

### West Suffolk Annual Governance Statement 2016/17

#### Summary

The West Suffolk Annual Governance Statement reports on the extent to which Forest Heath District Council and St Edmundsbury Borough Council have complied with their corporate code of governance and have monitored the effectiveness of their governance arrangements during 2016/17. It also sets out planned future changes.

#### 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 local communities' 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 It is the view of the councils that they:
  - 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 on the councils' website.

## **2. The Governance Framework**

- 2.1 This section describes the key elements of the West Suffolk Councils' governance arrangements in 2016/17 using CIPFA's Delivering Good Governance in Local Governance Framework 2016 Edition.

### **2.2 Developing and communicating a vision which specifies intended outcomes for citizens and service users and is used as a basis for planning**

- 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. During the development of the current 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).

In 2016/17 the Strategic Plan priorities were continued whilst discussions regarding devolution to Norfolk and Suffolk took place.

### **2.3 Translating the vision into courses of action for the authority, its partnerships and collaborations**

- 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.

The Strategic Plan and Medium Term Financial Strategy are supported by a range of more detailed strategies and plans which are available on the councils' website.

### **2.4 Measuring the performance of services and related projects and ensuring that they are delivered in accordance with defined outcomes 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 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 performance management at both operational and strategic levels.

- The scorecards have stimulated productive conversations at Leadership Team and Performance and Audit Scrutiny Committees as part of an overall package of performance management information. They have been reviewed by Assistant Directors in conjunction with Portfolio Holders in preparation for the new financial year.

## **2.5 Defining and documenting the roles and responsibilities of members and management, with clear protocols for effective communication in respect of 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.

## **2.6 Developing codes of conduct which define standards of behaviour for members and staff, and policies for dealing with whistleblowing and conflicts of interest and that these codes and policies are communicated effectively**

- 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.
- 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.

## **2.7 Reviewing the effectiveness of the decision-making framework, including delegation arrangements, decision-making in partnerships, information provided to decision makers 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 councils have a Data Quality Policy.

## **2.8 Documenting a commitment to openness and acting in the public interest**

- 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.

- 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 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.

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

- The councils' risk management framework includes a suite of tools to support the identification, appraisal, recording, management and mitigation of risks.
- 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 both Performance and Audit Scrutiny Committees.
- A Project Review Group including the Chief Executive, two Directors, Chief Financial Officer and the Service Manager (Corporate Policy) with responsibility for projects was established in February 2016. The Group meet monthly to review progress against projects and escalate issues to Leadership Team meetings as appropriate. Leadership Team review project performance on a risk basis, using a Red, Amber, Green (RAG) rating system monthly. In addition, project health checks can be undertaken by Internal Audit which review the governance of selected projects and check that these are on track and well managed. In March 2017 the Council started the move towards a place based programme management approach, with a

transformation programme for those projects focused on efficiency and internal processes.

**2.10 Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained in accordance with the Code of Practices on Managing the Risk of Fraud and Corruption (CIPFA, 2014)**

- The West Suffolk Anti-Fraud and Anti-Corruption Policy was approved and adopted in 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 Partnership's anti-fraud policy.
- An annual fraud 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 2016/17 report concluded that probity at the councils remains at a high level.

**2.11 Ensuring that financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015) and, where they do not, explain why and how they deliver the same impact**

- The Assistant Director (Resources & Performance) is the Section 151 Officer/Chief Financial 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.

**2.12 Ensuring that 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).

**2.13 Ensuring that the authorities provide timely support, information and responses to external auditors and properly consider audit findings and recommendations**

- All audit queries are responded to as a priority, and the Resources and Performance Team will aim to ensure that issues are addressed and fully resolved before they become official findings, and that audit reports are therefore clear. There were no issues in the 2015/16 final accounts. Planning and lessons learnt meetings are undertaken each year with external audit, and the relationship is mutually cultivated.

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

- The Service Manager (Democratic Services) 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. The Service Manager (Shared Legal) acts as the Deputy Monitoring Officer.
- 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.
- During 2016/17 the councils' Leadership Team was restructured to reflect the stronger emphasis on investing in our growth agenda and to ensure there was sufficient leadership capacity to deliver the councils priorities.
- Also, during 2016/17 Heads of Service's titles were changed to Assistant Directors to correctly reflect their position in the organisation and compare with other external stakeholders.

## **2.16 Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA 2013)**

- 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 assist in development of the budget framework.

## **2.17 Ensuring an effective scrutiny function is in place**

- The Councils have two separate scrutiny functions – Performance and Audit and Scrutiny Committees, to evaluate the Council's financial and non-financial performance and risk management arrangements, and the Overview and Scrutiny Committees, who hold the Cabinet to account through scrutinising decisions made or offering pre-scrutiny to decisions that are due to be made.

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

- The Monitoring Officer and Service Manager (Shared Legal) advise 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 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 an audit 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.

**2.19 Providing induction and identifying the developments 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.
- 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 at 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.

- 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 Incorporating good governance in respect of partnerships and other joint working and ensuring that they are reflected across the authorities' overall governance structures**

- 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.
- A number of Suffolk-wide officer groups are well established and help to further joined up working between the Suffolk councils.
- 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:
  - o 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.
  - o 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.

- o Verse Facilities Management Ltd is an arms-length 'Teckel' organisation established to provide facilities management services (e.g. cleaning, custodians, caretaking, catering) to the West Suffolk councils. A Councillor Shareholder Advisory Group will be established to have oversight of the company's activities.
  
- o For Barley Homes (Group) Ltd, the Councils' Housing Development Company jointly owned with Suffolk County Council, there is a non-constituted Shareholder Advisory Committee, which represents the interests of the three shareholding councils.

### **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 2016/17, as well as assurances made available to the councils 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 There are no significant governance issues to disclose for 2016/17.

4.3 The 2015/16 Annual Governance Statement made reference to the councils Building Control Team within the significant governance issues section. Since this time the councils new building control team has continued to develop a strong local reputation for their quality of service. The decline in market share has stopped and the team are making progress in winning back some of the market share lost during the interim. The service continues to be dynamic and forward thinking in this very commercial environment where reputation of service and client relationships is paramount.

## **5. Focus for 2017/18**

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 2017/18 a number of key governance areas are planned to be improved and embedded into West Suffolk councils in response to the changing shape of local government, a number of which have already been referred to throughout this document. These areas include:

- The councils' Information Governance Working Group is looking at implementation of the General Data Protection Regulation which comes into force in the UK in 2018.
- A new Information Strategy is being developed which will seek to recognise the strategic value of information to the councils and promote and facilitate good information management practice. The strategy will

define how we use information currently; how we should be using information in the future; and how this can deliver key outcomes to our staff, our operations and our customers/consumers all supported through smart use of technology.

- The councils are looking to develop a combined self-assessment audit tool to cover safeguarding arrangements for children, young people, and vulnerable adults.
- The councils will continue to engage with Government and local partners to consider how best to organise ourselves following the end of the formal devolution negotiations for Norfolk and Suffolk. This will include responding to proposed changes in local government finance, in particular waiting for further Government announcements on business rates retention. In the meantime, the councils will continue to improve our intelligence and insight around business rates as a key source of income in order to inform economic development decision making and improve our financial forecasting.
- In particular, in May 2017, the Leaders of both councils indicated their wish to explore the potential for a single council in future. A draft business case was agreed by the councils in June and is now subject to public engagement. The final business case will be considered by the councils in September 2017. As a result, a Future Governance Steering Group has been formed to support members in considering the most significant aspects of the governance of a future council, and the principles on which it would operate.
- Building on the success of work in recent years to establish alternative delivery models for council initiatives (for example, joint ventures, shared service partnerships, development company), the councils will continue to explore new delivery models, thereby ensuring an appropriate balance of risk, accountability and flexibility in delivering outcomes for residents.
- The councils will be continuing to move towards financial self-sufficiency, in particular through investment in local assets. This will build on the new

approach to investment agreed by both Cabinets in March 2017, which centres on the role of both Cabinets in leading decision-making in relation to investment, based on an overarching investment strategy.

- 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 through the new programme based approach. Each programme will be led by a member of Leadership Team as SRO (Senior Responsible Officer) and Leadership Team will operate as the Programme Board to ensure accountability at a senior level and to minimise the impact of interdependencies between projects and programmes.
- Recruitment in the public sector generally is becoming more difficult and has been identified as a possible future risk; the current challenge is where jobs are interchangeable with a buoyant private sector. As identified in the Strategic Risk Register salaries will need to be set at a level that will continue to both attract and retain highly effective staff with the right skills sets for our roles in a challenging labour market. The introduction of IR35 (which only applies to the public sector) has put further pressure on local government employers in regard to recruiting and retaining interims for key project areas and specific pieces of work and the impact of this new legislation will be kept under review.
- Development work will continue on the financial management system, releasing its full potential for West Suffolk and recognising the importance of financial data, its availability and reporting abilities.

**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: