South Gloucestershire Council

ANNUAL GOVERNANCE STATEMENT

AS AT JUNE 2014

(A requirement of the Accounts and Audit Regulations (England) 2011)

1   SCOPE OF RESPONSIBILITY

1.1   South Gloucestershire 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. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2   In discharging this overall responsibility, South Gloucestershire Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

1.3   The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government.* A copy of the code is on our website within the Council's Constitution Part B - 9. This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011 to publish an annual governance statement.

2   THE PURPOSE OF THE GOVERNANCE FRAMEWORK

2.1   The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

2.2   The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

2.3   The governance framework has been in place at South Gloucestershire Council for the year ended 31 March 2014 and up to the date of approval of the statement of accounts.

3 THE GOVERNANCE FRAMEWORK

3.1 The key elements of the systems and processes that comprise the Council's governance arrangements are described below. Documents referred to are available either from the Council or may be viewed on the Council's public website (www.southglos.gov.uk).

3.2 **Identifying, communicating and reviewing the Council's vision of its purpose and intended outcomes for citizens and service users and translating those into objectives for the authority and its partnerships.**

The Council's vision is set out in the Sustainable Community Strategy which was reviewed and revised following extensive consultation by the South Gloucestershire Partnership. It describes the challenges the area will face over the next 14 years and sets out the priorities we will be tackling with our partners to deliver an excellent quality of life.

The Council Strategy was approved in 2012. It details our ambitions for the Council and the key areas of focus over the next four years. It is primarily focused on the things that we as a Council are delivering and reflects our contribution to the Community Strategy.

3.3 **Measuring the quality of services for users, ensuring they are delivered in accordance with the Council's objectives, that they represent the best use of resources and value for money and ensuring the effective management of change and transformation.**

Progress against the Council Strategy is reported to the Policy and Resources Committee every six months. It includes a summary of achievements as well as progress against some of the key performance measures. Further information on performance and more detailed progress against many of the key areas within the Council Strategy is provided through departmental, partnership and service committee reports.

Departments have robust feedback mechanisms in place to ensure that quality is reviewed on a regular basis using a range of surveys and promote service user involvement in the design of new services. We have a customer care charter and service standards for all our services.

The Council has set out a Transformation Programme which included reviews of support services, procurement, management and other activities. The purpose of these was to reduce the Council's costs by increasing efficiency and to make sure that we are best able to meet the needs of local people, now and in the future. The council has also approved a council savings programme (CSP) for the period 2014 to 2020 to help it meet the financial challenges it faces going forward.

The following arrangements all contribute to the economical, effective and efficient use of resources:

- Transformation Programme
- Risk Management Strategy
- Medium Term Financial Plan
- Asset Management Plan
- Published Statement of Accounts
- Procurement Strategy
- Carbon Management Plan
- Audit and Inspection

3.4 **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 council operates a committee system form of governance (non-executive). The Council has agreed a Constitution which sets out how the council works, how decisions are made and the procedures which are followed. The Constitution is reviewed annually and approved by at the Annual Council Meeting. We undertake statutory health service scrutiny though our Public Health and Health Scrutiny Committee.

The Constitution includes various protocols for Members including:

- Protocol for working arrangements between officers and Members.

3.5 **Developing, communicating and embedding codes of conduct, defining standards of behaviour for members and staff.**

The Council continues to have responsibility for dealing with standards complaints against its own Members and elected and appointed members of Parish Councils. The Council adopted a local Code of Conduct for Members in 2012. The Regulatory Committee has responsibility for reviewing the member Code of Conduct and all complaints are referred to the Standards Sub-Committee. There is also a Code of Conduct for Employees. Compliance with both codes is regularly reviewed by internal audit and regular reminders of their requirements are issued to staff and members. The Code of Conduct for Employees is cross referenced in other documents, including the Council's Fraud Strategy and the Managing Employee Performance Policy.

The Member Code of Conduct is consistent with the following seven principles –

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

Members have to give an undertaking to comply with the Code of Conduct.

3.6 **Reviewing the effectiveness of the decision making framework, including delegation arrangements, decision making in partnerships and robustness of data quality. Reviewing the effectiveness for identifying and managing risks and demonstrating clear accountability.**

The decision making framework and scheme of delegation are contained within the Constitution and are reviewed regularly. Reports for decision making include a risk assessment, embedding risk and opportunity management in the decision making process.

The Council has approved a new Risk Management Strategy in January 2014. The strategic risk register has been reviewed by the Audit and Accounts Committee, which receives regular reports on risk management. The Chief Executive has overall responsibility for risk management; Directors and Heads of Service are ultimately responsible for managing risks within their own services and undertake annual reviews of risk registers. Departmental risk registers are reviewed at least annually by the appropriate Committees.

The Council has a range of emergency plans, business continuity plans and associated procedures which are reviewed and exercised both internally and externally with partner organisations.

Information governance roles and responsibilities are headed up by the Director of Corporate Resources who has been designated the Senior Information Risk Owner (SIRO)

and supported by the cross departmental, Data and Information Group. Information governance is about ensuring the council and its partners handle personal and corporate data and information legally, securely, efficiently and effectively and are aware of their responsibilities under the Data Protection Act.

3.7 Ensuring effective arrangements are in place for the discharge of the monitoring officer function and of the head of paid service function

The Constitution sets out the respective roles of the monitoring officer function and the head of paid service function.

3.8 Ensuring Financial Management of the Council

Financial Regulations set out the structure for financial management in the Council. This includes:

- Compliance with the governance arrangements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government
- Compliance with the governance arrangements of the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations
- Chief Officers formally allocating responsibility for all their budgets to Responsible Budget Holders
- Departmental revenue and capital budget monitoring reports to Committees
- Consolidated budget monitoring reports to Policy and Resources Committee
- Regular Operational Managers meetings chaired by the Head of Finance and Customer Services
- Regular meetings of Principal Accountants chaired by the Deputy Head of Corporate Finance
- Publication of information about all supplier payments over £500

3.9 Undertaking the core functions of an audit committee, as defined in CIPFA's *Audit Committees – Practical Guidance for Local Authorities.*

The Audit and Accounts Committee fulfils the role of the Audit Committee as defined by CIPFA. It has terms of reference approved by Council and is a fully constituted committee of the Council. The Audit Protocol explains how our audit arrangements work and sets out the responsibilities of the Committee.

3.10 Ensuring compliance with relevant laws and regulations, internal policies and procedures, that expenditure is lawful and that effective counter-fraud and anti-corruption arrangements are developed and maintained.

The Corporate Governance Group reviews corporate governance issues, including risk management and the local code of corporate governance. Constitutional arrangements are in place for Statutory Officers and are supported by regular meetings of the Statutory Officers. All decision reports include the comments of the Head of Legal Services on legal implications and the Head of Finance on financial implications. The Council has an Audit Protocol which sets out responsibilities for receiving and taking action on external audit reports and internal audit reports; this includes reports being considered by the Audit and Accounts Committee and Service Committees. The Council's Fraud Strategy is reviewed regularly by the Audit and Accounts Committee and is publicised widely. The Standards Sub-Committee receives and reviews all complaints against Members.

3.11 **Whistle-blowing and receiving and investigating complaints from the public.**

The Whistle Blowing Policy is reviewed regularly and its application is subject to internal audit. Our corporate complaints procedure is aligned with the statutory complaints procedures for Children, Adults and Health and with the timescales for Freedom of Information requests. Annual reports on complaints processed are produced for Members.

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

The Council has a Member Development Strategy which assists councillors to develop and strengthen their role as confident and effective political and community leaders. We have an extensive programme of training for Members which was particularly intensive following the new administrative arrangements introduced in May 2012. The Council's Intranet hosts a dedicated site for Councillors designed to support councillors in their roles as community leaders and representatives of the council. Councillors can access the information they need about key topics, resources and services. The South West Member Development Charter has been achieved which confirms that we are operating best practice. We have a newly developed Localism Framework which sets out the skills, knowledge and attributes required to be an effective community leader. Councillors are also provided with an opportunity to gain an accredited qualification.

We manage staff performance through regular appraisals (PDPR) and a competency framework. Departmental Development plans identify leadership, managerial and professional development requirements which are met via a range of learning and developments interventions to increase the skills of our leaders, managers and staff.

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

The Council is committed to increasing public involvement in decision-making and devolving power to individuals and local organisations. We seek and respond to the views of stakeholders and the community. We carried out extensive consultation on the Sustainable Community Strategy and the Council budgets which included consultation in shopping centres which was very successful again. We have a residents' panel, Viewpoint, which provides the residents of South Gloucestershire the opportunity to give their views on our services and performance. We have an on-line consultation system and we have a Communication Strategy.

We have a customer compliments, suggestions and complaints procedure to ensure that our customers are given the opportunity to tell us what you think about the services we provide. We have the South Gloucestershire Compact, a partnership agreement between South Gloucestershire Council other public agencies and the voluntary and community sector.

We have a number of Provider Forums and significant community representation on planning groups and partnership boards. We have Area Forums and other service specific forums.

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

The council is involved in many partnerships and our involvement is guided by the corporate Partnership Framework which sets out our strategy for the way we work in partnership. The change in the Council's governance structure has retained the focus on partnership development by introducing a lead member for partnerships. In addition, the overall partnership structure has been reviewed to reflect new priorities and changing circumstances and continues to meet the recommendations of the Audit Commission report

'Working Better Together: managing local strategic partnerships. The West of England LEP, its cross-sector working groups and sector groups are now established, bringing together the four local authorities' leaders, chief executives, leaders from business, higher and further education and interest groups

4 REVIEW OF EFFECTIVENESS

4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review is informed by the work of the managers within South Gloucestershire Council who have responsibility for the development and maintenance of the governance environment, the internal auditors work and the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

Members of the Council

4.2 The Council contributes to the delivery of the Sustainable Community Strategy through the Council Strategy 2012-16 and performance is monitored by members half yearly. This is supported by the Transformation Programme.

4.3 The Council's Audit Protocol sets out the responsibilities of the Council, the Audit and Accounts Committee and Chief Officers for the systems of internal control within the Council. An assurance framework for the production of this Statement was developed by the Corporate Governance Working Group and approved by the Audit and Accounts Committee. This set out the specific involvement of Members in the review of governance arrangements.

4.4 The Full Council receives an annual report from the Chair of the Audit and Accounts Committee.

4.5 Governance arrangements continue to be strengthened this year by the work of the Audit and Accounts Committee which has clearly defined terms of reference in relation to the Council's arrangements for managing risk, maintaining an effective control environment and providing independent scrutiny of financial and non-financial performance.

4.6 Throughout the year the Audit and Accounts Committee receives reports regarding internal control compliance as reported by the Council's Internal Audit Service and the External Auditors.

4.7 The Standards Sub-Committee has met regularly to consider any complaints received and has received training to enable it to discharge its functions. The majority of complaints dealt with by the Standards Sub-Committee related to Parish and Town Councils.

Chief Officers

4.8 Chief Officers have completed annual assurance statements on the review of governance and internal control arrangements in their Departments. They are responsible for monitoring and reviewing internal controls as an integral part of the risk management process.

Chief Financial Officer

4.9 The council is expected to disclose its compliance or otherwise with the CIPFA statement on the role of the Chief Financial Officer regarding involvement of the Chief Financial Officer in high level decision making. The council has undertaken an assessment of its current arrangements against the five principles of the statement and confirms that we fully comply.

External Audit and Inspection

4.10 The external auditors Annual Audit Letter for 2013 confirmed that the financial statements gave a true and fair view of the council's financial position and concluded that the council has made proper arrangements to secure economy, efficiency and effectiveness in our use of resources. The letter has been reviewed by the Audit and Accounts Committee.

Internal Audit

4.11 The Audit and Accounts Committee reviews the effectiveness of the system of internal audit throughout the year. The Audit Commission's last review of internal audit confirmed that the service complies with internal audit standards and provides a good service to the Council.

4.12 The council is expected to disclose its compliance or otherwise with the CIPFA statement on the role of the Head of Internal Audit regarding assurance arrangements. The council has undertaken an assessment of its current arrangements against the five principles of the statement and confirms that we fully comply.

4.13 The Council's Internal Audit Plan, which is risk based, is agreed with Chief Officers and approved by Audit and Accounts Committee annually. This provides the basis for the review of internal control within the Council. Achievement of the plan is monitored by the Audit and Accounts Committee.

4.14 In June each year, Internal Audit provides an annual assurance report to the Audit and Accounts Committee and Chief Officers, which contains an assurance about the system of internal control throughout the Council.

4.15 Whilst Internal Audit are unable to give absolute assurance, the results of the reviews completed during the year have resulted in an overall audit opinion that:

- Systems and internal control arrangements continue to be effective and ensure that the Council achieves its overall objectives and uses its resources economically, efficiently and effectively.

- Appropriate arrangements are operated to deter and detect fraud.

- Internal Audit have not issued any fundamental weakness reports this year and are satisfied that satisfactory progress has been made to address the recommendations in previous reports of this nature.

- There are no significant internal control issues arising from the work of Internal Audit.

5   CERTIFICATION

5.1   We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Accounts Committee and plans to address any weaknesses and ensure continuous improvement of the system are in place. These will be monitored as part of the next annual review.

Signed: …………………………………Leader of the Council

Signed: ………………………………Chief Executive

on behalf of South Gloucestershire Council