Annual Governance Statement 2016/17

For the period 1 April 2016 to 31 March 2017

1. **Scope of Responsibility**

   Elmbridge Borough Council is responsible for ensuring that:

   - Its business is conducted in accordance with the law and proper standards and 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, Elmbridge Borough Council is responsible for maintaining proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and which includes arrangements for the management of risk.

   - Elmbridge Borough Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE “Delivering Good Governance in Local Government” Framework 2016. A copy of the Council’s Code is on our website at: [www.elmbridge.gov.uk](http://www.elmbridge.gov.uk) or can be obtained from:

     Head of Legal Services
     Elmbridge Borough Council
     Civic Centre
     High Street
     Esher, KT10 9SD

   - This statement explains how Elmbridge Borough Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015, Part 2 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 authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
• 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 Elmbridge Borough Council’s objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

• The governance framework has been in place at Elmbridge Borough Council for the year ended 31 March 2017 and up to the date of approval of the Annual Report and Statement of Accounts.

3. The Governance Framework

The seven core principles of the CIPFA/SOLACE “Delivering Good Governance in Local Government “Framework 2016 are illustrated in the diagram below.

Some of the key elements of the governance framework that the Council has in place relating to these core principles are outlined below:

A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
The Council’s Constitution defines the roles/responsibilities of the Cabinet (Executive), regulatory committees, the Overview & Scrutiny Committee and statutory officers and sets out how these roles are discharged and the delegations extended to officers and Members.

Codes of Conduct are in place for members and officers and are set out in the Council’s Constitution.

Member/Officer Protocol and affirmation of relationship expectations is in place.

Declarations of interests are made at Council Committee meetings and registers of interests and gifts and hospitality are in place.

The effective discharge of the Monitoring Officer and Head of Paid service functions are assisted by regular meetings of the three statutory officers and with Members and by regular review of Constitutional powers.

Whistleblowing arrangements are in place by means of a Confidential Reporting (Whistleblowing) Policy to receive and investigate complaints from staff and members of the public.

B. Ensuring openness & comprehensive stakeholder engagement.

The Communications Plan and publication of the Council’s Annual Report provide mechanisms for communicating with the community and other stakeholders and accountability for service delivery and outcomes.

The “My Elmbridge” programme comprises consultation activities throughout the year whereby residents can share their views with the Council. This includes an annual Prospects and Priorities meeting where the public can engage directly with the Cabinet members and Leader of the Council.

The Council website was relaunched in July 2016 and provides a key means of communication between the Council and the public in an open and transparent form that aims to provide for comprehensive stakeholder engagement.

The Council’s decision making is set out in the Council Forward Plan and meetings are open for the public to attend.

C. Defining outcomes in terms of sustainable economic, social and environmental benefits.

The Council reviews its vision and priorities annually. The approved Council Plan 2016/17 incorporates the Council’s Vision for the five-year period 2013 to 2018. The Council has a robust Performance Management framework in place and a Golden Thread approach as illustrated below.
The Council Vision set for 2013-2018 is supported by three Top Priorities determined by resident consultation and agreed by Members annually. For 2016/17 this is as set out below:

Vision

Elmbridge: a caring, vibrant, healthy Borough in which to live and work, for all.

- P1 A safe, caring and healthy Elmbridge
- P2 A vibrant and thriving Elmbridge
- P3 A green and attractive Elmbridge

- The Council objectives are developed from the Vision and Top Priorities and are set out in the annual Council Plan.
- The Council has commenced preparations for the new Vision from 2018/19 and there will be widespread consultation involving key stakeholders including members and residents.
- Some Council objectives are identified as Flagship Activities and for 2016/17 nine flagships were in place.
- Quarterly performance monitoring reports were presented to Cabinet against the 2016/17 corporate plan objectives, flagship activities and the basket of performance indicators.
- The final report on the Council’s performance in 2016/17 against the Council Plan 2016/17 was submitted to Cabinet on 7th June 2017. This confirmed that five (56%) flagship activities were on target or completed as at 31 March 2017.
Flagship activities completed in 2016/17 included:

i) Activity: Support at least 50 businesses with funding for new start-ups and business investment growth by March 2017.
   Outcome: Included that over 100 businesses and 14 showcase attendees supported via the Elmbridge business leaders Conference

ii) Activity: Award a new and more efficient waste collection contract with 3 partner authorities by March 2017.
    Outcome: Joint Contract awarded to Amey in December 2016.

iii) Activity: Development of the Sports Hub at Waterside Drive
    Outcome: Works have progressed in line with the programme and completion is on target for September 2017.

   ▪ The above flagship activities were rated as green to signify that the objective has been achieved or work is on target.

Outcomes of other flagship activities in 2016/17 included:

i) Activity: Agree a Devolution Deal that secures more Council control over services that residents value by March 2017.
   Outcome: The lead authorities in the 3SC partnership have agreed a “pause” pending the clarification of Government priorities.

ii) Activity: Secure at least 40 additional affordable homes and bring at least 40 empty properties back into use by March 2017.
   Outcome: Amber: Due to delays in construction of two of the developments it was not possible to achieve the target of 40 additional affordable homes this year and only three have been provided.

   ▪ The above flagship activities were rated as red (the target is no longer achievable) and amber (the achievement of the target in the way specified) respectively.

D. Determining the interventions necessary to optimize the achievement of the intended outcomes.

   ▪ Feedback from citizens through an annual residents' panel survey that enables consultation to ensure a high standard of customer service is delivered and that they are happy with the Council priorities and services.

   ▪ Feedback from residents and businesses through the annual Community Safety Survey that feeds into the development of the Elmbridge Community and Safety Partnership plans.

   ▪ Setting up of the Affordable and Social Housing Working Group reporting directly to the Cabinet.

E. Developing the entity’s capacity, including the capability of its leadership and the individuals within it.
A new Learning and Development Programme launched and developed across the Council comprising a wide range of training opportunities including new mandatory training for all staff.

An established Performance Review framework that incorporates an annual performance review for all staff.

Managers conferences launched to provide a new mechanism for the Council’s senior managers to engage on a regular basis.

F. Managing risks and performance through robust internal control and strong public financial management.

The Council has a Risk Management Strategy and strategic and operational risk registers in place.

The Council’s Strategic Risk Register is reviewed annually and links to the Council’s top priorities and strategic objectives.

An annual Internal Audit Plan is approved by Audit and Standards committee. An Internal Audit Annual report and regular progress reports are presented to the Audit and Standards committee. In 2016/17 internal audit completed nineteen audit reviews.

G. Implementing good practices in transparency, reporting, and audit, to deliver accountability.

The Audit and Standards Committee has defined roles and responsibilities and undertakes core functions in accordance with relevant CIPFA guidance.

The External Audit Annual report is submitted to the Audit and Standards Committee.

The Head of Internal Audit has direct access to the Chair of Audit and Standards Committee. Internal Audit completed nineteen audit reviews in 2016/17. This was reported to the Audit and Standards Committee in the Internal Audit Annual Report 2016/17 in June 2017.

4 Review of Effectiveness

Elmbridge Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review of effectiveness is informed by:

The work of the Council Management Board and senior managers within the authority who have responsibility for the development and maintenance of the governance environment;

The Council’s risk management framework;
The Head of Internal Audit Partnership’s Opinion Statement:

“The overall opinion is that the Council’s internal control environment is adequate and effective. This is based on the work undertaken by Internal Audit during 2016/17, and summarised in this report.

Agreed management actions arising from Internal Audit work have been reported to senior management and the Council Management Board and I am satisfied that management has undertaken to address any control weaknesses."

the Head of Internal Audit Partnership’s annual report;

the Audit and Standards Committee internal audit progress reports;

comments made by the external auditors and other review agencies and inspectorates.

An assurance opinion of Major Improvement Needed has been given in one Internal Audit report issued for 2016/17. The Council Management Board has accepted the Management Actions raised.

The effectiveness of the governance framework has been evaluated by:

- The completion of Annual Assurance Statements by all Heads of Service as at 31 March 2017. All statements were returned with no significant issues highlighted. Responses received regarding management arrangements and processes were noted and have been considered by the Council Management Board.

- An Internal Audit Corporate Governance assurance review;

- The Head of Legal Services testing the specific requirements of the Local Code of Corporate Governance against the behaviours, codes and protocols put in place by the Council and documented in the Constitution and elsewhere.

- The Head of Legal Services has confirmed that the Council’s Local Code of Corporate Governance accords with the principles of the CIPFA/SOLACE “Delivering Good Governance in Local Government Framework” 2016.

Conformance with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016)


The Council’s financial management and assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) for the year ended 31st March 2017.

The Chief Financial Officer of the Council is the Strategic Director & Deputy Chief Executive and is the Council’s Section 151 Officer (from section 151, Local Government Act 1972).
We have been advised on the implications of the result of the review of the governance framework by the Audit and Standards Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

5. **Outcomes, Value for Money and Improvements During the Year**

The Audit and Standards Committee received the Council’s appointed External Auditor’s (Grant Thornton) Audit Findings for 2015/16 in September 2016. This report contained an unqualified opinion on the 2015/16 financial statements and a Value for Money conclusion confirming that the Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

The 2016/17 target for budget reductions and additional income of £1.9m was achieved. In 2017/18 £1.8m was included in the budget made up of Efficiency and Contract savings and additional income.

The Local Government Association is due to undertake a corporate Peer Review in June 2017 from which further improvements and actions may be identified for 2017/18.

During 2016/17 improvements have been made to the Council's arrangements and matters identified in 2015/16 have been addressed as follows :-

i) The Council’s improvement was monitored on an ongoing basis by the Council Management Board and the work of corporate improvement groups continued across the Council in 2016/17 in this regard.

ii) The Council has strengthened its arrangements with regard to the following:

**Safeguarding:**

- A Children Safeguarding Policy was agreed by Cabinet in June 2017 and is due to be approved by Council in July 2017
- An Adult Safeguarding policy is due to be presented to Cabinet in September 2017
- Mandatory e-learning for Safeguarding for all staff was introduced in 2016/17 and management has taken steps to ensure its completion
- The Council Management Board is actively managing some safeguarding actions that require to be addressed.

**Business Continuity & Emergency Planning:**

- Service Business Continuity Plans reviewed in 2016/17 were largely in place
- Steps were taken to resolve issues identified in the 2016 Borough Emergency Control Centre exercise and this is ongoing.

**Health and Safety:**

- The Health & Safety Advisor has an established risk assessment audit in place as a rolling programme across the Council.
• Mandatory e-learning for Health and Safety for all staff was introduced in 2016/17 and other courses are to be made available where roles require.

iii) Information Governance arrangements were strengthened by the completion of Information Asset Registers during the year.

Mandatory Information Management and Security and Data Protection training was provided throughout the year and an online facility for Data Protection training is now available to all staff for completion of mandatory DP training.

A robust framework is in place for Information Security Management and there have been no serious data breaches requiring a referral to the Information Commissioner.

Cyber security measures have been enhanced by steps taken to mitigate the risk of a cyber security attack against the Council.

6 Significant Governance Issues

On the basis of the Annual Assurance Statements received from Heads of Service for the period relating to 31 March 2017 and the corporate governance health check undertaken by Internal Audit, there are no significant governance issues to report. Furthermore, the review of the Council’s system of governance and internal control has not identified any significant weaknesses.

We propose over the coming year to continue to further improve and enhance our governance arrangements. We will continue to monitor improvements and enhancements made as part of our next annual review.

Signatures: _____________________________ Date: ________________
Leader of the Council

______________________________ Date: ________________
Chief Executive