Allerdale Borough Council

Draft Annual Governance Statement 2016/17

1. Scope of Responsibility

Allerdale Borough Council (the 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.

In discharging this overall responsibility, the 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.

The Council has approved and adopted a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The Code is regularly reviewed and the Council is currently reviewing and updating the Code. There is a copy of the code is on our website at Local Code of Corporate Governance - Allerdale Borough Council. This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulation 6(1)(b), which requires all relevant authorities to prepare an annual governance statement.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, 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 Council to monitor the achievement of its priorities and to consider whether those priorities have led to the delivery of appropriate services and value for money.

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.

The following section summarises the key elements of the Council's governance arrangements in place during the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

3. Governance arrangements

3.1 Developing and Communicating the Council's vision and intended outcomes for citizens and service users

The Council Plan is the key policy document for the Council, providing the framework for all Council activity. The Council Plan provides a clear message to the public and our partners about the priorities for the Council over a 4 years period, and where the Council will focus its resources and activity. Along with the Council's vision and priorities the Council Plan also details the key objectives to be delivered in support of the priority themes.

3.2 The Council's vision – implications for governance arrangements

The Council Plan is reviewed annually with members to ensure the vision and priority themes are still relevant and consistent with members' aspirations. Executive Portfolios are reviewed by the Leader of the Council and all portfolio holders have been assigned responsibility for specific objectives in the Council Plan 2015-19.

The Council Plan 2015-19 is underpinned by a set of supporting strategies and a detailed Delivery Plan that sets out key activities and performance measures for each priority theme in the Council Plan. This Delivery Plan forms the basis of quarterly performance reports considered by the SMT, Executive and Overview and Scrutiny Committee.

3.3 Measuring the Performance of Services

User satisfaction is measured through a variety of channels and media. The Council carries out a large scale perceptions survey every two years. The survey specifically asks residents how satisfied they are with a variety of Council services as well as how informed they feel about Council decision making and how far they feel the Council provides value for money.

Performance of services provided to customers is monitored through a range of financial and non-financial performance measures which is monitored through Service Plans by the Senior Management Team.

3.4 Roles and Responsibilities

The Council documents and defines roles and responsibilities in a number of ways. These are set out in the Constitution and terms of reference for Committees. The Council's role in significant partnerships is defined and responsibilities within these are understood by relevant parties.

3.5 Governance and People

The Council has adopted a suite of core and functional behaviours which all staff have collectively agreed is 'what great looks like' at Allerdale Borough Council. This behaviours framework is being used to develop the workforce, assist with communications by providing good well thought out feedback, enhance accountability and decision making and provides a clear definition of the standards of behaviour for staff. This is supported by the Council's code of conduct and member induction programme.

3.6 Risk Management

To support the need for continuous improvement the Council agreed to develop an integrated assurance framework to contribute to the delivery of the objectives of the Council Plan. This is being embedded via regular facilitator led risk management sessions and improved service planning and risk management processes.

The Corporate risks and issues log is discussed at the Senior Management Team meeting regularly and all risk owners are clear of their roles and responsibilities in the risk management framework. Communication of risk as part of the quarterly performance report ensures the Council's Executive have an opportunity to consult and contribute.

3.7 Ensuring Effective Counter-fraud and Anti-corruption arrangements are Developed and Maintained

The Council's Corporate Counter Corruption Framework was completely reviewed and published in 2015. To supplement this an e-learning training module has been released on the Councils intranet, it was agreed that this training would be mandatory and this is being completed by officers to raise their awareness of local government fraud risks. A CIPFA led fraud awareness training day was delivered to members and officers in March 2017.

The Council participates in the National Fraud Initiative data matching exercise conducted by the Cabinet Office. All datasets for the 2016/17 fraud exercise have been uploaded to the National Fraud Initiative website and the results are now available, highlighted cases are under review.

3.8 Ensuring Effective Management of Change and Transformation

The Council must be able to respond flexibly to the challenges and opportunities through the continued transformation of services and the new ways of working that are constantly sought in order to make best use of all Council resources.

The Council has reviewed its approach to change management and has developed a Managing Change Policy Statement and Procedure which enables the Council to respond effectively to change in order to maintain a workforce that efficiently and effectively delivers a high standard of service to local residents and provides a framework for managing change effectively, fairly and consistently, through planning, consultation, and communication. During 2016/17 this framework has been used to support staff through full service restructures for the areas of Community Services and Customer Operations.

3.9 Programme and Project Management

When new Projects are initiated via the Project, Procurement and Commissioning service, they are reported to the Commissioning and Procurement Board (CPB). This allows assurance functions to oversee and advise on projects. This process includes risk management, legal advice, financial services advice, information management and data security, ICT and customer services. The CPB encourage accountability and responsibility for project assurance. Value for money information is expected as part of the business cases presented and provides assurance that relevant laws, regulations, internal policies and procedures are considered and complied with.

3.10 Financial Management Arrangements

The Council's financial management arrangements conform to the governance requirements of CIPFA's "Statement on the Role of the Chief Financial Officer in Local Government" as the Head of Financial Services (s151 Officer) is a key member of the Senior Management Team and has unfettered access to the Leader and Chief Executive.

The Head of Financial Services is designated as the responsible officer for the administration of the Council's financial affairs under section 151 of the Local Government Act 1972; their responsibilities are defined in the constitution.

The Head of Financial Services oversees the development and work of the financial management function at the Council and is the Council's responsible officer for matters of financial administration. The post holder is professionally qualified as a Fellow Chartered Certified Accountant with suitable experience.

The Council has established robust financial planning and review processes. The Council has a statutory responsibility to set a balanced budget for each financial year. The financial management approach, agreed by Members, also requires the Council to prepare a revised budget that takes into consideration the outputs and findings of the in-year financial monitoring procedures and quarterly financial reporting to the Council's Executive. This approach allows for more accurate monitoring of spend and enables the Council's Executive to approve revisions and supplementary estimates.

The annual revenue budget is set within the context of the Council's three year Medium Term Financial Strategy. The Medium Term Financial Strategy provides the funding framework within which the Council seeks to achieve the priorities set out in the Council plan and highlights the key financial risks facing the Council.

3.11 Financial Monitoring and Reporting

The Council's Executive receive quarterly finance reports including information on net revenue expenditure to date and forecast position against budget to the end of the financial year, capital expenditure to date and forecast position against budget to the end of the financial year, treasury and risk management activity and performance information relating to income collection and payments to suppliers. The Chief Finance Officer attends the Senior Management Team weekly and Executive meetings.

3.12 Ensuring Effective Arrangements are in Place for the Discharge of the Monitoring Officer Function

The Head of Governance is the Council's Monitoring Officer and has a duty to report to the Council and Executive in any case where they are of the opinion that any proposal, decision or omission will give rise to unlawfulness or if any decision or omission has given rise to or would constitute maladministration.

The Monitoring Officer provides a range of functions relating to the conduct of Members (for example maintaining the Register of Members' Interests, Code of Conduct complaints etc.), advising the Audit Committee and providing commentary on every report to the Executive and Council.

3.13 Ensuring Effective Arrangements are in Place for the Discharge of the Head of Paid Service Function

The Council's Head of Paid Service is the Chief Executive. The Council's Local Code of Corporate Governance includes among its core principle 'Members and officers working together to achieve a common purpose with clearly defined functions and roles' and makes the Chief Executive responsible and accountable to the Council for all aspects of operational management. The Chief Executive is supported in his role by the Corporate Director and has regular access to and contact with, the Leader of the Council and the Council's Executive, through formal meetings of the Executive and informal Joint Executive/SMT meetings. The Corporate Leadership Team meets weekly, this consists of the Chief Executive, Leader, Deputy Leader and Corporate Director.

3.14 Audit Committee

As a means of ensuring best practice, the Council has established an Audit Committee to oversee the workings of the corporate governance arrangements of the Council and to report to Council on these and related financial probity issues. The Audit Committee operates in accordance with CIPFA's "Audit Committees – Practical Guidance for Local Authorities".

3.15 Internal Audit

An annual audit opinion the adequacy and effectiveness of the organisations framework for risk management, control and governance processes is provided to the Audit Committee based on the work undertaken by Internal Audit during the year.

The Assurance Risk and Audit Manager reports to the Council's Head of Governance and Monitoring Officer and has access to the Senior Management Team, Section 151 Officer and Chief Executive as required.

The Public Sector Internal Auditing Standards are embedded into the Internal Audit Service, who constantly review quality and strive for improvement.

The Internal Audit Manager considers in the annual overview for 2016/17 that:

'It is my opinion that the independent assurance reviews completed by the Assurance Risk and Audit Team and the evidence gathering processes employed by the Governance Group provide substantial assurance over the adequacy and effectiveness of the organisations framework for risk management, control and governance.'

3.16 Ensuring Compliance with Relevant Laws and Regulations

Systems are in place to ensure appropriate legal and financial advice is provided at relevant points in the decision-making process. All reports to Members are reviewed by both the Head of Financial Services (the Council's Chief Finance Officer) and the Head of Governance (the Council's Monitoring Officer). This ensures checks are made on the legal and financial consequences of any course of action prior to a decision being made.

The Council has a variety of methods of receiving updates in legislative changes. In addition to the departmental roles in keeping up to date with legislative, regulatory and guidance changes, the Council subscribes to a corporate policy updating service which provides regular updates directly to officers. The Policy Group meets bi-

monthly to oversee major legislative changes and involves representatives from all services. The usual method of direct notification of legislative changes by Central Government also occurs on an ongoing basis. This is also supported by employees membership to professional bodies and the associated requirement that they will remain up to date with changes to their area of expertise and responsibility. Employees are provided with training necessary to maintain up to date professional competencies.

3.17 Complaints and Whistle blowing

The Council operates a formal Corporate Complaints System in accordance with best practice, giving members of the public the means through which to complain about aspects of the Council's services with which they are dissatisfied. The Council's whistle blowing arrangements are publicly available to ensure there is a clear channel of confidential reporting for the public.

The Senior Management Team undertakes monthly reviews of the Corporate Complaints to ascertain areas which we can learn to do things better in the future. The Local Government Ombudsman provides an annual report detailing the number of complaints and enquiries they receive along with the outcome.

3.18 Clear Channels of Communication

All formal meetings are held in public, and the reports and minutes of those meetings are published on the Council's website, unless there are legal reasons for confidentiality. There are opportunities for members of the public to ask questions at meetings of the Council, Committees and Scrutiny Panels. Many channels of communication are used to ensure all stakeholders find information accessible.

3.19 Commercial and Commissioning

The Council recognises that a commercial and commissioning approach brings with it opportunities for introducing greater flexibility in commitment of resources. But purchasing services from third parties also demands assurance that businesses delivering the goods and services are able to be resilient, reliable, reputable and continue to deliver at the right quality in the face of difficult economic conditions locally, nationally and globally. This work is overseen by the Councils Commercial and Commissioning and Procurement Boards, membership of these boards comprise of both members and officers.

Whilst the Council continues to deliver most of its services directly there are a number of areas where services are commissioned. The Council has a number of significant contractual arrangements in place for delivery of services. Arrangements are in place, to monitor both the administration of the services and the quality of that service and this information is reported back into the Council.

3.20 Good Governance in respect of Partnerships

The Council's key governance arrangements and procedures ensure that partnerships are entered into for the right reasons and partnership arrangements are clearly defined. The actual appliance of and delivery of partnerships is the responsibility of individual service areas. Significant partnerships are subject to regular monitoring and review.

4 Review of Effectiveness

During 2016/17 organisation wide assurance information has been collated and there exists many means of independent review of effectiveness throughout the Council Services. These include assurance reviews by Assurance, Risk and Audit and External Auditor Grant Thornton. Opportunities to strengthen governance arrangements were identified and the Commercial Board has grown its membership to include the Commissioning Manager and The Heads of Economic Growth, Housing and Health and Development Services.

During 2016/17 the Institute of Cemetery and Crematorium Management awarded Bereavement Services a gold standard for the Bereaved Assessment Process. The new Workington Leisure Centre which opened in September 2016, won the Tourism and Leisure award in the 2017 RICS Awards (North West), run by the Royal Institution of Chartered Surveyors.

5 Significant Governance Issues Update

5.1 Business Continuity

During 2016/17 the Council has further developed its Business Continuity arrangements. This included:

- the creation of ICT and Corporate Business Continuity Actions Plans held on an externally hosted, cloud based, business continuity system
- introducing procedures for the ongoing review of Business Continuity Actions Plans by individual departments
- completion and evaluation of a desktop exercise.

A rolling programme of departmental exercises involving unannounced business continuity scenario test by external consultants is planned to take place during 2017/18.

5.2 Allerdale Investment Partnership

The Allerdale Investment Partnerships management arrangements have been reviewed and the Council are satisfied by the effectiveness of these arrangements in delivering the Council priorities and managing the partnerships activities in accordance with the Members Agreement.

The Council has reviewed its financial and governance processes and procedures and appointed a Project Manager to coordinate the monitoring and scrutiny of the identified governance, legal and operational improvements in addition to furthering proposals for the key development sites. An internal officer group, including Director, Head of Economic Growth, Head of Financial Services and the Head of Governance meets monthly prior to the project team to scrutinise arrangements for the AIP.

Conclusions

At the date of approval of the financial statements there were no significant governance issues requiring action.

Signed

Leader of Allerdale Borough Council

Signed

Chief Executive of Allerdale Borough Council