

Public Document Pack



Rory Ringer – Democratic Services Team Leader
General Enquiries: Telephone No. 01362 656870
DX 743950 Dereham 2

To The Chairman and Members of the Audit Committee

All other Members of the Council – for information

Our Ref: JB
Contact: Julie Britton
Direct Dial: 01362 656343
E-mail: julie.britton@breckland.gov.uk
Date: 26 June 2014

AGENDA SUPPLEMENT

Dear Sir/Madam

AUDIT COMMITTEE - FRIDAY 27 JUNE 2014

I refer to the agenda for the above-mentioned meeting and enclose the following revised item:

Item No	Report Title	Page Nos
13.	Draft Annual Governance Statement Report by the Assistant Director of Finance.	1 - 7

Yours faithfully

Julie Britton

Senior Committee Officer

contactus@breckland.gov.uk

Breckland Council Elizabeth House, Walpole Loke, Dereham, Norfolk NR19 1EE
Telephone: 01362 656870 www.breckland.gov.uk

ANNUAL GOVERNANCE STATEMENT

Scope of responsibilities

Breckland 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. Breckland 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, Breckland Council is responsible for putting in place proper arrangements for the governance of its affairs, which facilitates the effective exercise of its functions and include arrangements for the management of risk.

Breckland 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 at:

<http://www.breckland.gov.uk/content/code-governance>

This statement explains how Breckland Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2011 (England) 2011 in relation to consideration of the findings of a review of the system of internal control and approval and publication of an annual governance statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. 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, cost effective services.

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 Breckland's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Breckland Council for the year ended 31st March 2014 and up to the date of approval of the statements of accounts.

The governance framework

Vision and Priorities - Our Vision is to make Breckland "A Better Place with a Brighter Future for Everyone" To help us deliver this vision we have consulted widely with local people and our partners and listened carefully to what was said. The Business Plan reflects the priorities and high level outcomes for the Breckland area over a four year period. The business plan was reviewed during the year and now reflects the changing economic environment and the new shared management arrangements and is aligned to the four year election cycle.

Quality of Services - The Council has an established Performance Management Strategy which sets out how it monitors both performance and the delivery of objectives. The framework for managing performance has been completely reviewed in light of changes to the business planning and shared management arrangements, with new performance measures also being developed to reflect the change in central government policy to move away from national targets to those that better identify with local requirements.

ANNUAL GOVERNANCE STATEMENT

Constitution and Responsibilities - A comprehensive document setting out the Council's constitution exists which sets out the clearly defined structure for the Council's organisational and decision-making arrangements based upon a Cabinet/Executive model. In essence the different roles can be summarised as follows:

- Council decides upon certain policies and other specialist functions that cannot be delegated elsewhere including the setting of the council tax
- Cabinet is allocated authority by Council to approve policies not reserved for consideration by Council, deliver policies and to take most significant executive decisions
- Cabinet works to a Key Decision Plan of forthcoming decisions for up to twelve months ahead
- All executive decisions are recorded in a decisions digest, with formal minutes being available for public inspection
- The work of the Cabinet and the Council as a whole is supported by an Overview and Scrutiny Commission and its task and finish groups
- The Overview and Scrutiny Commission has developed its own work programme for the review of Council services in addition to scrutinising the work of the Cabinet. It can 'call-in' a decision which has been made by the Executive but not yet implemented
- The Audit Committee is well established, and is responsible for the review of the work of the Internal and External Audit functions and provides independent assurance of the effectiveness of governance arrangements, risk management and financial management processes. It also has the responsibility for the approval of the Statements of Accounts and review of treasury policy and outturn. The Committee's remit has been broadened to take on responsibilities from the Standards Committee following the adoption of new arrangements to deal with Standards issues resulting from changes brought about by the Localism Act 2011
- Separate committees exist for Planning, General Purposes, Licensing and Appeals
- Delegation arrangements to committees, the Executive and officers are set out in detail within the constitution
- Regular meetings take place between relevant senior officers and members of the Council to discuss and propose policy

The constitution also includes sections on standing orders, financial regulations and conduct of meetings. The constitution as a whole is reviewed periodically with interim updates as and when appropriate. A complete review of the constitution has been carried out to ensure that it remains relevant effective. Formal adoption of the revised constitution is expected in 2014. A revised Local Code of Corporate Governance has been produced following updated best practice guidance from CIPFA and Solace on 'Delivering good governance in local government'.

Codes of Conduct - The Council's constitution contains codes of conduct applying to members and officers as well as a protocol for councillor/officer relationships. These have enabled the authority to develop an inclusive culture over the years, whereby members and officers work together to deliver the Council's vision and quality services to its residents. The codes include reference to the need to declare any interests which may conflict with the individual's role at the Council and such registers for councillors and officers are maintained by the Council.

Complaints - The Council has in place a whistle-blowing policy as well as a compliments and complaints procedure that ensure that any referrals are fully investigated, properly resolved and learning applied to service delivery. Systems and procedures have been enhanced to ensure that complaints/service requests are the cornerstone of the Council's management approach.

Policies, Procedures, Laws and Regulations - The Council's statutory officers are the Chief Executive (Head of Paid Service), the Monitoring Officer (Assistant Director Democratic Services) and the Section 151 Officer (Assistant Director Finance). They are responsible for ensuring that the Council acts within the law and in accordance with established policies and procedures. The Section 151 Officer is specifically responsible for the proper discharge of financial arrangements and must advise the Council where any proposal might be unlawful or where expenditure is likely to exceed resources, and to ensure

ANNUAL GOVERNANCE STATEMENT

that the authority's financial management arrangements conform to the governance requirements as set out in the Chartered Institute of Public Finance and Accountancy statement on the Role of the Chief Financial Officer (2010).

The statutory officers are also members of the authority's Corporate Management Team, along with the Director of Commissioning and the Assistant Director Commissioning. An Executive Director was appointed in May 2014 to cover a management team role that had been vacant since September 2013. This officer is also a member of Corporate Management Team.

Service Managers are responsible for ensuring that legislation and policy relating to service delivery and health and safety are implemented in practice.

Development and training needs – Breckland is a learning organisation, both in terms of members and officers. The training budget for staff is centralised under Human Resources, and continues to deliver a programme to develop the skills of its workforce.

Breckland is committed to investing in the staff and maintains the Investors in People standard. This recognises the investment in staff development and ensures that staff are valued and given the opportunities to develop and achieve their full potential. Training and Development is at the core of the personal appraisal system and this work is informed and underpinned by the Council's revised performance related payment and appraisal system.

Breckland continued to deliver a training and development programme to provide members with the support and skills necessary to assist them in carrying out their duties. Personal development plans have been developed, setting out personalised training programmes to meet individual members' needs. A joint member and officer training programme has been developed to ensure a more efficient and effective way of delivering the authority's training needs. As a result of this work programme the authority continues to maintain its EERA Elected Member Development Charter Plus status.

Ω

Risk Management – The Council has updated its risk policy and process guide during the previous year to align the framework to reflect latest guidance and to ensure that shared officers with South Holland District Council operate to the same arrangements at both authorities. Breckland has developed its performance system to maintain a register of the key strategic risks it considers it faces along with the actions planned or taken to mitigate these risks, which have been monitored by Corporate Management Team, the Executive Members, and the Audit Committee on a quarterly basis. Risk logs are also being used to manage the risks for key projects and partnerships, along with other project management techniques, and all key decisions are required to be assessed for risks. Service continuity plans are reviewed and updated to address key operational risks. All committee reports contain a mandatory risk section to ensure that members can consider the risks and opportunities of any recommendations or options, so that the consideration of risk forms an integral part of all decision making. Training has been provided to report writers to ensure that risk is appropriately reported.

Communication – The Council believes public understanding of its work, achievements and services, coupled with consultation with residents is key to maintaining high satisfaction levels. This is achieved through regular communications and consultation activity and upholding the Council's values of transparency and openness.

Breckland regularly publishes information on its website and via a variety of social media channels. Various stakeholder groups are also reached through public meetings such as the town and parish forums. The Communications Team also works with the local media to provide information to ensure residents are kept informed.

Partnerships – The Council is involved with a variety of partnerships that have developed over the years. To ensure that governance and risk management arrangements are effective a review of significant partnerships has been completed, and recommendations have been implemented where appropriate. A partnership framework has been adopted to ensure that we maintain a consistent approach when entering into any new partnerships.

The Moving Thetford Forward Partnership has moved from approval to delivery stage, with new governance arrangements being approved to reflect this. There continues to be a Programme Delivery Group tasked with overseeing all project delivery being undertaken on behalf of the Partnership ensuring

ANNUAL GOVERNANCE STATEMENT

projects are delivered on time and to budget. This group reports to the Programme Delivery Panel which consists of key partners and is chaired by the Portfolio Holder as Breckland is the accountable body for the funding. The panel provides scrutiny to all project delivery activity ensuring projects deliver the programme aims and objectives of Moving Thetford Forward (MTF). Finally, there is an MTF Board which again has cross partnership membership. It is tasked with providing strategic vision, direction and approval of funding should any become available. All meetings are now on an 'as needed' basis to reflect the scale of the remaining programme and ensure critical issues are dealt with in a timely manner.

The Operational Partnership Team is well established and delivers a reduction in anti-social behaviour in the district year on year. The team comprises of officers from the Norfolk Constabulary, Breckland Council and the Norfolk Family Focus Project, working under a joint management structure and co-located at Breckland Council offices.

The Anglia Revenues and Benefits Partnership is governed by a Joint Committee. During the year the partnership consisted of Breckland, Forest Heath, East Cambridgeshire, and St Edmundsbury District Councils.

Breckland's shared management arrangement with South Holland District Council is now well-established. Despite the commitment to sharing a management team the two Councils will continue to exercise independent democratically accountable local government in their respective areas, each having its own governance arrangements. A Memorandum of Understanding is in place, and sets out the governance arrangements for shared management and joint working. The Council made interim appointments for the role of Chief Executive through the year, with a permanent appointment starting in May 2014.

Group Company – The Council has joint ownership of a limited company, Anglia Revenues Partnership Limited, which was formed in 2006 to deliver revenue and benefits services to local authorities. It shares control on a 50:50 voting basis with a neighbouring authority, Forest Heath District Council, although the financial share of the company is 66% in Breckland's favour, with the remainder owned by Forest Heath. Two of Breckland's members represent the authority's interests on the board of directors.

Transparency – As a Council we want to be publicly accountable and present our work with openness and transparency. As such, any expenditure over £500 (including VAT) with external suppliers has been made available online in a monthly report, as part of a move to make this information more easily accessible. These reports are published approximately 10 working days after the end of each calendar month. The authority also reports on the pay and benefits for senior officers as well as its Pay Policy.

Review of effectiveness

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

The Council approves and keeps under regular review all the strategic policies which it reserves for its own consideration, including:

- The Constitution
- The Corporate Business Plan
- The Policy Framework
- The Medium Term Financial Plan and Capital Strategy
- The Housing Strategy

ANNUAL GOVERNANCE STATEMENT

- The Local Development Framework
- The Treasury Management and Investment Strategies

The Leader

- Exercises executive functions not expressly delegated to Cabinet or the other Executive Members Cabinet

The Cabinet is appointed by the Leader and carries out the executive functions of the Council as required by legislation and the Council's constitution and accordingly:

- Takes executive decisions
- Approves policies other than those reserved for Council
- Recommends to Council policies and budgetary decisions

The Overview and Scrutiny Commission may undertake any work relating to the four key principles of scrutiny as follows:

- Hold the Executive to Account (Call-In)
- Performance Management
- Assist Policy Development and Review
- Internal/External Scrutiny

The Audit Committee

- Considers and approves audit plans
- Considers audit reports
- Comments on the work of audit in addressing the authorities significant risks
- Satisfies itself that the control and governance arrangements have operated effectively by considering audit and risk reports and undertaking ad hoc reviews
- Annually self-assess themselves against best practice guidance to check their effectiveness
- Approves the Statements of Accounts
- Reviews treasury policy
- Standards issues

The Internal Audit Consortium Manager provides an independent opinion on the adequacy and effectiveness of the system of internal control, which is incorporated in the Annual Report and Opinion. This report was presented to Audit Committee 27th June 2014, concluded that, based on the work undertaken, the overall adequacy and effectiveness of the organisation's governance, risk and control framework for the year ended 31st March 2014 are considered to be adequate. An adequate assurance opinion is a positive judgement, recognising that while there is a basically sound system of internal control in place, there are weaknesses which could put some of the authority's objectives at risk.

Managers have carried out self assessments of the processes and controls they have in place to allow them to achieve their service objectives. These are reviewed by the Assistant Director Finance to provide assurance that effective controls were in place.

ANNUAL GOVERNANCE STATEMENT

External Auditors review the Council's arrangements for:

- Preparing accounts in compliance with statutory and other relevant requirements
- Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
- Managing performance to secure economy, efficiency and effectiveness in the use of resources

External audit is provided by Ernst and Young LLP. The auditors give an opinion on the Council's accounts, corporate governance and performance management arrangements. The Council takes appropriate action where improvements need to be made. The latest Annual Audit Letter issued by the EY relating to 2012-13 issued an unqualified opinion on the Authority's financial statements for the year ended 31 March 2013, and concluded that the authority had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Significant governance issues

The work of Internal Audit is highlighted in the Internal Audit Annual Report and Opinion. The report has highlighted some concerns which are significant enough for disclosure in this statement. In relation to risks highlighted in 2013-14

- The authority has been in consultation with town councils to formulate a sustainable solution to the street lighting contract risk highlighted by the auditor. Breckland is committed to develop a common strategy that meets the needs of the authority and the stakeholders.
- It is proposed to strengthen the controls on procurement activity by appointing specialist procurement staffing resource
- Re-tendering for the glass bottle bank collection contract will be considered once the new kerbside collection arrangements have been implemented. It is anticipated that a joint procurement will be undertaken with other waste partners.

Two further areas were identified that remain unresolved at year end. These relate to

- Sign off arrangements for Building Control decisions. This action will be resolved as a part of a larger project programme the authority is working through with its contractor
- Issues relating to the reporting arrangements for the Housing Choice Based Lettings System. The authority is considering its options on enhancing the current system or replacing it with a new system.

The ongoing levels of reduction in public expenditure, combined with major changes in the funding of local government present major governance challenges to Breckland Council along with most other local authorities. While Breckland has a balanced budget in the coming financial year, it will have to implement a transformation programme to address budget shortfalls over the medium term. A combination of growth (to generate income) and efficiency measures are planned, and will go through appropriate scrutiny and formal approval before being included in the budget and medium term financial plan.

Certification

We are satisfied that appropriate arrangements are in place to address improvements identified in our review of effectiveness. Progress on these improvements and on addressing mitigating risks will be monitored quarterly by the Performance Programme Board in conjunction with CMT in accordance with the new performance framework.

ANNUAL GOVERNANCE STATEMENT

Chief Executive:

Leader of the Council:

Dated: XXnd XXX 2014

DRAFT