

**West Suffolk Annual Governance Statement 2015/16**

**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.

**1. Introduction and Scope of Responsibility**

- 1.1 Governance is about running things properly and ensuring that councils are 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 Forest Heath District Council and St Edmundsbury Borough Council are responsible for conducting their business properly, and ensuring that public money is safeguarded and properly accounted for as well as being used economically, efficiently and effectively.
- 1.3 The councils:
  - have put in place proper governance of affairs;
  - facilitate the effective exercise of their functions;
  - manage risk effectively; and
  - secure continuous improvement of their functions.

1.4 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 the councils' website).

## **2. The Governance Framework**

2.1 This section describes the key elements of the West Suffolk governance arrangements in 2015/16 using CIPFA's Delivering Good Governance in Local Governance Framework 2012.

### **2.2 Identifying and communicating the authorities' vision of their purpose and intended outcomes for citizens and service users**

- The West Suffolk Strategic Plan and Medium Term Financial Strategy for 2014-16 set out the councils' vision, objectives and proposed projects and actions. When published in 2014, the documents were shared with partners, community groups, parish and town councils and other stakeholders, as well as being proactively communicated to staff.

### **2.3 Reviewing the authorities' vision and its implications for the authorities' governance arrangements**

- During the development of the 2014-16 Strategic Plan and Medium Term Financial Strategy, the councils developed six themes which set out how they would work in order to deliver the vision, as follows. Some of these have required new forms of governance, as described later in this document:
  - Aligning resources to both councils' new strategic plan and essential services;
  - Continuation of the shared service agenda and transformation of service delivery;
  - Behaving more commercially;
  - Considering new funding models (e.g. acting as an investor);
  - Encouraging the use of digital forms for customer access; and

- Taking advantage of new forms of local government finance (e.g. business rate retention).

#### **2.4 Translating the vision into objectives for the authorities and their partnerships**

- The Strategic Plan and Medium Term Financial Strategy set out how the councils will work in partnership to deliver the following priorities:
  - Increased opportunities for economic growth;
  - Resilient families and communities that are healthy and active; and
  - Homes for our communities.

#### **2.5 Measuring the quality of services for users, ensuring they are delivered in accordance with the authorities' objectives and that they represent the best use of resources and value for money**

- The councils' performance management system monitors and records performance across all service areas. Regular reports are made to the councils' leadership team and to Performance and Audit Scrutiny Committees. These reports consider how the councils' resources are being used to deliver outcomes for residents and other partners.
- During 2015/16 work was completed on a new approach to performance management using a "balanced scorecard". The new system uses a range of information sources to build a complete picture of the councils' performance including budget and staffing information, risk, records of transactions and works completed, and customer feedback. The balanced scorecard is a flexible tool enabling the councils to use a single system to support the performance management at both operational and strategic levels.

**2.6 Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements**

- The councils' Constitutions define and document the roles and responsibilities of members, the Leader, the Mayor (SEBC only) and Cabinet; set out rules of procedure and codes of conduct defining the standards of behaviour for members and staff; and set out a clear framework of delegation to officers. During 2015/16 the Constitutions for both authorities underwent a thorough review to align the governance frameworks of the two councils.

**2.7 Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

- The West Suffolk Joint Standards Committee promotes and maintains high standards of conduct by councillors, assisting them to observe the Members' Codes of Conduct, monitoring their operation and overseeing any breaches.
- Members are advised of their duties and responsibilities when first elected and the induction training outlines the importance of adherence to the code of conduct. Registers for the recording of interests and the offer or receipt of gifts and hospitality are maintained for both officers and members.
- West Suffolk staff work to four core values which establish clear expectations around acceptable behaviours, regardless of role:
  - Bold – be brave, drive the future;
  - Energy – have the positive and energetic drive to create opportunities;
  - Responsibility – take ownership for delivering a professional service with honesty and clarity; and
  - Together – work as one, delivering for all.
- There is an established mechanism for monitoring and rewarding staff performance and behaviours in line with these values. There is also a West

Suffolk staff disciplinary and capability procedure, which sets out how poor behaviour will be addressed.

## **2.8 Reviewing the effectiveness of the authorities' decision-making framework, including delegation arrangements, decision-making in partnerships and robustness of data quality**

- The Constitutions set out how the councils operate and the process for policy and decision-making. The Constitutions are published on the West Suffolk website.
- All formal meetings of the councils are clerked by Democratic Services staff with members required to make decisions based on written reports. The reports must pay due regard to legal, staffing, financial implications and risks / opportunities.
- The reports and minutes of meetings are published on the West Suffolk website, unless properly restricted from public access by law. There are opportunities for members of the public to ask questions at council meetings.
- The councils have a single Data Quality Policy. We publish our equality data in line with the requirements of the Equality Act 2010.
- During 2015/16 we continued the development of our financial management system to support decision making, for example through the forecasting module. Development work continues on the financial management system to release its full potential for West Suffolk.

## **2.9 Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability**

- The councils' risk management framework includes a suite of tools to support the identification, appraisal, recording and mitigation of risks. These arrangements were fully reviewed during 2015/16 and rolled out to service areas.

- The Strategic Risk Management Group review and update the strategic risk register on a quarterly basis, with a strategic risk update report received quarterly by Performance and Audit Scrutiny Committee.

#### **2.10 Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained**

- The West Suffolk Anti-Fraud and Anti-Corruption Policy was approved and adopted within 2014/15. The policy, which includes material on tackling social housing fraud, was published on the intranet and website. Tackling fraud and corruption in the administration of revenues and benefits for West Suffolk is also covered in the Anglia Revenues and Partnerships anti-fraud policy.
- An annual report is published which summarises the work that has taken place during the year to prevent and detect fraud, theft and corruption. This report shows the councils' commitment to minimising the risk of theft, fraud and corruption and to deter any would-be fraudsters. The 2015/16 report concluded that probity at the councils remains at a high level.

#### **2.11 Ensuring effective management of change and transformation**

- The Leadership Team (Chief Executive, Directors and Heads of Service) is a small, strategically-focused team, consisting of the first two levels of management in West Suffolk. This group is responsible for leading change in West Suffolk. The Chief Executive is also a member of the Suffolk Chief Officers Leadership Team and the Leaders are members of Suffolk Public Sector Leaders, both of whom oversee change across the whole of the Suffolk "system". This includes the £3.35m of Transformation Challenge Award funding which was secured by Suffolk in November 2014 and the preparation of the East Anglian devolution deal announced at Budget March 2016.
- A number of other Suffolk-wide officer groups are also well established and help to further joined up working between the Suffolk councils.

- A third tier of managers exists at service manager level who deputise for their heads of service and are responsible for the day-to-day operations of their service areas. The service manager level also encourages greater cross-boundary working, enabling a consistent approach to programme management and service delivery across West Suffolk.
- Both councils support the delivery of change, transformation and improvement by focusing on key priorities and deploying a range of approaches and resources to support the identification and delivery of opportunities to improve quality and transform services to meet these. These include carrying out Business Process Re-engineering Reviews with a view to transforming the ways in which services are delivered through analysing processes and implementing major change projects.
- A Project Review Group including the Chief Executive, two Directors, Chief Financial Officer and the Corporate Policy Manager with responsibility for projects was established in February 2016. The Group meet fortnightly to review progress against projects and escalate issues to Leadership Team meetings as appropriate. In addition, project health checks have been introduced by Internal Audit which review the governance of selected projects and check that these are on track and well managed.
- The Medium Term Financial Strategy and budget setting process also provides an opportunity to review service delivery and to identify and support service transformation and change.
- A Business Partner model for support services is established within the councils, designed to add value and provide support and expertise to all service areas and project teams.

**2.12 Ensuring the authorities' financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) and, where they do not, explain why and how they deliver the same impact**

- The Head of Resources and Performance is the Section 151 Officer for the purposes of satisfying the Local Government Act 1972 and is responsible for ensuring that appropriate advice is given to the councils on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
- The financial management arrangements of West Suffolk conform with the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Public Service Organisations.

**2.13 Ensuring the authorities' assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact**

- The councils' assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

**2.14 Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function**

- The Service Manager (Legal) is the Monitoring Officer and is responsible for the administration of the councils' political management structures, including ensuring that the councils have acted lawfully and that agreed standards have been met. In addition, a rotating Deputy Monitoring Officer has been in place to support the Monitoring Officer and also ensure resilience and skill development in this area.



- The Constitutions for the two councils are regularly updated by the Monitoring Officer to ensure that all decision taking is supported by them.

#### **2.15 Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function**

- The responsibilities of the Head of the Paid Service for both councils rest with the Chief Executive, who is responsible for the overall corporate and operational management of West Suffolk.

#### **2.16 Undertaking the core functions of an audit committee, as identified in CIPFA's publication 'Audit Committees: Practical Guidance for Local Authorities'**

- The Performance and Audit Scrutiny Committees act as the councils' Audit Committees and have specific responsibility for scrutinising and approving the Statement of Accounts, scrutinising risk and performance management arrangements, audit arrangements, the Annual Governance Statement and budgetary control and monitoring, and assists in development of the budget framework.

#### **2.17 Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

- The Monitoring Officer advises senior management team (Leadership Team and service managers) on new legislation and compliance with the Constitutions. They use their statutory powers to report to Full Council where there has been non-compliance with legislation or with the councils' own procedures.
- Within service areas, staff monitor the introduction of legislation specific to their area of work, for example changes to planning fees or new food safety regulations. Where legislation has a corporate or cross-cutting effect, Legal Services and the Corporate Policy Team will generally co-ordinate dissemination of information and training, for example through the weekly

policy alerts which are collated by the Corporate Policy Team and shared with staff and members.

- Policies and procedures governing the councils' operations include both Financial and Contracts Procedure Rules.
- It is the role of the councils' Internal Audit section to review, appraise and report on the effectiveness and efficiency of the system of internal control, risk management and governance and how these arrangements are operating. This is achieved by undertaking audit work across the councils' functions in accordance with a risk-based Audit Plan. Annually, the Service Manager (Internal Audit) drafts a report for presentation at the Performance and Audit Scrutiny Committee which includes his opinion on the adequacy and effectiveness of the councils' risk management systems and internal control environment.

#### **2.18 Whistleblowing and receiving and investigating complaints from the public**

- The councils have a Joint Whistleblowing Policy, a copy of which is available on both the website and intranet. It applies to all officers, contractors, partners and those supplying goods and services to the councils.
- The councils have a formal complaints, compliments and comments procedure which allows the public to make complaints regarding the service received from the councils.
- Complaints co-ordinators within services handle and record complaints, compliments and comments, which are reported quarterly to the Performance and Audit Scrutiny Committees through the balanced scorecards, grouped by service area.

## 2.19 **Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

- Staff training needs are identified through performance reviews and regular dialogue between staff and line management.
- The councils provide a number of corporate training courses each year, and staff have access to individual training and development opportunities. Leadership Team have a small number of 'development sessions' each year that help them to improve their performance collectively through ideas sharing and looking at improved ways of working.
- The underlying theme of the newly elected members induction programme delivered May 2015 to July 2015 was to support members to find the information they needed and establish good working relations with senior officers. An officer/member buddy programme was used to signpost members to training and information they may need. A "market place" networking session for members and senior managers was followed by a programme of training to cover key subjects and committee-specific requirements. Small group and one-to-one ICT training was offered to all members to support the introduction of mobile appliances and access to committee documents online.
- Annually, members are invited to identify their training needs via a survey. The member development programme is agreed by the Joint Member Development Group in consultation with senior managers, to meet national and local priorities. This programme is supplemented by attendance by members and senior officers to specialist external events and seminars.

## 2.20 **Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

- West Suffolk councils engage routinely with residents, community groups, businesses, organisations, members and staff on a range of matters using a variety of different mechanisms.
- Our approach includes the use of social media tools to provide new avenues of interaction with the public.
- Our website features a clear layout that makes it quicker and easier for customers to apply for things, report issues, make payments or find out information. The website's Open Data pages include a range of datasets that describe the councils' business, including all of those required by the Government's Code of Practice on Local Government Transparency.
- Communication and consultation with staff is carried out through staff briefings, team meetings, and the intranet and through formal consultation with the Trade Union.

## 2.21 **Enhancing the accountability for service delivery and effectiveness of other public service providers**

- As well as shared services the councils use a variety of service delivery models, and are involved in a number of partnership arrangements, for example with our registered housing providers, leisure trust (Abbeycroft Leisure), Anglia Revenues Partnership and home improvement agency.
- The arrangements are governed by contractual or partnership management agreements, for example:
  - In respect of the leisure trust, as well as day-to-day contact and annual negotiations regarding the management fee, there are quarterly or bi-annual meetings between the chair and vice-chair of Abbeycroft and the

two cabinet members, plus officers of both organisations, to look at performance.

- For the Anglia Revenues Partnership there is a Joint Committee which has formal delegation from the seven partner councils. The Committee approves the Delivery Plan and budget annually along with monitoring and reviewing performance against the Delivery Plan.
- Verse Facilities Management Ltd is an arms-length 'Teckal' organisation established to provide facilities management services (e.g. cleaning, custodians, caretaking, catering) to the West Suffolk councils. The intention is that the company will also compete for other facilities management business in the area and provide a vehicle for other potential council services to be moved to (subject to a full business case). The shareholding of the company is 60% in favour of Vertas Ltd (themselves 100% owned by Suffolk County Council), 26% St Edmundsbury Borough Council and 14% Forest Heath District Council. The company has four Directors; two from Vertas Ltd, one an officer representing St Edmundsbury Borough Council and one an officer representing Forest Heath District Council. A Councillor Shareholder Advisory Group is in the process of being established to have oversight of the company's activities. Subject to approval, this is likely to comprise four elected members with two from Suffolk County Council and one each from St Edmundsbury Borough Council and Forest Heath District Council.
- For Barley Homes (Group) Ltd, the councils' Housing Development Company jointly owned with Suffolk County Council, the Company has four Directors, two from Suffolk County Council, one officer representing Forest Heath District Council and one officer representing St Edmundsbury Borough Council. There is also a non-constituted Councillor Shareholders Advisory Group which represents the interests of the three shareholding councils. The Advisory Group reviews and comments on the Annual Business and Delivery Plan, in advance of its formal approval by the respective full Councils, as well as monitoring

and reviewing the company's performance against the Delivery Plan. The shareholding of this company is 50% held by Suffolk County Council and 25% by each of the West Suffolk councils.

**2.22 Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authorities' overall governance arrangements.**

- Governance arrangements for 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.

**3. Review of effectiveness**

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

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

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

- 3.3 The Internal Audit Team is responsible for giving assurance to members, the Head of Paid Service, s151 Officer, Leadership Team and the Performance and Audit Scrutiny Committees on the design and operating effectiveness of the councils' risk and internal control arrangements.
- 3.4 Based upon the audit work undertaken during the financial year 2015/16, as well as assurances made available to the council by other assurance providers, the Service Manager (Internal Audit) has confirmed that reasonable assurance can be provided that the systems of internal control within these areas of the councils, as well as the risk management systems, are 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.
- 3.5 The councils are subject to an annual programme of independent external audits and inspections. The external auditor summarises the findings from his audit of the financial statements and the councils' systems which support them and his assessment of arrangements to achieve value for money.
- 3.6 The review of the effectiveness of the governance framework concluded that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

#### **4. Significant governance issues**

- 4.1 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 councils' services;

- led to material impact on the accounts;
- received adverse commentary in external inspection reports;
- been reported by the Service Manager (Internal Audit) as significant in his annual audit opinion on the councils' internal control environment;
- attracted significant public interest or had seriously damaged the councils' 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.

4.2 Due to staff turnover and significant national recruitment challenges the councils' Building Control Service used temporary staff for some months. The councils now have a team of well-respected and experienced local surveyors who are rebuilding the service and winning back the market share temporarily lost during the interim. Early indications are that the quality of service and responsive professionalism of our surveyors are attracting users back. The service will continue to be dynamic and forward thinking in this very commercial environment where reputation of service and client relationships is paramount.

4.3 The 2015 Local and Parliamentary Elections combinations brought significant challenges to all councils in managing a once in 20-year event. For West Suffolk these challenges were exacerbated by the unexpected loss of a senior member of the election team a few weeks prior to the elections which resulted in the need to support a little more than usual the elections team, through realigning resources including staff, in order to ensure the successful delivery of the elections. The lessons learnt from the 2015 elections were embedded in planning and resourcing the 2016 Police and Crime Commissioner election and the EU referendum.



## **5. Focus for 2016/17**

5.1 Like all local authorities, Forest Heath and St Edmundsbury Councils are influenced by national government policy, funding and spending announcements. Both continue to operate within a context of significant change both nationally and locally which represent significant challenges. Strong governance arrangements are needed to support the number and scale of challenges being faced.

5.2 During 2016/17 a number of key governance areas are planned to be improved and embedded into West Suffolk in support of the changing world of local government, a number of which have already been referred to throughout this document. These areas include:

- key projects and lessons learned will continue to be discussed at the Service Managers meetings however project management oversight will be given an increased focus with meetings of the Project Review Group and Leadership Team to ensure accountability at a senior level and to minimise the impact of interdependencies between projects;
- development work on the financial management system, releasing its full potential for West Suffolk and recognising the importance of financial data, its availability and reporting abilities;
- our business partner model, ensuring we have the necessary skills and capacity in the right places at the right time to support the delivery of our strategic objectives; and
- further development of all our partnership relationships, for example, Barley Homes, Verse and the Anglian Revenues Partnership.

- 5.3 Nationally, Suffolk is respected as a place for innovation, collaboration and delivery. This credibility was endorsed in November 2014 by the Department for Communities and Local Government's award of £3.35 million Transformation Challenge Award (TCA) funding. The principles of the TCA bid are based on long term, transformational change whereby public services become more integrated and able to provide sustainable models of support for those most in need whilst delivering the spending reductions that will be required over the next ten years. At the heart of Suffolk's TCA proposal is more integrated working between Suffolk's public sector partners. This will require fresh approaches to governance.
- 5.4 During 2015/16, the councils worked with other local authorities in East Anglia on a devolution deal with the Government, which would see significant powers and freedoms devolved from Whitehall to local areas, overseen by a Combined Authority.
- 5.5 A key theme running through the work needed to deliver the councils' outcomes is 'behaving more commercially' with the councils no longer able to behave in all areas as if they are monopoly providers of services, as this is no longer sustainable in the current or future funding climate. Corporate behaviours are becoming embedded in a number of areas of council business. Members will continue to receive regular financial training / development sessions.
- 5.6 Both councils have a long tradition of investing in their communities and will look to continue to do so, in support of the delivery of strategic priorities, in particular to aid economic growth across West Suffolk. However, depleting capital and revenue reserves and increased pressure on external funding mean that both councils will need to consider investing away from the traditional funding models such as using its own reserves. Focus may instead be on the use of making loans, securing the return of the council's funds; joint ventures, sharing the investment required; or borrowing, introducing new funds into both councils.

**6. Assurance by Chief Executive and Leaders of the Councils**

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: