

REPORT TO: **AUDIT COMMITTEE** **DATE:** **21st March, 2016**

HEADING: **ANNUAL GOVERNANCE STATEMENT UPDATE AT FEBRUARY 2016**

PORTFOLIO
HOLDER: **LEADER**

KEY DECISION: **NO** **SUBJECT TO CALL-IN:** **NO**

1. PURPOSE OF REPORT

This report presents to Audit Committee the most recent updates to the Annual Governance Statement (AGS) 2014/15 in advance of the preparation of the 2015/16 AGS.

2. RECOMMENDATION(S)

For Audit Committee to note the updated position.

3. REASONS FOR RECOMMENDATION(S)

For Audit Committee to be informed on a regular basis of changes to the Annual Governance Statement.

4. ALTERNATIVE OPTIONS CONSIDERED (with reasons why not adopted)

None. Regular review of the AGS position is good practice facilitating a more effective, ongoing review of progress against the AGS, the identified 'Key Improvement Areas', and to be able to keep evidence more easily up to date.

5. BACKGROUND

Recent guidance on the structure and content of any AGS has been developed jointly by CIPFA and SOLACE. The Guidance, set out in "Delivering Good Governance in Local Government: Framework", has been given 'proper practices' status by the Department for Communities and Local Government through non-statutory guidance. Further guidance as to the way in which the AGS should be designed and produced has been published by the National Audit Office (NAO).

The format of the AGS for 2014/15 was revised in accordance with the NAO's guidance with these new arrangements for the format and production of the AGS approved at Audit Committee on 28th September, 2015.

Process

Appendix B to the 2014/15 AGS provides summaries of the evidence gathered to demonstrate that each element of the governance framework is in place and to allow for an assessment to the soundness of that framework. They also identify areas where policies, procedures and processes are under review or development – or where some form of change is anticipated.

The information set out in Appendix B will be updated incrementally to reflect any changes in the extent and quality of relevant evidence arising from the review and revision of policies; new initiatives etc. that occur between now and the cut-off date for the ASG of 30th June 2016. This will facilitate a

more effective, ongoing review of progress against the AGS, the identified 'Key Improvement Areas', and to be able to keep evidence more easily up to date.

The Corporate Performance Manager has reviewed the 'Key Changes and Developments' which are noted (in red) on the attached Annual Governance Statement 2014/15 Appendix B and C – February 2016 Updates.

6.

Corporate Plan:

The Committee's active engagement in the development of the AGS gives greater assurance as to the adequacy of the Council's governance framework.

Legal:

There are no legal issues arising from this report

Financial:

There are no financial issues arising from this report

Health and Well-Being / Environmental Management and Sustainability:

There are no Health and Wellbeing issues arising from this report

Human Resources:

There are no HR issues arising from this report

Diversity/Equality:

There are no direct implications on equality and diversity as a consequence of the proposals and recommendations outlined in this report.

Community Safety:

The provisions contained in the Police and Justice Act 2006 put in place arrangements to ensure that every local authority have a committee which will 'meet to review or scrutinise decisions made, or other action taken, in connection with the discharge by the responsible authorities of their crime and disorder functions, no less than twice in every twelve month period.

Other Implications:

Not applicable

BACKGROUND PAPERS

None

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DEPUTY CHIEF EXECUTIVE

APPENDIX B - ANNUAL GOVERNANCE STATEMENT 2015/16 EVIDENCE UPDATED FEBRUARY 2016

CLARITY ABOUT PURPOSE & OUTCOMES

Ref	Governance Element	Documentary Evidence	Status
B1	Corporate Plan - reflects the Council's Corporate Priorities and Outcomes	New Corporate Plan	The new Corporate Plan has been finalised and approved by Cabinet 3 rd December and Full Council 10 th December, 2015. Delivery is being facilitated through the new Corporate Project Management framework, identified programmes and projects are aligned to each of the new Corporate Priorities.
B2	Service Plans identify how the Corporate Priorities and outcomes will be delivered at service level, containing further detailed intended improvements and performance.	Copies of Plans are published on the Council's Intranet as they are approved. Copies of current Plans also held on the Council Website	All Service Plans are scheduled to be reviewed in alignment with the new Corporate Plan, reviews to be completed by end April 2016. A revised Service Plan template is also in place.
B3	Ashfield & Mansfield Sustainable Community Strategy sets out a long term vision for the two districts based upon evidence of need and an understanding of what people say they want.	Copy held on the Website	Strategy adopted by Council July 2013

EFFECTIVE PERFORMANCE MANAGEMENT

Ref	Governance Element	Documentary Evidence	Status
C1	Covalent - performance management system holds all targets and performance actions required of the Council and its Officers together with associated, approved Performance Indicators. The System generates prompts to encourage completion of necessary actions and reporting of performance. The System supports regular performance reporting to senior management and Members	Copies of Reports to CLT, Cabinet and Committees are held on the Council Website	The Corporate Performance and Improvement Unit continues to investigate ways of enhancing corporate performance management arrangements. Recent development has now incorporated project management fields into the Covalent system to facilitate the management of improvement activity through the new Corporate Project Management Framework.
C2	Budget Monitoring - regular reports to budget holders, senior management and Members ensure that best use is made of the Council's financial resources	Copies of Reports to CLT, Cabinet and Committees are held on the Council Website	There is a regular cycle of budget reporting.
C3	Scrutiny - supports policy development and provides opportunities to consider the effect of the Council's policies and performance	Overview and Scrutiny Work Plan for 2015/16 was approved by Overview & Scrutiny Committee. A copy is also held on the Website	The Plan is being kept under review to ensure that it reflects changes in the Council's corporate priorities.

EFFECTIVE & TRANSPARENT DECISION MAKING

Ref	Governance Element	Documentary Evidence	Status
D1	Constitution of the Council - sets out basis upon which decisions are taken, covering: <ul style="list-style-type: none"> - Schemes of delegation - Provision for call-in - Definition of key decisions 	The Constitution is published on the Council's Website.	The Constitution is subject to annual review - Council approval is required for any necessary changes.
D2		The Forward Plan settings out details of all key decisions expected to be taken during the next four months by Cabinet, a Cabinet Member or an Officer in relation to an executive function; and potential exempt decisions is published on the Council's Website.	

CLARITY ABOUT ROLES & RESPONSIBILITIES

Ref	Governance Element	Documentary Evidence	Status
E1	Constitution of the Council sets out the functions and roles of the Council, the Cabinet and Committees, Members and Officers and sets out the Schemes of Delegation.	The Constitution is published on the Council's Website	The Constitution is subject to annual review - Council approval is required for any necessary changes. The constitution is currently being reviewed and will be presented to AGM in May for approval. There are no significant changes proposed.
E2	Portfolio Holders are nominated by the Leader to have responsibility for the oversight of specific Divisions and receive regular briefings from the appropriate senior manager usually a Head of Service.	The list of Portfolio Holders and responsibilities is published on the Council's Website	Current list reflects changes made since the May Election.
E3	Partnership Protocol - with a supporting "toolkit" provides assurance that, in any partnerships entered into, the roles and responsibility of partners are clearly defined.	A copy of the Protocol is held on the Website	Protocol was last updated in April 2015.

STANDARDS & VALUES

Ref	Governance Element	Documentary Evidence	Status
F1	The Constitution of the Council contains <ul style="list-style-type: none"> • Members' Code of Conduct • Code of Conduct for Employees • Members / Officers Protocol • Code of Procedures for the Planning Service Together, these codes and protocols define the standards of behaviour required of Members and Officers	The Constitution is published on the Council's Website	The Constitution is subject to annual review - Council approval is required for any necessary changes.
F2	The Localism Act 2011 makes provision for the Monitoring Officer to investigate complaints of alleged Member misconduct under the oversight of Standards & Personnel (Appeals) Committee		
F3	The Partnership Protocol defines the parameters for acceptable behaviour within which the Council and all of its partners must operate	A copy of the Protocol is held on the Website	The Council's list of key partnerships are reviewed annually by Corporate Leadership Team whom review, add/delete partnerships from the list as appropriate
F4	In May 2015, Council approved the appointment of two co-opted Members to the Standards and Personnel Appeals Committee as a way of enhancing the effectiveness with which it discharges its Standards Functions	Minutes of Council May 2015	As yet, no co-options have occurred.

DEVELOP & MAINTAIN CAPACITY & CAPABILITY

Ref	Governance Element	Documentary Evidence	Status
G1	The Council has developed a structured Training Programme for Members.	A copy of the Programme is held on the Website Budget Monitoring Reports demonstrate the extent to which the available budget is applied. Copies are held on the Website.	The Council's achievement of the Members' Development Charter indicates that Member training arrangements are consistent with best practice. The 2015/16 Member Training Programme has now been completed. Standards Committee and Cross Party Leadership are monitoring attendance on member training.

Ref	Governance Element	Documentary Evidence	Status
G2	The Constitution of the Council specifies that Members must receive appropriate training before sitting and taking part in meetings of: Planning Committee; Licensing Committee and Sub Committees; Standards and Personnel (Appeals) Committee and Sub Committees ; and Chief Officers' Employment Committee	The Constitution is published on the Council's Website	The Democracy Officer undertakes monitoring to ensure that Members sitting and taking part in the Committees specified have met the mandatory training requirement.
G3	All employees are subject to Performance Development Reviews on an annual basis. Outcomes of each Officer's review are reported to HR so that identified training needs can be addressed. The Council's Training Budget is controlled by the HR Manager.	The PDR Guidance Manual is published on the Intranet: copy is also held on the Website. Budget Monitoring Reports demonstrate the extent to which the available budgets are applied. Copies are held on the Website.	Director of Corporate Services is currently reviewing the appraisal process in alignment with the Council's new Corporate Plan and organisational values. The completion of employee PDR's is actively monitored by CLT

CLEAR CHANNELS OF COMMUNICATION

Ref	Governance Element	Documentary Evidence	Status
H1	The Council's Consultation and Engagement Strategy was agreed at Cabinet in July 2013 and provides the strategic framework for development of effective channels of communication with all stakeholders.	A Copy of the Strategy is held on the Website.	The Strategy is due for review by the Corporate Performance and Improvement Manager which will be completed by the summer 2016.
H2	The Citizens' Panel is used to support focussed consultation exercises.	Citizens' Panel Newsletters demonstrate the nature of engagement with the Panel and provide a record of consultation planned and undertaken.	The Council is actively recruiting to expand the Panel: at present there are some 280 active members. A full page was dedicated to promoting the Citizens' Panel in the recently published "All about Ashfield" and it is hoped that this will encourage more residents to join up. The website and social media are continually used to promote the panel. The Citizens Panel have been engaged in 5 surveys and 3 Citizens Summit meetings during the last 12 months The Council now actively engages with the Ashfield Youth Forum who have started to hold their 6 weekly meetings at the civic centre and as such have become a youth voice which is more effectively engaged with the Council.
H3	The Assistant Chief Executive is lead officer for work in hand to implement proposals to increase residents' engagement with traditional Member Surgeries and to enhance scope for engagement by electronic means and through the use of social media	The commitment to enhance arrangements for engagement with residents was set out in the AGS 2014/15	A report was taken to the Joint Leaders Meeting on 23 November to consider a way forward. The Joint Leaders have suggested that further work is undertaken to develop options and that in the interim surgeries will continue in their current form
H4	The Council's Whistleblowing Policy provides a channel through which employees; contractors; or members of the public can raise concerns about possible misconduct or criminal behaviour.	The Policy has been published on the Council's Website.	As part of the Council's Counter-Fraud Strategy, work is in hand to raise awareness of the Policy and the channels through which concerns can be reported.

Ref	Governance Element	Documentary Evidence	Status
H5	The Council's Customer Services Team is the first point of contact under the Council's Complaints, Compliments and Comments Policy . Operational arrangements are in place to ensure that complaints received go to the correct manager and are dealt with on a timely basis.	A commitment to enhance arrangements to manage complaints data to improve service quality was set out in the AGS 2014/15	The Council is committed to act to develop appropriate and effective arrangements to analyse complaints data and use the information captured to improve services.
H6	The Council Website is designed as a two way channel of communication between the Council and all its stakeholders - both internal and external	The AGS for 2014/15 acknowledges deficiencies in the way in which the Website works.	A new project has been established to improve and develop the Council's public facing website and to develop and enhance the Council's use of social media including implementing new and different channels. The timescale for completion is end May 2016. This project is being managed by the Corporate Communications Manager.

EFFECTIVE INTERNAL CONTROL ENVIRONMENT

Ref	Governance Element	Documentary Evidence	Status
H1	Financial Regulations codify key elements of the financial control framework including <ul style="list-style-type: none"> Budgeting & Budgetary Control Ordering & Payments to Creditors Payments to employees Identifying, Collecting and Accounting for Income Custody and management of cash and other assets. The Deputy Chief Executive as Section 151 Officer specifies how all financial transactions are to be carried out: processes are designed with imbedded controls intended to minimise scope for effort or fraud.	The Financial Regulations are published within Part 4 of the Constitution	Financial Regulations require updating: this work is in hand. A programme of financial awareness training is in hand to promote consistent, informed compliance with Financial Regulations.
H2	The Council's Medium Term Financial Strategy provides an analytical framework to ensure that the Council has the financial resources needed to meet ongoing commitments.	The MTFS requires Cabinet approval.	The MTFS was approved at Cabinet in February 2016
H3	Contract Procedural Rules set out arrangements designed to minimise the risks posed to the Council of fraud or error in the tendering and management of contracts.	Contract Procedural Rules are published within Part 4 of the Constitution. Contract Procedural Rules are reviewed annually to ensure that they remain fit for purpose.	The Contract Procedure Rules have recently been updated to take into account new legislation. They will be presented to Council for approval on 14th April 2016
H4	The Council's Counter-Fraud Strategy has been reviewed and work is in hand to obtain Council approval of a revised Strategy.	Strategy was considered and approved by Council in February 2016	An Anti-Corruption Strategy has yet to be developed.
H5	The Council's Risk Management Strategy prescribes the Council's arrangements to manage risk. It is supported by the Corporate Risk Register and Directorate Risk Registers.	The Strategy was approved by Cabinet and is available to employees on the internal Website. A copy is held on the Website	The Risk Management Strategy was last revised in June 2015. The Corporate Risk Register has been reviewed through CLT. Service risks will be reviewed as part of service planning during the spring 2016
H6	The Monitoring Officer has a statutory duty to advise the Council on the legality of its decisions and actions. The Monitoring Officer is supported by a team of legal professionals.	The role of the Monitor is defined in the Constitution	The Monitoring Officer has access to the resources required to discharge her statutory duties
H7	The Council's Internal Audit providers carry out a rolling programme of risk-based audit assignments to give assurance that the internal control operates effectively to manage the Council's risks	The Audit Plan 2015/16 was approved by Audit Committee in April 2015	The Council has recently joined the Central Midlands Audit Partnership and will shortly agree the 2016/17 Audit Plan.

APPENDIX C - PROGRESS WITH KEY IMPROVEMENT AREAS 2014/15 AGS - UPDATED FEBRUARY 2016

Key Improvement Area	Lead Officer	Target Date	On Target?	Status
To identify an alternative means of procuring a sustainable, high-quality internal audit service at an acceptable cost to the Council.	DCE	Dec 2015	✓	Complete - subject to Member approval of proposals
To develop alternative means of accessing the specialist resources required to undertake successful fraud investigations	DCE	March 2016	✓	Complete - subject to Member approval of proposals
To ensure that a clear understanding of the Council's financial position informs all strategic decisions taken by Members	DCE	Oct 2015	✓	Complete – subject to formal approval of the MTFS
To complete outstanding work associated with the Single Status Agreement	ACE	Dec 2015		Work in Progress - Job evaluation scores were given to the Legal Team and a number of appeals lodged. The appeals were considered and dealt with by end February 2016. 3 outstanding evaluations in the Elections Team are due to be moderated shortly. As such the extended deadline of end March 2016 is still achievable
To address the issues of training of staff processing benefit claims and management of resources available to deal with benefits cases identified through the audit process.	DCE	March 2016	✓	Work in Progress – better prioritisation of cases and the delivery of training has resulted in some improvement in performance.
To promote consistent, informed compliance with Financial Regulations.	DCE	Ongoing	✓	Work in Progress - workshops designed to ensure compliance with the Regulations relating to the ordering of goods and services have been delivered : the effectiveness of this type of intervention will be assessed before further workshops, or other training options, are developed
To implement recommendations and address recognised deficiencies in the management of the Council's website and intranet.	CE	March 2016	N/A	Redundant – because of a more recent strategic initiative
To pursue enhancement in the Councils procurement framework.	DCE	March 2016		Revised Procurement strategy will be presented to Cabinet in April 2016
To develop appropriate and effective arrangements to analyse complaints data and use the information captured to improve services.	DCE	March 2016		Complaints process to be reviewed in 2016/17

Key Improvement Area	Lead Officer	Target Date	On Target?	Status
To monitor the effectiveness of the Council's response to the LGA report and to provide such support as might prove necessary to develop positive working relationships across the Council.	ACE	Ongoing		Numerous recommendations following on from the LGA report were accepted at the AGM on 21 May 2015. The Standards & Personnel Committee will continue to monitor the Council's response. An update report was taken to Standards & Personnel Committee on 20 July 2015 and a further review report will be presented to Committee on 14 March 2016. All actions have been progressed.
To ensure ongoing Member engagement with the training programme and to ensure that training delivered is effective.	ACE	Ongoing		An update report was taken to the Joint Leaders Meeting on 23 November and options are being considered on how to improve engagement with training
To implement proposals both to increase residents' engagement with traditional Member Surgeries and to enhance scope for engagement by electronic means and through the use of social media	ACE	Ongoing		A report was taken to the Joint Leaders Meeting on 23 November to consider a way forward. The Joint Leaders have suggested that further work is undertaken to develop options and that in the interim surgeries will continue in their current form