements to ensure that procedures and operations for both councils are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice.</p> <p>Ensure that systems and processes for both councils' financial administration, financial control and protection of both resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.</p> <p>Develop and maintain an effective standards committee.</p> <p>Use shared West Suffolk values to act as a guide for decision-making and as a basis for developing positive and trusting relationships.</p> <p>In pursuing the vision of a partnership, agree a set of values against which decision-making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.</p>
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Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	
Supporting principle	The councils are required to:
<p>Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.</p>	<p>Develop and maintain an effective scrutiny function across both councils which encourages constructive challenge and enhances performance overall and that of any organisation for which it is responsible.</p> <p>Ensure an effective internal audit function is resourced and maintained across both councils.</p> <p>Develop and maintain across both councils open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.</p> <p>Put in place arrangements across West Suffolk to safeguard members and officers against conflicts</p>

	<p>of interest and put in place appropriate processes to ensure that they continue to operate in practice.</p> <p>Develop and maintain an effective audit committee which is independent of the executive and scrutiny functions or make other arrangements for the discharge of the functions of such a committee.</p> <p>Ensure that governance arrangements of both councils allow the Chief Finance Officer direct access to the Audit Committee and the external auditors.</p> <p>Ensure that effective, transparent and accessible arrangements are in place across West Suffolk for dealing with complaints.</p>
<p>Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.</p>	<p>Ensure that those making decisions whether for the councils or the partnership are provided with information that is fit for the purpose – relevant, timely and giving clear explanations of technical issues and their implications.</p> <p>Ensure the provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers across both councils on the budgetary and financial performance.</p> <p>Ensure that proper professional advice on matters that have legal or financial implications is available to both councils and recorded well in advance of decision-making and used appropriately.</p> <p>Ensure governance arrangements for both councils allow the Chief Finance Officer to bring influence to bear on all material decisions.</p> <p>Ensure that advice is provided on the levels of reserves and balances in line with good practice guidance.</p>
<p>Ensuring that an effective risk management system is in place</p>	<p>Ensure that risk management is embedded into the culture across West Suffolk, with members and managers at all levels recognising that risk management is part of their role.</p> <p>Ensure arrangements for financial and internal control and for managing risk are addressed in annual governance reports for both councils.</p> <p>Ensure both councils put in place effective internal financial controls covering codified guidance,</p>

	<p>budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes.</p> <p>Ensure that effective arrangements for whistle-blowing are in place across West Suffolk to which officers, the public and all those contracting with or appointed by us have access.</p>
Using their legal powers to the full benefit of the citizens and communities in their area.	<p>Actively recognise the limits of lawful activity placed on the councils, for example, the ultra vires doctrine, but also strive to utilise their powers to the full benefit of their communities.</p> <p>Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed upon both councils by public law.</p> <p>Observe all specific legislative requirements placed upon both councils, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into procedures and decision-making processes.</p>

Principle 5: Developing the capacity and capability of members and officers to be effective

Supporting principle	The councils are required to:
Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.	<p>Provide induction programmes across West Suffolk tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.</p> <p>Ensure that the statutory officers across both councils have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood.</p> <p>Ensure the Chief Finance Officer for both councils has the skills, knowledge, experience and resources to perform effectively in both the financial and non financial areas of their role.</p> <p>Review the scope of the Chief Finance Officer's other management responsibilities to ensure financial matters are not compromised.</p> <p>Provide the finance function across both councils with the resources, expertise and systems</p>

	necessary to perform its role effectively.
Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.	<p>Assess the skills required by members and officers across both councils and make a commitment to develop those skills to enable roles to be carried out effectively.</p> <p>Embed financial competencies across West Suffolk in person specifications and appraisals.</p> <p>Ensure that councillors' roles and responsibilities for monitoring financial performance/budget management are clear, that they have adequate access to financial skills and are provided with appropriate financial training on an ongoing basis to help them discharge their responsibilities.</p> <p>Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.</p> <p>Ensure that effective arrangements are in place for reviewing performance as a whole for both councils' and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs.</p>
Encouraging new talent for membership of the council so that best use can be made of individuals' skills and resources in balancing continuity and renewal.	<p>Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of both councils.</p> <p>Ensure that career structures are in place across West Suffolk for members and officers to encourage participation and development.</p>

Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability.

Supporting principle	The councils are required to:
Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive	<p>Ensure that members and officers for both councils understand their accountabilities to the community and this is clearly communicated.</p> <p>Consider those institutional stakeholders to whom both councils are accountable and assess the effectiveness of the relationships and any changes required.</p> <p>Produce an annual report on both councils on the activity of the scrutiny function.</p>

<p>accountability relationships.</p>	
<p>Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the council, in partnership or by commissioning.</p>	<p>Ensure that clear channels of communication across both councils are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements and ensure that they operate effectively.</p> <p>Hold meetings across West Suffolk in public unless there are good reasons for confidentiality.</p> <p>Ensure that arrangements are in place to engage with all sections of the West Suffolk community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.</p> <p>Establish a clear policy on the types of issues both councils will meaningfully consult on or engage with the public and services users about including a feedback mechanism for those consultees to demonstrate what has changed as a result.</p> <p>On an annual basis, publish information on the West Suffolk vision, strategy, plans and financial statements as well as information about outcomes, achievements and the satisfaction of service users in the previous period.</p> <p>Ensure that both councils are open and accessible to the community, service users and staff and ensure that they have made a commitment to openness and transparency in all their dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.</p>
<p>Making best use of human resources by taking an active and planned approach to meet responsibility of staff.</p>	<p>Develop and maintain a clear policy across West Suffolk on how staff and their representatives are consulted and involved in decision-making.</p>

5. Annual review and reporting

- 5.1 We will carry out a review of our governance arrangements using the above principles as a guide. The review will ensure compliance with this Code and any emerging good practice. The purpose of the review will be to provide assurance that governance arrangements are adequate and

operating effectively, and where any gaps are observed, to identify action which is planned to ensure effective governance in the future.

- 5.2 The outcome of the review will take the form of a West Suffolk Annual Governance Statement prepared on behalf of the Leader of St Edmundsbury Borough Council, the Leader of Forest Heath District Council, and the Chief Executive of both councils. It will be submitted to the Performance and Audit Scrutiny Committee for consideration and review. Where necessary, the Annual Governance Statement will contain an action plan to address any areas identified for improvement from the review. An annex of the Annual Governance Statement will detail the principles and supporting principles, together with links to the key documents established to support the application of this Code.
- 5.3 The preparation and publication of the West Suffolk Annual Governance Statement meets the statutory requirement of the Accounts and Audit Regulations which require authorities to 'conduct a review at least once a year of the effectiveness of its system of internal control' and to prepare the statement 'in accordance with proper practices'.

6. Conclusion

- 6.1 St Edmundsbury Borough Council and Forest Heath District Council are fully committed to the principles of corporate governance, and through the measures outlined within this Code, will ensure that adequate arrangements are made with regard to its continued implementation, monitoring and review.

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West Suffolk Annual Governance Statement 2013/14

Summary

There is a requirement for local authorities to prepare and publish a governance statement. The statement is a backward looking document produced annually which reports on the extent to which local authorities comply with their own corporate code of governance, how they have monitored the effectiveness of their governance arrangements in the year, and on any planned changes in the coming period.

Introduction and Scope of Responsibility

- 1.1 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.
- 1.2 To ensure that public money is safeguarded, Forest Heath District Council and St Edmundsbury Borough Council are responsible for seeing that their business is conducted properly; that public money is safeguarded and properly accounted for as well as being used economically, efficiently and effectively.
- 1.3 The councils
 - (a) have put in place proper governance of affairs;
 - (b) facilitate the effective exercise of their functions;
 - (c) manage risk effectively; and
 - (d) secure continuous improvement of their functions.

The councils have each 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 available electronically (via both councils' websites).

2. Governance

- 2.1 Internal control is designed to manage risk. It continues to identify and prioritise the councils' risks to note the likelihood of those risks being realised and their impact so they are managed efficiently, effectively and economically.

The Governance Framework

The six core principles of good governance 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.

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

3.1 Going forward the West Suffolk Strategic Plan 2014-16 represents the key planning document for the councils (which was previously contained within the Forest Heath District Council Strategic Plan and the St Edmundsbury Borough Council Corporate Plan) together with each council's:

- Medium Term Financial Strategy;
- Asset Management Plan;
- Local Development Framework;

The West Suffolk Strategic Plan sets out the councils' vision for the future establishing the priorities and actions that the councils need to take to help make that vision a reality, these are further expanded upon through the following documents:

- Draft Housing Strategy 2014;
- Families and Communities Strategy; and
- Six Point Plan for Jobs and Growth;

3.2 The Annual Reports provide highlights of the councils' achievements and progress against priorities over the past 12 months.

3.3 Annual Business Plans provide indicators of service areas' future tasks and projects, linked to the corporate priorities.

3.4 The Medium Term Financial Strategy sets the councils' overall financial arrangements and the financial framework for delivery of the councils' priorities.

3.5 Budget monitoring and forecasting information is available to budget holders showing current expenditure, over / under spend,

and remaining budget for the year. Budget information is also considered quarterly by Joint Leadership Team and at Performance and Audit Scrutiny Committee meetings. The councils implemented a new financial system with effect from 1 April 2014. It is envisaged that this system will improve the timeliness, accuracy, and reliability of data to enable the councils to operate more effectively within the commercial environment.

- 3.6 Key performance indicators are considered quarterly by Joint Leadership Team and the Performance and Audit Scrutiny Committees to enable progress against targets to be monitored.

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

- 4.1 The Constitution:
- defines and documents the roles and responsibilities of members, the Leader, the Mayor and Cabinet;
 - sets out rules of procedure and codes of conduct defining the standards of behaviour for members and staff; and
 - sets out a clear framework of delegation to officers.
- 4.2 The statutory roles are:
- **Head of Paid Service** (Chief Executive);
 - **Section 151 Officer** (Head of Resources and Performance); and
 - **Monitoring Officer** (Head of Legal and Democratic Services).

A single staff team delivers services across West Suffolk.

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

- 5.1 **The Head of Paid Service** is responsible for co-ordinating the discharge of both councils' functions and the organisation and management of the staff to do so and must be consulted by the Section 151 Officer on particular reports.
- 5.2 **The Monitoring Officer** advises on legislation and compliance with the Constitution. She may report to Full Council about non-compliance with legislation or with each council's own procedures.
- 5.3 **Staff** monitor the introduction of legislation specific to their expertise. Where legislation has a corporate effect, Legal Services, Human Resources and Policy will co-ordinate information and training.
- 5.4 **The Head of Resources and Performance** has overall responsibility for the financial administration of the councils. The councils' financial management and internal audit arrangements substantially conform to the governance requirements of the CIPFA Statement 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.
- 5.5 The councils have Financial and Contracts Procedure Rules. Ensuring compliance with these is the responsibility of management across the council. Internal Audit checks they are being complied with and agrees with management the appropriate action to be taken if they are not.
- 5.6 Codes of Conduct have been formally approved and adopted for members and officers.

5.7 West Suffolk Joint Standards Committee promotes and maintains high standards of conduct by councillors, assisting councillors to observe the Members' Codes of Conduct, monitoring its operation and overseeing any breaches.

- 5.8 The councils each have a:
- Whistleblowing Policy;
 - Anti-Fraud and Anti-Corruption Policy;
 - Anti-Money Laundering Policy;
 - ICT Security Policy; and
 - E-mail and internet usage guidance.

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.

5.9 Registers for the recording of interests and the offer or receipt of gifts and hospitality are maintained for both officers and members.

5.10 Each staff post has a detailed job description and person specification. Training needs are identified through reviews and other routes. Corporate training is coordinated through the Learning and Development Team.

5.11 The staff disciplinary and capability procedure sets out how poor behaviour will be addressed. The new performance review process outlines the councils' expectations regarding behaviour, conduct and performance. The review period commenced Summer 2013.

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

6.1 The Constitutions set out how the councils operate and the process for policy and decision making. The Constitutions are published on each council's website.

6.2 The councils operate the Leader and Cabinet Executive Model. The Cabinet has responsibility for the majority of the councils' services.

6.3 The councils have committees with regulatory or scrutiny functions:

- Development Control Committee – determines planning matters;
- West Suffolk Joint Standards Committee – see above;
- Performance and Audit Scrutiny Committee – deals with service performance and governance having regard to a variety of information, including key performance indicators, financial information, audit reports, corporate risks and complaints;
- Licensing Committee – deals with licensing and gambling matters;
- Overview and Scrutiny Committee –
 - a) scrutinises decisions taken in discharging the councils' functions;
 - b) researches matters affecting the councils' area or community; and
 - c) includes the Councillor Call for Action protocol and policy development.

6.3 A standard report template is used to ensure that reports address all relevant issues and deal with all relevant aspects of the councils' duties and obligations.

6.4 The reports and minutes of meetings are published on each council's website, unless properly restricted from public access by law. There are opportunities for members of the public to ask questions at council meetings.

6.5 Each council has a Data Quality Policy. We publish our equality data in line with the requirements of the Equality Act 2010.

- 6.6 A Risk Management Strategy is in place at each council which provide guidance to members and officers on responsibilities and on the application of risk management processes. A Joint Risk Management Policy is currently being developed.
- 6.7 The Corporate Complaints Procedure provides for a Complaints Co-ordinator in services. Complaints are reported twice a year to the Performance and Audit Scrutiny Committees.

Developing the capacity and capability of members to be effective

- 7.1 Both councils hold the Charter for Elected Member Development recognising the continuing commitment and support provided to members in their role as community leaders and the development required to assist them.
- 7.2 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.
- 7.3 Annually, members can identify their own priorities for improvement via Training Needs Analysis. The Member Development Programme is then implemented by the Joint Member Development Group, supported by the Learning and Development team. In addition, a range of skills workshops and discussion sessions have taken place aimed at front-line (non-executive) members.
- 7.4 Budget provision is made annually to ensure training / development needs are met.

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

- 8.1 Each council's Community Engagement Strategy sets out an approach to consultation and community involvement, along with providing guidance to members and officers about how to consult people effectively.
- 8.2 The councils consult routinely with residents, businesses, organisations, members and staff on a range of matters. The councils' websites provide links to various activities that invite consultation with the public.
- 8.3 The St Edmundsbury Borough Council Corporate Plan, the Forest Heath District Council Strategic Plan and Joint Annual Report are available to stakeholders via the websites. Going forward the West Suffolk Strategic Plan 2014-16 is the key planning document for both councils, and will be supported by the Medium Term Financial Strategy 2014-16.
- 8.4 The councils are using social media tools to provide new avenues of interaction with the public.
- 8.5 The councils publish their expenditure information on their websites, along with the Pay Policy detailing the approach to the remuneration of staff and senior officers.
- 8.6 Communication and consultation with staff is carried out through weekly staff bulletins, team meetings, and through formal consultation with Unison.
- 8.7 As well as shared services the councils use a variety of service delivery models, and are involved in a number of partnership arrangements.

8.8 Governance arrangements for these partnerships are subject to on-going review, as appropriate, with funding agreements being reviewed on at least an annual basis. Regular liaison meetings take place with key partners.

8.9 The councils continue to review how services should be delivered and this remains a key part of budget deliberations.

9. Review of effectiveness

9.1 The annual review of the governance framework and system of internal control involves:

- a self-assessment exercise;
- Internal Audit's annual report (which includes the Internal Audit Manager's annual audit opinion);
- external auditors comments and other review agencies and inspectorates' reports; and
- an action plan where progress is assessed and recorded.

9.2 The Joint Leadership Team reviews the draft Annual Governance Statement prior to submission to each Performance and Audit Scrutiny Committee, which approves this Statement.

9.3 Internal Audit conducts 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 Head of Paid Service, 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.

9.4 Based upon the audit work undertaken during the financial year 2013/14, 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. Similar to 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.

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

10. Significant governance issues

- 10.1 In determining the significant issues to disclose, the councils have considered whether issues have:

- 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.

10.2 There have been a number of key developments this year: -

- The new single staffing structure and the 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 was implemented on 1 April 2014 and will improve on current arrangements through enhanced automation and standardisation, whilst delivering significant cost savings for the two authorities. In addition, it will help increase the transparency of information and provide the data needed in order to support the decision-making across West Suffolk in the current commercial environment.
- Risk management practices and risk appetite are reviewed by both councils with a view to achieving greater clarity, consistency and support to the shared service structure.
- The adoption of a West Suffolk Strategic Plan providing a single vision for the two authorities to work towards will

enable Members and staff to be clear about the ambitions of the councils. Building on this the two councils plan to undertake a full constitutional review during 2014/15 with a view to aligning key decision making arrangements and creating joint committees where appropriate.

- During the year the Councils commissioned a West Suffolk Corporate Peer Challenge. This resulted in the production of an Action Plan which includes work on governance issues. These actions are noted but not included in the AGS Action Plan to avoid the necessity for the same actions being mentioned more than once.

10.3 A review of the governance framework has highlighted a small number of areas where improvements could be made, these being:

- a review of the Constitution document to reflect new working arrangements and the need for efficiency; and
- the creation of a West Suffolk Strategic Risk Register to enable common management of risk across both authorities.

Both are included within the Corporate Project Plan and will be subject to management and member scrutiny as appropriate.

11. Future Developments

11.1 A Corporate Project Plan has been developed to assist in identifying key projects for both councils. A Transformation Board has been established to oversee the Plan, managed by a programme manager. The projects listed vary depending on their nature and complexity, and include:

- joint plans and policies as soon as possible to enable cohesive service delivery;
- create a West Suffolk business festival website;
- adopt the Housing Strategy;

- transition services to customer services team and implement the customer contact centre;
- create a new West Suffolk website and intranet;
- develop an investment board and appraisal tool; and
- align systems and process with a corporate electronic data and records management system.

12. Assurance by Chief Executive and Leader of the Council

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

Signed:

Signed:

James Waters
Leader of the Council

John Griffiths
Leader of the Council

Date:

Date:

Signed:

Ian Gallin
Chief Executive

Date: