

Bromsgrove District Council

DRAFT Annual Governance Statement 2012/13

1. Scope and responsibility

Bromsgrove District Council is responsible for ensuring that:

- its business is conducted in accordance with legal requirements and proper standards
- public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Bromsgrove District Council is also responsible for maintaining proper arrangements for the governance of its affairs, which facilitate the effective exercise of its functions, including arrangements for the management of risk.

The Council's Executive Director of Finance and Resources is the officer with statutory responsibility for the administration of the Council's financial affairs as set out in section 151 of the Local Government Act 1972.

2. The purpose of the governance framework

The governance framework comprises the cultural values, systems and processes used by the Council to direct and control its activities, enabling it to engage, lead and account to the community. The framework allows the Council to monitor the achievement of its strategic objectives and to consider whether appropriate, cost-effective services have been delivered.

A significant part of the framework is the Council's system of internal control which is designed to manage risk to a reasonable level. It cannot eliminate all risks 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 governance framework has been in place at Bromsgrove District Council for the year ended 31 March 2013 and up to the date of approval of the annual report and accounts.

Bromsgrove District 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 Members, Executive Directors, Heads of Service, and other managers of the Council, who have responsibility for the development and maintenance of the Governance environment, and the Internal Audit Manager's annual report, and by the external auditors and other review agencies and inspectorates.

3. The governance framework

The Chartered Institute of Public Finance and Accountancy (CIPFA) has identified six principles of corporate governance that underpin the effective governance of all local authorities. Bromsgrove District Council has used these principles when assessing the adequacy of its governance arrangements. The main elements that contribute to these arrangements are listed below:

Core Principle 1: focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area

- A clear statement of the Council's purpose, vision and priorities for the next three years is set out in the Council Plan 2011/14. This brings together the national, regional and local agenda, in terms of policy, performance and customer feedback, and sets out the recommended priorities and strategic key deliverables for the year ahead, so that they provide a strategic framework for setting the Council's budget. The Council is looking to move towards Strategic Purposes as part of the transformational work that is being undertaken and the purposes are to be presented to Members in the Summer 2013.
- For each priority there are clear outcomes for residents and service users, together with identified actions that will deliver the vision.
- The residents magazine "Together Bromsgrove" is sent to all households twice a year
- Regular staff forums are held by Senior Management Team to communicate key issues and aims of the Council
- The Bromsgrove Partnership provides a partnership review forum
- Use of Worcestershire Viewpoint to support the measurement of resident satisfaction
- Consultation informs our Community Strategy which is available to the public

- The Community Strategy and Annual Report articulate the Council's activities and achievements
- The Council's budget monitoring statements show financial plans at a detailed level for the financial year
- Effective budgetary monitoring takes place monthly and is reported on a quarterly basis to Cabinet, Overview and Scrutiny and Full Council
- Savings have exceeded expectations
- Service standards have been published and are available to the public
- Scrutiny task groups are supported by officers and have delivered tangible outcomes

Core Principle 2: members and officers working together to achieve a common purpose with clearly defined functions and roles

- The Council's Constitution clearly sets out the roles and responsibilities of Councillors, and the procedural rules for Full Council, Cabinet and the other Boards operated by the Council
- Terms of reference for member working groups (e.g. Scrutiny Task Groups) are clearly defined
- Officers are appointed with clear job descriptions
- Adoption of statutory and professional standards
- Compliance with Financial Regulations and Contract Procedure Rules that are reviewed and approved by the Council
- Financial administration procedures are agreed by the Executive Director of Finance and Resources
- Appropriate segregation of duties and management supervision.
- A clear scheme of Councillor/officer delegation exists to provide clarity on the powers entrusted to those appointed to make decisions on behalf of the Council.
- The roles and responsibilities of Councillors are underpinned by an extensive Member Development Programme to include both mandatory and discretionary training.
- Overarching legal agreement between Bromsgrove District Council and Redditch Borough Council clearly defines the roles and responsibilities and the support from officers to deliver the joint services

Core Principle 3: promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- The Council's priorities and aims clearly demonstrate its vision and values
- A Member/ Officer protocol is set out within the Constitution
- The behaviour of Councillors is regulated by the Member Code of Conduct and is supported by a number of protocols.
- There is an established and effective Standards Committee

Core Principle 4: taking informed and transparent decisions which are subject to effective scrutiny and management of risk

- There is an established and effective Overview and Scrutiny Board
- There is an established and effective Audit Board to advise Council on the effectiveness of Internal Control arrangements
- Shared Service Board receives regular progress and benefit realisation updates
- A review of the constitution is undertaken on a regular basis to ensure it enables members to make informed and transparent decisions
- A formal Service level agreement is in place with Worcester City Council to ensure Internal Control arrangements are reviewed in a consistent and professional way
- Decisions taken are formally minuted
- An amended standard report template is in place which is subject to regular review by officers to ensure appropriate information is available to members in making informed decisions.
- The Cabinet forward plan is rolled forward and reviewed weekly at Corporate Management Team.
- Overview and Scrutiny have an annual workplan supported by any considerations from the forward plan and have the authority to pre-scrutinise any Cabinet decisions. During 2012/13 Overview and Scrutiny undertook pre-scrutiny of :
 - Homelessness Grant 2012/13
 - Longbridge Statement of Principals regarding Affordable Housing Provision
 - Enforcement and Fixed Penalty Notices of Environmental Services
 - Proposed Fly Posting policy and procedures
- Regular Task Groups are established to review service areas and to make recommendations for their improvement. These have included during 2012/13:
 - Planning Policy (from work carried out during 2011-12)
 - Youth provision – due to report early 2013-14
 - Air quality – due to report early 2013-14
- Formal governance arrangements are in place for the shared services. The Shared Service Board meets on a regular basis to consider the impact of shared services and the benefits realised from the transformational activities being undertaken by the Council.
- Consideration of risk implications in committee reports and the decision making process
- Audit Board have a workplan that is reviewed at each meeting for completeness
- Full risk register for corporate and shared service risks. In addition the risk management of departmental risks will be undertaken for 2013/14 by an web

based on-line system to ensure managers control and mitigate risks in a timely manner.

- Active health and safety arrangements, including a robust policy, Member champion, regular consideration of issues at SMT and Health and Safety Committee
- Regular Trade Union liaison meetings with Senior Management Team
- Financial management arrangements, where managers are responsible for managing their services within available resources and in accordance with agreed policies and procedures. Elements include:
 - monthly review of budgetary control information by Officers and the appropriate Portfolio Holder, to compare expected and actual performance
 - formal quarterly budgetary monitoring reports to the Cabinet and Overview and Scrutiny Board
- A revised and effective complaints/ compliments procedure is in place and is widely publicised – this has been revised in 2012/13 to include reporting of customer feedback to the Overview and Scrutiny Committee.
- A whistle blowing policy is in place and available on the Council's web site
- Freedom of Information requests are dealt with in accordance with established protocols
- All committee reports include reference where relevant to the potential impact on the Council's services

Core Principle 5: developing the capacity and capability of members and officers to be effective

- The Council operates a Member Development Programme, overseen by a cross party Member Development Steering Group. The Programme is extensive and includes: induction, chairmanship training, performance training, portfolio holder training and mock Full Councils.
- Portfolio Holders meet on a monthly basis with Directors and Heads of Service to ensure they are aware of all issues within their service and to enable them to present reports at Cabinet in relation to their portfolio area
- The shared services have continued to develop across Bromsgrove District Council and Redditch Borough Council to improve resilience and capacity to deliver services
- There have been numerous opportunities for staff to take part in transformation sessions to include an understanding of systems thinking methods and to review current systems to enable an awareness of how improvements could be made.
- All staff has the opportunity to attend training courses, provided through the staff training directory. Each member of staff receives a monthly one to one with their manager, at which training is also discussed.
- An induction programme is in place for Officers and Members

- A managers conference takes place every 2 years to develop managers understanding of new initiatives (transformation)
- Deputy s151 and Monitoring Officers are in place
- Staff Leadership Training is available
- Development of roles and responsibilities for staff managing the transformation of services

Core Principle 6: engaging with local people and other stakeholders to ensure robust public accountability

- The Sustainable Community Strategy is positively used and developed in conjunction with the Bromsgrove Partnership
- The Council has an Inclusive Equalities Scheme, operates an Equalities and Diversity Forum and Disabled Users' Forum, holds an annual equalities conference and supports the community events that are funded via the forum budget considerations
- The Council is defined as "achieving" against the Equality Framework for Local Government
- The District Council has a service level agreement with the voluntary sector infrastructure organisation, Bromsgrove and Redditch Network (BARN) to support the Compact and enable BARN to attend Bromsgrove Partnership Board meetings
- The Council has service agreements with the Artrix and Community transport service delivery (WRS) to ensure joint decisions are made on service provision
- Surveys are conducted on the Council's website, at the Customer Service Centre and resident feedback is obtained at Council events (e.g. summer events at local parks)
- Board, Cabinet and Council meetings are open to the public, with papers available on the internet
- Clear and colourful publications e.g. Annual Report, residents' magazine.
- Customer complaints are tracked and monitored and actions reported to residents via the website.

4. Review of effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This responsibility is in practice carried out by Senior and 4th tier Managers, with the S151 officer informing the Cabinet of any significant matters warranting their attention.

The review of effectiveness of the system of internal control is informed by three main sources: the work of Internal Audit; by managers who have responsibility for the development and maintenance of the internal control environment; and also

by comments made by external auditors and other review agencies/inspectories.

Internal Audit

Bromsgrove's responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit Regulations 2003. This responsibility is delegated to the Executive Director Finance and Resources.

The Worcester City Internal Audit Services Team has been in place since June 2010 and operates in accordance with best practice professional standards and guidelines. It independently and objectively reviews, on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's objectives and contributes to the proper, economic, efficient and effective use of resources. All audit reports go to the manager of the service, the appropriate Director and the Chief Executive. The Audit Board receives a quarterly report of internal audit activity and have input and final approval of the annual audit plan for the forthcoming year.

Managers

Individual managers are responsible for establishing and maintaining an adequate system of internal control within their own sections and for contributing to the control environment on a corporate basis. There are a number of significant internal control areas which are subject to review by internal audit. All managers acknowledge their responsibilities and confirm annually that they have implemented and continuously monitored various significant controls. This is done on a checklist covering the following areas: Council objectives and service plans, staffing issues, corporate procedure documents, service specific procedures, risk management, performance management and data quality, and action on independent recommendations. This checklist is reviewed by the Executive Director Finance and Resources.

External auditors and other review agencies/inspectories

Our external auditors have not identified any significant weaknesses in our internal control arrangements when working with us throughout the year and in their annual audit letter.

Other external reviews during the year included:

- External Auditor work, for example subsidy claim audits and annual audit

5. Significant governance and internal control issues

During 2012/13 a total of 13 complaints made to the Standards Committee of alleged breaches of the Code of Conduct. These complaints related to 11 members.

Outcomes as follows:

- No further action without an investigation - 6
- No further action following new information coming to light during an investigation – 1
- Investigation on-going and not yet concluded – 3
- Complaint determined at final hearing – 1 [Outcome = finding of breach of the code by not declaring a personal interest. No sanction other than the member being required to undergo training].

The review of Bromsgrove's system of governance and internal control has not identified any significant weaknesses.

The External Audit Annual Governance Statement and internal reviews have identified a number of actions to be undertaken to improve the governance arrangements these include (with current actions on each issue) :

Review the shared service plans accounting arrangements in order to simplify the process

- A workshop has been undertaken with internal finance staff and external audit to review the way that we account for the shared service. The issue of ensuring that each organisation funds an accurate proportion of the costs associated with the services provided was the focus of the session. The resulting framework will ensure that the accounts can be easily verified and checked by the External Auditors as part of the year end final accounts process.

Improve risk management arrangements and reporting

- As Members are aware a significant amount of work has been undertaken to ensure Corporate and Departmental Risk registers are developed. There is a clear plan for these to be presented to the Audit Board on a regular basis.

Continue to monitor the delivery of the Internal Audit plan

- The Shared Service Internal Audit manager will continue to present quarterly reports to the Audit Board to ensure that the Audits are being completed and that the resources are adequate for the level of service to be delivered.

Review the format of the monitoring of savings as presented to officers and members

- The financial monitoring reports for 2013/14 (from April – June 2013) will have better information in relation to the savings to be delivered. This will be managed within the current system ability and will not use further resource to analyse the information.

Formally review the Housing Benefit transformation work

- The work undertaken by the Benefits team is evolving and currently the team are working with customers to ensure a comprehensive support and advice service is provided. It is not envisaged that the transformation of the service will come to an end as the changing work focus resulting from Universal Credit which will have a significant impact on the District will continue to redesign how we provide the service.