

Annual Governance Statement 2015/16

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Scope of Responsibility:

Brighton & Hove City Council (the council) is responsible for ensuring that its business is conducted in accordance with the law and proper practice standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively to secure continuous improvement:

- 1 In discharging this accountability, the council is responsible for putting in place proper arrangements for the governance of its affairs and effective exercise of its functions, which includes the management of risk.
- 2 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 and Guidance Note*. This is included in the Constitution of the Council.
- 3 This Annual Governance Statement explains how the council has complied with its Code of Corporate Governance and also meets the requirements of the Accounts & Audit Regulations 2015.

The Purpose of the Governance Framework

- 4 Governance is about how the council ensures that it is doing the right things, in the right way, for the right people, in a timely, open, honest and accountable manner.
- 5 The governance framework comprises the systems and processes, culture and values by which the council is directed and controlled, and through which it is accountable to, engages with and leads the community. It enables the council to monitor the achievement of its strategic objectives as set out in the Corporate Plan 2011 - 2015, and to consider whether those objectives have led to the delivery of appropriate, cost effective services. The council's Corporate Plan was updated for 2015 - 2019 and continues to reflect the council's corporate values.
- 6 The governance framework is designed to manage risk to a reasonable level, rather than to eliminate all risk. It can therefore only provide reasonable and not absolute assurance of effectiveness.

The Governance Framework

- 7 The governance framework has been in place within the council for the year ended 31st March 2016. It was reported to the Audit & Standards Committee in March 2016 that the governance framework will be supplemented by a Corporate Risk Assurance Framework by December 2016.
- 8 Maintaining the governance framework is an on-going process, and one to which the council is committed in order to ensure continual improvement and organisational learning. This is evidenced by:

- the report to the Audit & Standards Committee in November 2015, relating to the council commissioned organisational learning review in early 2015 following the dismissal of the former head of housing in 2015. The review considered the circumstances involved and what lessons need to be learned. An action plan has been agreed to implement the recommendations set out in the report.
 - other governance issues reported to the Audit & Standards Committee including learning from the loss of council funds relating to the Coin Co International contract and overpayments made to Mears Ltd. in relation to work carried out by a sub-contractor.
- 10 The key elements of the systems and processes that comprise the council's governance arrangements are shown below together with explanations of how they are embedded.

Council's Purpose, Vision, Values and Performance Management

- 11 The Corporate Plan 2015-2019 was approved by Full Council in 26 March 2015. It sets out the council's purpose, values, principles and priorities:

Our purpose

The Corporate Plan 2015-2019 sets out "our **purpose** to provide strong civic leadership for the well-being and aspiration of Brighton and Hove. We will be successful if we are judged to deliver the following outcomes:

A good life: Ensuring a city for all ages, inclusive of everyone and protecting the most vulnerable.

A well run city: Keeping the city safe, clean, moving and connected.

A vibrant economy: Promoting a world class economy with a local workforce to match.

A modern council: Providing open civic leadership and effective public services.

The **principles** that will enable delivery of the organisation's **purpose**, and build on those shared by the city's partnerships, are:

- Public accountability
- Citizen focused
- Increasing equality
- Active citizenship

Our vision

- 12 In its Corporate Plan the council has adopted the city's partnership vision, principles and priorities which combine with its purpose and values to help plan, budget and review services. The city's and the council's vision is:

"Brighton & Hove – the connected city. Creative, dynamic, inclusive and caring. A fantastic place to live, work and visit".

Our values

- 13 To improve performance and achieve better outcomes and value for citizens, requires our staff to be highly flexible and responsive to changes. The council's organisational values set out in the Corporate Plan describe the professional behaviour required to modernise the council and work with greater collaboration with partners and communities. The six values are:

Respect: Embrace diversity with kindness and consideration and recognise the value of everyone;

Collaboration: Work together and contribute to the creation of helpful and successful teams and partnerships across the council and beyond;

Efficiency: Work in a way that makes the best and most sustainable use of resources, always looking at alternative ways of getting stuff done;

Openness: Share and communicate with honesty about our service and self, whenever appropriate;

Creativity: Have ideas that challenge the 'tried and tested', use evidence of what works, listen to feedback and come up with different solutions; and

Customer Focus: Adopt our 'Customer Promise' to colleagues, partners, members and customers.

These values are reflected in the council's constitution, codes of conduct for Members and Officers and the Performance Management Framework.

Our priorities

- Tackling inequality
 - Creating a more sustainable city
 - Engaging people who live and work in the city
 - Modernising the council
- 14 The Corporate Plan also sets out five service **priorities** upon which to focus efforts to meet the organisation's **purpose**. These are shared with our city partners in The Connected City (the Sustainable Community Strategy for Brighton & Hove) and are as follows:
- Economy, jobs and homes
 - Children & young people
 - Health & wellbeing
 - Community safety & resilience
 - Environmental sustainability

How council services are rated and perceived by its customers, City Tracker Results can be found through this link:

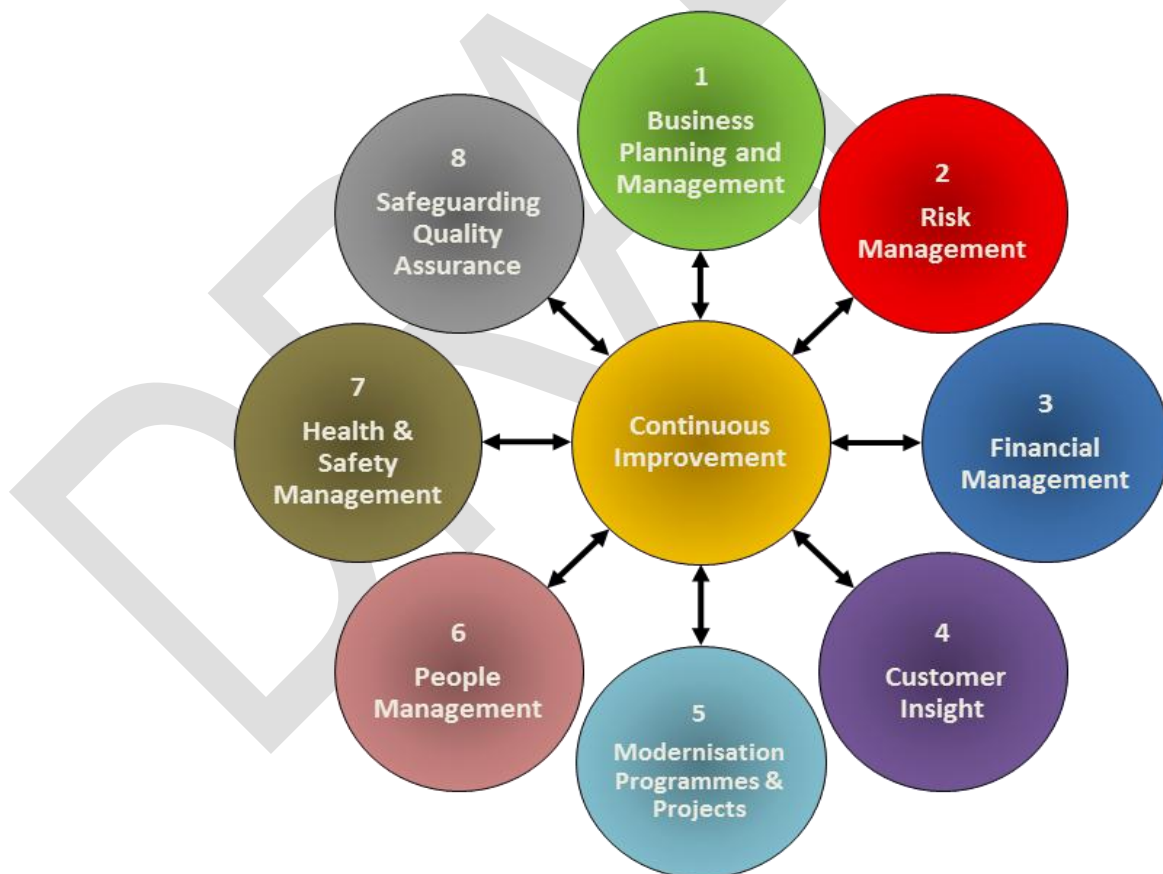
<http://www.bhconnected.org.uk/sites/bhconnected/files/City%20Tracker%20Results%20November%202015.pdf>.

- 15 The council's modernisation portfolio of projects and programmes has been in place since 2014 and is led by the Chief Executive.

Modernisation is the council's portfolio of change management programmes and projects which supports delivery of corporate principles and priorities as outlined in the Corporate Plan. This in turn helps evidence achievement of outcomes in relation to the council's purpose. Modernisation drives the four year integrated service planning process and feeds into the Medium Term Financial Strategy. A cross-party Member Oversight Group monitor progress and provide support and challenge as required. This is also considered by the City Management Board as part of performance and risk reporting. The financial benefits are reported to the Policy & Resources Committee as part of Targeted Budget Management reports.

The importance of how the organisation demonstrates and values its commitment of achieving its purpose in delivering 'A modern council' is reflected in the strategic risk SR22 Modernising the Council.

- 16 The council has systems and reporting timetables to monitor its Performance Management Framework which consists of eight elements - business planning and management, risk management, financial management, customer insight, modernisation projects/programmes, people management, health & safety management, safeguarding quality assurance.



The Performance Management Framework contributes to good corporate governance as it sets out:

- how the council will manage risks which may affect achievement of its objectives
- monitoring of performance outcomes and through regular reporting enabling comparison of actual performance against targets to aid decision making and

ensure everyone understands their responsibilities and accountabilities in order to achieve our purpose through delivering the principles and priorities as set out in our corporate plan

- guidance for all those involved across the organisation.

- 17 Effective management processes, as detailed in the Performance Management Framework ensure the right actions are taken at the right time so that the council can achieve its purpose through delivering the principles and priorities.

The council uses a variety of mechanisms within its overall approach to performance management and service improvement to measure quality of service to users, ensuring service delivery is in accordance with its objectives, and for ensuring the best use of resources. These include key performance indicators, residents' perceptions, measurable improvements in value for money, benchmarking, identification and management of key risks.

Various joined up Performance management processes are embedded throughout the council and regularly reported to relevant stakeholders including Members in accordance with agreed timescales.

Members' and Officers' Capacity and Development

- 18 To enable the Members to fulfil their role as decision makers representing the community of Brighton & Hove the council has a Member training and development programme which starts with an extensive induction and is followed by a generic development programme as agreed by the cross-party Member Development Group (met throughout 2015-16 approximately at each quarter). The council successfully applied for and achieved the Member Development Charter, meeting standards set by the South East Employers and the Local Government Association (LGA). It is only one of 17 authorities to hold the Charter in the south east.
- 19 Further, more specific training is provided to Members as required (for example for Members serving on the Planning Committee, Audit & Standards Committee, Licensing Panels and Personnel Appeals Panels) as well as bespoke training and development opportunities for Members with special responsibilities, e.g. a session was held on Chairing of meetings. Use of LGA and Local Government Information Unit (LGIU) sessions are also offered to Members to enable them to take up development opportunities. Sessions on equalities and travellers have been held which were run by local voluntary groups.
- 20 The council recognises that the effectiveness of services relies substantially on the contribution of officers to the planning, development and delivery of services. The Performance Management Framework recognises this and supports staff, including developing skills and abilities, in making their contribution. The council recognises that the value of staff contributions will be enhanced through clear communication of the council's expectations, developing staff skills and abilities, providing a safe, healthy, supportive and inclusive working environment.
- 21 Reflecting the councils culture and understanding of our values, in 2015/16 the council concluded the delivery of its management development programme

'Living our Values, everyday', which underpinned the councils values and behaviours. The last cohorts completed in March 2016 and the programme was attended by over 900 managers. The key messages of the programme have been integrated into other training e.g. Induction, Being a Manager and People and Performance Management to ensure consistency and continuity.

- 22 The council's Performance and Development Planning scheme provides a structured opportunity for a reflective assessment and feedback of progress, success and challenges over the previous six months. Future areas for development and learning are also important topics which are addressed.
- 23 The council undertook a staff survey in November 2015, the results of which results show 'our values' are well embedded across the organisation and have created a shift in people's behaviours.
- 24 The second phase of the council's culture change programme will look at how we improve the measurement and management of people's performance in delivering the aspirations and ambitions of the council. HR and Workforce Development are developing a competency framework in consultation with staff, partners and members, to describe both 'what we do' and 'how we do it'. Once developed, managers will be supported by e-learning, short courses, toolkits and HR to effectively apply the principles in your day to day people management activities.
- 25 The council has an on line induction available for all for all new staff and those who have changed roles recently. The induction programme is a series of short learning modules, which include themes such as; an overview of the organisational structure and services, information on key council and HR policies.

Budget holders also have access to training and support.

In addition in 2015/16 the council introduced mandatory e-learning courses for staff on key corporate governance issues such as Information Governance; and Fraud Awareness.

- 26 A corporate programme of learning and development is available to officers which is commissioned and in part delivered by the Learning and Development Team. The Learning and Development Team also supports mandatory skills training for front line staff, where applicable. Training and support for officers to enable increased collaboration with the community, other public services, the community and voluntary sector was undertaken in 2015/16 through continued delivery of the 'working with communities' course.

Roles, Responsibilities and Behaviour

- 27 To ensure effective leadership throughout the council, Members and officers work together to deliver common objectives with clearly defined functions and roles through the following:
 - the council's Constitution includes details of the roles and responsibilities of all its committees, the full Council and Chief Officers and the rules under which they operate including protocols

- the council's political structure, including roles and responsibilities, are detailed on the council's website. The council's constitution and associated guidance are reviewed regularly to ensure they remain up-to-date, relevant and effective. During 2015/16 the Scheme of Delegations to Officers has been updated to reflect the Senior Management Team re-organisation; guidance has been issued for Members under the Code of Conduct in relation to the use of Social Media and responding to correspondence; the Scheme of Delegation to Committees has been updated to reflect the establishment of the Neighbourhoods, Communities and Equalities Committee and the Council's Contracts Standing Orders have been updated to incorporate the introduction of the Procurement Contract Regulations 2015
 - the council's Head of Law is the designated Monitoring Officer with responsibilities for ensuring the lawfulness of decisions taken by the council, its committees and officers, providing support and advice on the maintenance of ethical standards and advising the council's Audit & Standards Committee.
- 28 The officer's Executive Leadership Team (ELT) includes, among its members, the Chief Executive, the Executive Director Finance & Resources (section 151 Officer) and the Monitoring Officer (who all have special responsibilities regarding governance). This ensures leadership of, and support to, good corporate governance at the highest level of the organisation. Other members of ELT include the Executive Directors for Children; Adults; Public Health; Environment, Development & Housing as well as the Assistant Chief Executive. They all bring additional perspectives that support legislative compliance and good governance generally.
- 29 The council has adopted a number of codes and protocols that govern the standards of behaviour expected of Members and officers. These are communicated as part of the e-induction process, ongoing awareness training and made available via the council's intranet. These include codes of conduct covering conflicts of interest and gifts and hospitality.
- 30 The Audit & Standards Committee remit includes promoting and maintaining high standards of conduct and ethical governance. During 2015/16 the council revised and updated the:
- i. Whistleblowing Policy
 - ii. Information Governance Strategy
 - iii. Social Media Protocol for Members & Social Networking Policy for Employees
 - iv. Guidance on Member correspondence.

Communication and Consultation

- 31 Brighton & Hove Connected is the title of the Community Engagement Framework for the City, introduced by the Brighton & Hove Strategic Partnership. It aims to improve the ways in which citizens and communities can influence and shape services through improved communication.

- 32 Clear channels of communication have been established with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. In 2015/16 these included the council tax leaflet containing budget details, the council's website and social media. The council continued with its budget to develop more open and transparent budget consultation during 2015/16 encouraging feedback on-line and through social media (such as Twitter™ via #BHBudget) as well as providing information on the council's web site including an updated budget animation.
- 33 There are a wide range of access channels and opportunities for all parts of the community and key stakeholders to engage in dialogue. This includes tenants' and residents' forums, Local Action Teams, neighbourhood forums, and consultation events and surveys. The council's Corporate Plan and the Annual Statement of Accounts are made available via the council's website and distributed to certain key points across the City.
- 34 As part of its openness and transparency of decision making, advance notices, agendas, minutes and web-casts are available for council meetings. The council is also committed to meeting its obligations to give rights of public access to information held, through the Freedom of Information Act 2000 and the wider transparency agenda. All key decision-making meetings of the Council and committee are webcast. The council has also implemented the open government licence scheme.
- 35 The council has a Corporate Complaints Procedure which is in line with the Local Government Ombudsman guidance and follows the Statutory Complaints Procedures for Children's Social Care and Adults Social Care. We have an agreed process whereby the Chief Executive, Directors and Heads of Service are regularly updated on the issues of complaint for their areas and are able to drive and monitor improvements in response to customer feedback. The insight gained from customer feedback, which includes comments, and compliments is of great value to us. It enables the Chief Executive, Directors and Heads of Service to make decisions that shape and improve the way services are delivered and made more easily accessible.

Control Framework, Risk Management and Audit & Standards Committee

- 36 The council's high-level policies and procedures are updated and regularly communicated to officers and Members. The principal documents include the council's Financial Regulations and Contract Standing Orders alongside other corporate policies on key governance topics including Business Planning, Counter Fraud, Information Security, Equalities & Diversity, Health & Safety and Whistleblowing. In 2015/16 other policies and procedures to meet issues arising included:
- issue of Multi-Agency Integrated Working guidance
 - new or revised policies on Member and staff usage of social media as well as on correspondence
 - information Governance Strategy
 - improved processes to facilitate and monitor annual declarations of interests using the council's HR system (PIER) by all Senior Officers and contract officers. This supplements the annual related party transaction

declarations undertaken as part of the accounts and the combination of these assists in minimising incidents of non-disclosure.

37 The council's Risk Management Strategy 2014-2017 sets out an annual programme of risk management activity for each of the three years which is reported to the Audit & Standards Committee. It is supported by the Risk Management Lead who has a role to monitor consistency and make cross-level links, including comparison with industry standards and other organisation's issues. Risk management is embedded throughout the council and is regularly reviewed:

- Strategic Risks are considered at least twice a year by the Executive Leadership Team and each meeting of the Audit & Standards Committee includes generally at least two risk management reports, one of which is a Strategic Risk Focus report to enable Members to question Strategic Risk Owners on how effectively Strategic Risks which have potential to affect achievement of the council's priorities are managed
- Directorate Level Risks were reviewed by each Directorate Management Team five times a year
- Project and Programme Risks are managed by those responsible for delivering projects/programmes and support or facilitated risk work is commissioned from the Risk Management Lead. Training is delivered and quality of corporate programmes is monitored by the Advisory Support Group which includes the Risk Management Lead. Corporate modernisation project/programme risks are reported to the Corporate Modernisation Delivery Board meetings which take place every 4 to 6 weeks.

38 The council's internal audit arrangements are reviewed annually and considered to be effective for 2015/16 conforming to the governance requirements of the Public Sector Internal Audit Standards. The Head of Internal Audit works closely with key members of the Executive Leadership Team and Corporate Management Teams to give assurance and improve the council's financial control framework, give advice and promote good governance throughout the council.

The Corporate Fraud Team focuses on non-benefit related frauds. Following investigations by the Corporate Fraud Team, the council has:

- Successfully prosecuted 2 individuals for subletting their council properties
- Recovered 26 council dwellings
- Prevented 1 mutual exchange taking place
- Saved £80,000 in planned adaptation costs as it was found that an individual had misrepresented their circumstances
- Effected the removal of eight employees either through resignation or dismissal
- Cancelled 7 residents parking permits because the permit holders did not reside at the relevant address

- Identified an overpayment in a rent allowance of £1,448
- Removed council tax discounts of £11,729
- Cancelled 23 Blue Badges during 2015/16 as a result of reviewing the National Fraud Initiative data
- Continued to review the National Fraud Initiative 2014 data matches on Housing Benefit and other internal data sets with overpayments identified currently standing at £131,000
- Seen an increase in fraud referrals through the Whistleblowing Policy
- Allocated resources to look at the possibility of carrying out more in-house data matching. This project is on-going.

The Corporate Fraud Manager also designed and successfully implemented a fraud e-learning training package within the council which received positive feedback.

- 39 The council's Whistleblowing Policy was reviewed and refreshed at the end of March 2015. A further update, to reflect input from the Audit & Standards Committee, was reported to that Committee in June 2015 and submitted for approval to the Policy & Resources Committee. It aims to encourage officers, contractors and agency workers to report any instances of unlawful conduct, health and safety risks, damage to the environment, possible fraud and irregularities and unauthorised use of council funds. The Whistleblowing Policy is available on the council's intranet and website, and provides the mechanisms to raise concerns and receive appropriate feedback without the fear of victimisation.
- 40 Human Resources & Organisational Development (HROD) produced an Annual Report for 2015/16 to demonstrate HROD's contribution to the organisation including good payroll and administration; well defined policies; administration and training; and an effective safety management system and improving standards for the management of health and safety across all services. HROD services are a key enabler in delivering a modern council in support of delivery of the Corporate Plan.
- 41 The Audit & Standards Committee is independent of the council's scrutiny functions and embedded as a key part of the council's overall governance framework. Its terms of reference are aligned to CIPFA's best practice guidance for Audit Committees. The membership is politically proportionate and the Chair is an opposition Member. The Committee also has two Independent Persons with extensive experience and who, under the council's complaints process, chair all Member complaints panels. Other work requested by the Audit & Standards Committee in 2015/16 which contributed to improved governance are:
- internal Audit work with ELT and other senior managers to ensure that all managers understand the importance of implementing audit recommendations, or if it not practicable to do so, ensure that action is taken to address the underlying risk
 - reviewing and updating the Council's webpages on Member complaints to better signpost the public appropriately.

Compliance with Established Policies, Procedures, Laws and Regulations

- 42 All officers of the council have a responsibility to ensure compliance with established policies, procedures, laws and regulations. Training and awareness sessions are provided as necessary and appropriate induction sessions are carried out. For example, in the important area of Financial Management there is a mandatory e-learning course and follow-up workshop which all Budget Holders must attend.
- 43 Compliance assessments are carried out by management, auditors and through the work of statutory inspectors, including the Care Quality Commission and Ofsted.
- 44 The Head of Law (the Monitoring Officer) has overall responsibility for ensuring the council acts lawfully and without maladministration. This includes reporting on any proposal, decision or omission by the council likely to contravene any enactment or rule of law or any maladministration. No such reports were necessary during 2015/16.

Economic, Effective and Efficient Use of Resources

- 45 As part of the council's modernisation portfolio, it has projects/programmes to deliver modernised services that can achieve substantial efficiency savings and improve value for money by effective demand management.

Modernisation projects/programmes enable delivery of outcomes against the following themes. Most of the projects/programmes enable achievement of multiple themes.

Deliver Differently	Increase Income & Improve Efficiency	Manage Demand	Engagement, Co-production & Delivery with Communities	Improve Customer Contact	Reform Public Service
Robustly assess and evaluate the most appropriate and cost effective way of delivering our services, working with all our partners to achieve this	Streamline the way we work and bring a commercial approach to council business	Focus on interventions targeted at reducing demand on high cost services by preventing problems arising or dealing with them early on	Involve communities in decision making, and service design, create opportunities for communities to help each other	Review all of our customer access channels, to enable us to move as many services as possible online, whilst also ensuring we maintain face to face support for those who need it	Increasing choice, opening up services to a wider range of providers, devolving decision making to the lowest appropriate level, and improving transparency and accountability of public services (TBC)

Corporate Modernisation Programmes and Projects
Directorate Modernisation Programmes and Projects



Enabling Programmes	
People: Enabling the council to define and deliver workforce requirements for the future & enabling culture change that is needed	<ul style="list-style-type: none"> • People Plan & Culture Change
Process: Enabling services to redesign processes and operational business models that will change as a result of the programme	<ul style="list-style-type: none"> • Business Process Improvement • Service Redesign Toolkit • Integrated Service & Financial planning
Technology & Information: Driving a strategic approach to the use of systems, data and information to support the changes	<ul style="list-style-type: none"> • ICT Infrastructure • Information Management (included in Customer First in a Digital Age)

Other objectives include redesigning service delivery to maintain or improve user satisfaction, support the council's priorities, and also reduce the cost of provision where possible. Other cross-cutting objectives including reducing contract costs, increasing income, and growing the domestic and non-domestic taxbases given the significant financial challenges as a result of reductions in central government funding over the next 5 years. The financial assumptions within which the council will operate are set out in the Medium Term Financial Strategy 2015 – 2019 which accompanies the Corporate Plan.

- 46 The council has an Information Management Board to oversee ICT Governance and includes the Monitoring Officer as 'Senior Information Responsible Officer' (SIRO) and two Caldicott Guardians responsible for protecting the confidentiality of service user information.

Financial Management and Reporting

- 47 The council's financial arrangements fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). As Chief Financial Officer (CFO), the Executive Director of Finance & Resources is a key member of the Executive Leadership Team and Corporate Management Team and is responsible for the proper administration of the council's financial arrangements and leads a suitably qualified and experienced Finance Function.
- 48 The Executive Director of Finance & Resources (as Section 151 Officer) has overall statutory responsibility for the proper administration of the council's financial affairs, including preparation of the Statement of Accounts and making arrangements for appropriate systems of financial control. No reports were made during 2015/16 on any case of unlawful expenditure, loss or deficiency.

- 49 Member support (P&R Committee, July 2015) was given to a new 4-year service & financial planning approach which required services to fundamentally consider which services could Stop, which should be Retained and redesigned, or which could be commercialised or provided under an alternative delivery model. This ensured closer alignment between the Corporate Plan and Medium Term Financial Strategy (MTFS) and service and financial planning. The council's MTFS sets the resource projections for the forthcoming five years, the financial challenges and opportunities that it faces and the approach planned to meet the priorities set out in the Corporate Plan. During 2015/16 the MTFS was updated and now includes a longer term resource projection up to 2019/20. New financial controls were introduced in September 2015 to help mitigate a substantial in-year forecast overspend relating to demand-led budgets such as social care and homelessness.
- 50 The council published a detailed budget book for 2015/16 to enable a greater understanding of where the council spends its money. It publishes all payments to suppliers over £250 from April 2013.

Partnership Working and Governance Arrangements

- 51 The governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report Governing Partnerships: Bridging the Accountability Gap (2005) are defined in the council's Financial Regulations.
- 52 The council has a leading role in Brighton & Hove Connected the local strategic partnership for the City. During 2015/16 Brighton & Hove Connected continued to implement the sustainable community strategy entitled 'Brighton & Hove – The Connected City'.
- 53 Brighton & Hove Connected and the City Management Board have created a range of specialist partnerships that take responsibility for the creation, implementation and monitoring of key city strategies. These include Employment and Skills; Economy; Housing; and Transport.
- 54 The City Management Board (CMB) is chaired by the council's Chief Executive and is the delivery arm of Brighton & Hove Connected. The board is made up of the key public service decision makers in the city in order to focus on delivery improvements city-wide including performance and risk management. Each board member is accountable to their parent body and to Brighton & Hove Connected.

The member organisations of CMB are:

- a) Brighton & Hove City Council
- b) Brighton & Sussex University Hospitals
- c) City College Brighton & Hove
- d) Brighton and Hove Clinical Commissioning Group
- e) East Sussex Fire & Rescue Service
- f) Jobcentre Plus

- g) Office of the Sussex Police & Crime Commissioner
- h) Sussex Police
- i) University of Brighton
- j) University of Sussex
- k) Kent, Surrey & Sussex Community Rehabilitation Company.

55 In 2013/14 the council, in close collaboration with the Clinical Commissioning Group (CCG) undertook a fundamental review of the Health & Wellbeing Board leading to an enhanced role for the Board that will enable it to provide system leadership across health and local authority social services. Following the local elections in May 2015 the Board has been chaired by Councillor Daniel Yates. The Board has equal voting representation between the council and the CCG. The Board also has a number of organisations attending including NHS England, Healthwatch and the Chair of both children and adults safeguarding boards. The Health and Wellbeing Board has also several joint meetings with Children's, Families and Skills committees when appropriate.

Review of Effectiveness

- 56 The council has a statutory responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the systems of internal control. The review of effectiveness is informed by the work of executive managers within the council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's Internal Audit and Opinion Report and also by comments made by the external auditors, other review agencies and inspectorates.
- 57 Through evaluation and analysis during the 2015/16 review, the council has good assurance that its governance arrangements are fit for purpose and reflect the principles of its Code of Corporate Governance.
- 58 An Officers' Governance Board oversees the review of the effectiveness of governance arrangements throughout the year. It is a group of council officers meeting at least 4 times a year. It was chaired by the interim Executive Director, Finance & Resources and includes representation from the Head of Legal Services; the Head of Internal Audit and the Risk Management Lead. The process that has been applied in maintaining and reviewing the effectiveness of the governance framework 2015/16 included the following:
- evaluation of the robustness of governance arrangements against the six principles of good governance in the CIPFA/SOLACE Delivering Good Governance Framework
 - the annual opinion of the Head of Internal Audit states that '**reasonable assurance** can be provided on the overall effectiveness of the council's control environment for the year ended 31 March 2016, but only **limited assurance** on the effectiveness of the council's contract management practices and the security over some of the council's information and records'
 - review of the council's counter fraud strategy and framework

- The provision of an effective Internal Audit Service, including compliance with professional standards, risk based approach, individual internal audit reports providing levels of assurance and monitoring actions to audit recommendations made for improvement
- Risk management process outcomes including strategic risk management actions plans and directorate risk registers; and
- Comments made by external auditors and outcomes of external assessments carried out by regulatory bodies.

Governance Issues

59 The annual effectiveness review of governance arrangements referred to above has identified the following significant weaknesses:

- Contract monitoring:
 - the council has not put in place corporate arrangements for monitoring contracts
 - the council has been significantly overcharged for housing repairs carried out by a particular sub-contractor
 - internal audit reviews identified other examples of ineffective contract monitoring during the year.
- Security of the council's IT systems:
 - controls to prevent staff who no longer work at the council from having access to council buildings and systems were not working during the year
 - the council has not set out formal standards or protocols for managing IT applications to ensure that systems, technical specifications and disaster recovery needs are clearly documented
 - ICT business continuity plans that are either out of date or have not been tested.

60 As detailed in the Annual Governance Statement 2014/15 existing actions in progress and new actions have been monitored for progress by the Officers' Governance Board and reported to the Audit & Standards Committee during 2015/16. In considering the governance issues contained in the Annual Governance Statement for 2014/15 enhancements to the council's governance arrangements have been achieved during 2015/16 as follows:

1. To embed the refreshed approach to Fraud & Corruption awareness across the council including whistleblowing arrangements and declarations of interest
 - the fraud e-learning awareness programme completed by 868 members of staff;
 - alerting staff to new and emerging fraud threats, including email fraud which has led to the formation of a cyber intelligence hub;
 - working with colleagues in housing to prevent and identify housing tenancy fraud.

2. Further Information Governance focused work to maintain compliance with the Public Service Network (PSN) Code of Compliance and to meet the requirements of the Information Commissioners Office (ICO)
 - a suite of Information Governance Policies has been approved and a move towards alignment with ISO27001 is planned for the future
 - an Information Audit has been completed, including business impact assessments for the loss or compromise of Confidentiality, Integrity and Availability
 - open Government Licence implemented to support open government agenda and records management
 - Code of Connection compliance was achieved for 2015
 - an Information Governance training package has been rolled out across the entire organisation;

3. Improved compliance with Contract Standing Orders incorporated into the Value for Money Programme in relation to third party spend
 - training has been delivered to highlight the need for compliance with Contract Standing Orders However, technological solutions to monitor performance via an Integrated Procure-to-Pay System have been approved to support the Third Party Spend VFM programme in order to improve contract management and optimisation which will be implemented in 2016/17.

4. Review of Code of Corporate Governance - prioritised refresh of council policies and communication methods to take account of the pace of change
 - the Code of Corporate Governance was reviewed and approved by Audit & Standards Committee in June 2015
 - council policies, including ICT policies, and communication methods continue to reflect the organisation as it changes.

5. Focus on the adequacy of Business Continuity arrangements and work to embed understanding of its practice in council service delivery
 - corporate Business continuity group continues to meet quarterly
 - business continuity template format reviewed
 - e-learning developed
 - identified resources to facilitate review of risks and priority areas
 - new Business Continuity Policy approved by ELT in January 2016
 - scheduled quarterly reviews of business continuity arrangements at Directorate Management Teams from March 2016.

6. Establishing a Procurement Advisory Board
 - during 2015/16 a Member Procurement Advisory Board was established to advise the Policy & Resources Committee and other relevant Committees on procurement matters, facilitating lawful and commercially robust decisions by the Committee relating to the council's procurement of high value services, supplies or works
 - the Procurement Advisory Board focuses on procurements/contracts of over £1m but can consider any procurement through referral from a committee, executive directors or the Section 151 Officer.

7. Considering how to develop a procurement and contract management compliance function to work alongside the current advisory including support procurement service

- Two business cases developed and submitted 12 months ago have been re-submitted to the Executive Director for Finance and Resources as follows:
 - Contract Performance Management Business Case detailing the necessary manpower requirements to monitor the performance of high value / risk service area contracts
 - a business case relating to a Procure-to-Pay System. This system has now been approved through the Modernisation Board. There is an expected 6 month roll in period for this to start becoming effective.
- Ongoing work from the single Contract Performance Manager is improving some high risk / value contracts, improving overall management and achieving cost reduction. This is limited due to the complexity and small resource
- Regular communication to ELT and CMT is still ongoing along with improved guidance and information for Contract Managers through the Wave and the Procurement Newsletter.

61 We propose over the coming year to take actions to address the above matters to further enhance our governance arrangements including:

1. Reporting on progress being made to fully implement the recommendations from the Organisational Learning Review undertaken in early 2015 following the dismissal of the former head of housing
2. Development of a competency framework for the council
3. Developing a corporate risk assurance framework based on the 'three lines of defence model'
4. Seeking approval of and implementing an updated counter fraud strategy and framework and raise awareness of how staff, citizens and others can report concerns
5. Contract monitoring to be strengthened including ongoing (service specific) training to raise the awareness of Contract Standing Orders and effective contract management; the Procure-to-Pay System will be introduced which will catalogue services with contractual prices. This will improve Purchase Order accuracy and provide exception reporting where suppliers exceed contractual pricing
6. Continuing to give a high priority to understanding and addressing ICT risks, particularly the security of the council's information systems.

We are satisfied that these actions will address the need for improvements that were identified in our review and will monitor their implementation and operation during 2016/17.

Signed:

Signed:

**Geoff Raw
Chief Executive**

**Councillor Warren Morgan
Leader of the Council**

Dated: XX YYYY 2016

Dated: XX YYYY 2016

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