

West Suffolk Annual Governance Statement 2014/15

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 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, and 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 secure continuous improvement 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 2014/15 using CIPFA's Delivering Good Governance in Local Governance Framework 2012.

2.2 **Identifying and communicating the authorities' vision of its 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 are supported by three major strategies that expand on the councils' vision in three priority areas: economic development, housing, and families and communities. These documents set out how the councils will work in partnership to deliver the following objectives:
 - 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 2014/15, work began on a new approach to performance management using a "balanced scorecard". The new system will use 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, project milestones 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. In March 2015, a revised set of articles and procedure rules were adopted following a review that updated, simplified and harmonised the arrangements. Work is ongoing to review other areas of the constitutions.

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.
- 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.
- The first round of performance reviews carried out under the new system and using these values was carried out in October 2014.

- The West Suffolk staff disciplinary and capability procedure, adopted in 2014 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 each council's website, unless properly restricted from public access by law. The councils implemented the 'modern.gov system' during 2014/15 to facilitate committee reporting. 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.
- A new financial management system was implemented early in 2014/15. As well as achieving automation for key transactional services, and standardisation and cost savings for the two authorities it has provided the platform for increased transparency of information, providing the data needed to support decision-making. Development work continues during 2015/16 on the new 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. In 2014/15, initial work began to review and update these arrangements through discussions with officers. The new framework will be further developed and considered in 2015/16.
- During 2014/15 a West Suffolk Strategic Risk Register and toolkit were adopted following scrutiny at a Joint Performance and Audit Scrutiny Committee meeting.
- During the course of 2015/16, the Strategic Risk Management Group continued to 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 new 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.

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 Executives Group and the Leaders are members of Suffolk Public Sector Leaders, both of whom oversee change across the whole of the Suffolk "system", including through the £3.35m Transformation Challenge Award funding which was secured by Suffolk in November 2014.
- In 2014/15 a third tier of managers at service manager level was created who deputise for their heads of service and are responsible for the day-to-day operations of their service areas. The service manager level will also encourage 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 reviews with a view to transforming the ways in which services are delivered through analysing processes and implementing major change projects.
- To manage the large programme of change projects a Programme Manager has been appointed. A Programme Group has also been put in place which brings together Service Managers to review and monitor all aspects of project development, delivery and management of projects across the West Suffolk councils. Revised project governance arrangements are being introduced from April 2015 to ensure all projects are logical, robust and well thought through. In addition, a temporary Project Manager post was appointed to in 2015/16 to further support major projects.

- A Business Partner model for support services has been created with the model designed to add value and provide support and expertise to all service areas and the project team.

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.

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 the Statement of Accounts, risk management, performance management, audit arrangements, the Annual Governance Statement and budgetary control and monitoring.

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

- The Monitoring Officer advises management on new legislation and compliance with the Constitutions. She will also use her 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 Internal Audit Manager 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 twice a year to the Performance and Audit Scrutiny Committees.

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.

- Leadership Team, service managers and business partners were involved in a 'Go Make a Difference' accelerated change programme during 2014/15. The programme looked at outcomes to increase collaborative working, better strategic thinking and structured planning.
- The councils' shared approach to member development was recognised nationally during 2014/15 as Forest Heath and St Edmundsbury became the first shared services partnership to receive joint accreditation of the Charter for Elected Member Development. The team of assessors praised West Suffolk for its comprehensive member development programme, our next generation leadership development, as well as our culture change journey.
- 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.

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

- West Suffolk engages routinely with residents, community groups, businesses, organisations, Members and staff on a range of matters using a variety of different mechanisms. Our approach is outlined in 'West Suffolk Works - a strategic direction for communications' which also sets out the need for setting communications objectives and evaluation.
- Our approach includes the use of social media tools to provide new avenues of interaction with the public.

- The new West Suffolk website was introduced in 2014/15. The 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 Unison.

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, Anglia Revenues Partnership and the councils' 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 annual budget annually along with monitoring and reviewing performance against the Delivery Plan.

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 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.

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 2014/15, 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 council, 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 each council's systems and his assessment of arrangements to achieve value for money.

3.6 As part of their approach to sector-led improvement the Local Government Association (LGA) offered the opportunity for forward-looking, improvement-orientated peer challenge to councils. A challenge was carried out across West Suffolk during late 2013 and early 2014 with the report issued in April 2014. The challenge found that despite massive changes which had seen the two councils move to having one chief executive and a slimmed down management structure, the levels of service to residents, businesses and other customers, had been maintained. In addition, they praised the amalgamation of staff to save cash and backed the councils' plans to behave more commercially in order to benefit taxpayers. They also found that together the two councils were in a much stronger financial position than other authorities. Following the receipt of the final report from the LGA, Leadership Team developed an action plan to address the areas for improvement identified by the process.

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 council's 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 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.

4.2 Although not regarded as a significant governance issue, during 2014/15 additional resources were deployed into the councils' planning and regulatory services following a review of staff changes and increased development control and enforcement work volumes. Performance has noticeably improved during 2014/15, however mainly due to statutory changes to charging for permitted developments and the timing of some large planning applications at the year end, the service reported an overspend for 2014/15. This overspend was forecasted during the second half of the year and has been regularly reported through the Performance and Audit Scrutiny Committee. The service continues to be monitored closely during 2015/16.

5. Focus for 2015/16

- 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 2015/16 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:

- our performance and risk management frameworks, ensuring we have the right tools in place to support our increased focus on service and strategic performance and risk management;
- revised project governance arrangements, ensuring all projects are logical, robust and well thought through;
- development work on the new financial management system, releasing its full potential for West Suffolk and recognising the importance of financial data, its availability and reporting abilities;
- continuation of the councils' business process re-engineering programme, ensuring our systems and processes are fit for purpose and deliver against our customer target operating model; and
- 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.

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 There has been significant debate nationally with support for different governance arrangements between central government and local areas including more powers to be devolved locally to make decisions and use funding based on local needs and opportunities. Suffolk's public sector leaders are at the forefront of devising a solution to devolving power to areas outside the big cities. They will be approaching Government in the autumn to discuss what a "deal" for Suffolk might look like. Any new arrangements would mean a change to West Suffolk's current governance structures.

- 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. We will look to adopt commercial behaviours in a number of areas of council business with a Corporate Commercial Manager service manager post having been created to drive forward the initiative to increase the generation of income.
- 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: