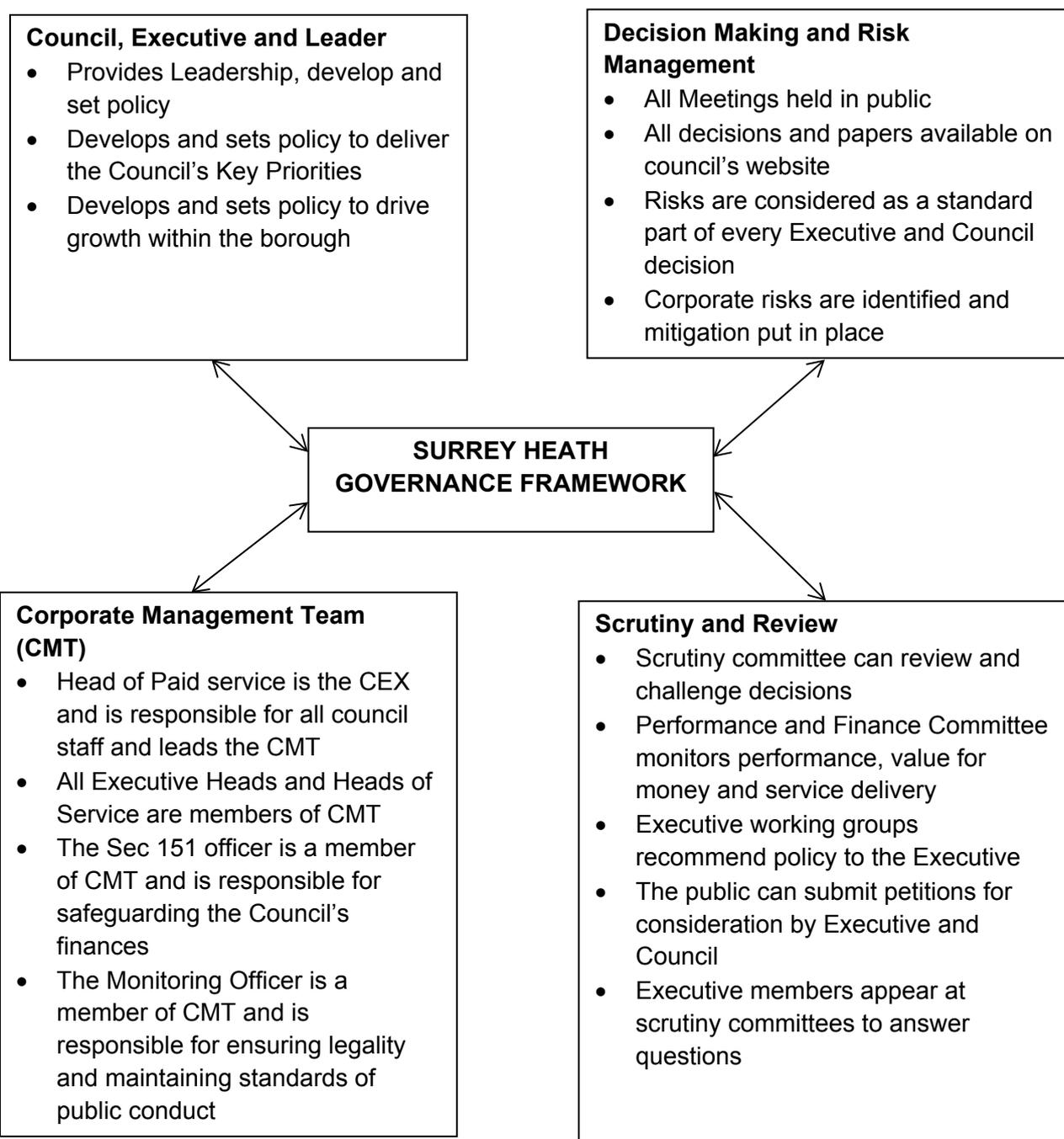


## ANNUAL GOVERNANCE STATEMENT 2016/17

### INTRODUCTION

Local authorities are statutorily required to review their governance arrangements at least once a year. Preparation and publication of an Annual Governance Statement in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (the Framework) fulfils this requirement. The Framework requires local authorities to be responsible for ensuring that: their business is conducted in accordance with all relevant laws and regulations public money is safeguarded and properly accounted for resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people. The Framework also expects that local authorities will put in place proper arrangements for the governance of their affairs which facilitate the effective exercise of functions and ensure that the responsibilities set out above are being met.

### KEY ELEMENTS OF THE COUNCIL'S GOVERNANCE FRAMEWORK



## **HOW WE COMPLY WITH THE CIPFA/SOLACE FRAMEWORK**

The Council has approved and adopted a Code of Corporate Governance together with a number of other strategies and processes, such as financial regulations, codes of conduct etc. which strengthen corporate governance.

Set out below is how the Council has complied with the seven principles set out in the CIPFA/SoLACE Framework during 2016/17. New or enhanced arrangements as part of the Council's continuous improvement in its governance have been highlighted **in bold**.

### **PRINCIPLE A**

#### **Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

The Council has a Code of Conduct for elected Members, and a Code of Corporate Governance which provides guidance for officers and Members on expected standards of behaviours to ensure integrity. Members and officers receive training in Code of Conduct and behaviour issues. The Audit and Standards Committee and Monitoring Officer review the Codes of Conduct up to date and investigate any suspected breaches.

All officers and Members must also sign up to the Council's Anti- Fraud and Corruption Policy and declare any interests they may have or gifts they have received which is then recorded in a Register. The Whistleblowing Policy provides protection for individuals to raise concerns in confidence about suspect behaviour and ensuring that any concerns raised are properly investigated. The policy is available on the website and forms part of the Council's induction process. The Council has an internal corporate enforcement team who will investigate any suspected fraud or corruption and report their finding directly to the Monitoring Officer for action to be taken if required.

All Council decisions have to consider legal implications which are included as a standard paragraph in the report being considered. Senior officers and other key post holders receive support from Legal Services in this regard and if specialist legal advice is required then the Council will engage external advisors. The Section 151 and Monitoring Officers have specific responsibility for ensuring legality, for investigating any suspected instances of failure to comply with legal requirements, and for reporting any such instances to members.

The Council has a strong internal audit function that audits all of the council's functions on a cyclical basis. It reports its findings to the Corporate Management Team and the Audit and Standards Committee on a regular basis. It also has a direct reporting line to the Chief Executive on matters requiring immediate action.

The Council has an Equalities Policy as well as a staff equalities group which champions equalities throughout the organisation.

### **PRINCIPLE B**

#### **Ensuring openness and comprehensive stakeholder engagement**

All meetings are open to the public and all agenda papers, reports and decisions made by the Council are published on the Council's website together with details of forthcoming consultation exercises, surveys and, public meetings, except those determined as exempt from publication.

The Council's Constitution sets out how it engages with stakeholders and has representation on the governing bodies of external organisations including the local housing association, CCG, joint bodies. The Council also has a Citizen's Panel that it consults with from time to time.

This year the Council launched the "Talk Surrey Heath" where residents are able to ask questions of the Leader, Executive Members and the Chief Executive via an open podcast on different topics during the year. So far topics covered include the Town Centre and Council's Annual Plan.

The Council holds two business breakfasts during the year to present the work of the Council and to discuss matters of common interest to local businesses. The Council sends every household the quarterly magazine – Heathscene. This year an online version has also been launched and the Council utilises various online communication channels including Twitter, Instagram, Facebook, LinkedIn and YouTube. More specific e-bulletins are created for various communities of interest, such as Businesses, Theatre users etc.

## **PRINCIPLES C AND D**

### **Defining, optimising and achieving outcomes**

This year the Council put in place a new **five year strategy** based around 4 themes. These are People, Place, Prosperity and Performance. For each of these themes there are high level objectives and underneath the priorities. A new **Annual Plan** was approved by members which sets out the key targets for the year which will be delivered to further the priorities. The targets feed through in to project plans and individual staff and team objectives. This is to ensure that specific outcomes in relation to the five year strategy are defined for key service areas, can be delivered and monitored.

Each service also plans out how it will deliver the outcomes relevant to its area of work in the context of the agreed budget for the year ahead. Services are challenged through a star chamber process on their budgets to ensure value for money. This consists of the Chief Executive and the statutory officers, Executive Head of Transformation Head of Corporate Services are tasked specifically with generating income.

To ensure that the Council continues to deliver sustainable social and environmental benefits, there is an Economic Development Plan, as well as a series of more specific strategies. This includes the Health and Well Being strategy, Housing strategy, Drainage Strategy and the Air Quality Strategy.

All service decisions are subject to scrutiny by Executive which includes a review of options and risks by officers and Members. Key performance indicators are in place

for all services and these are reported bi annually, together with performance against the Annual Plan, to members for discussion and potential intervention where expected performance is not being achieved.

The Council has a programme of significant transformation. The Council has reviewed 3 services over the last year resulting in greater efficiencies in services delivery. The Council is also investing in technology to enable it to become more efficient. Over the last year development of the **new Arcus software** has taken place for planning, environmental health and building control which would enable more efficient off site working. This will be rolled out to live towards the end of 2017.

The Council works closely at all levels with other authorities to learn and understand how best practice has been delivered elsewhere.

## **PRINCIPLE E**

### **Developing capacity and capability**

A key element of the Council's service planning is to maximise the investment in staff through staff training to enhance the qualifications and skills to enable them to progress up the organisation. Several staff have obtained qualifications through this route and have progressed as a result. The Council has maintained its training budget despite reductions in other areas to ensure that it can develop staff for the future and deal with shortages in key areas such as planning. All employees have Training Requirements as part of their annual appraisal which highlights areas of development required to enable them to fulfil their objectives for that year. The Council provides mandatory training for all staff. In the current year **training on data protection and computer security** has been done by all staff on line. The Council also is a member of the Surrey Training Officers Group which offers personal skills training in areas such as conflict resolution on a Surrey wide basis. Members are also able to access a range of training opportunities some of which are mandatory i.e. planning for members of those committees. The Council has a full induction programme for staff and members.

During the year a **number of apprentices** have been recruited in a number of services which the Council are supporting through training and experience. This is seen as a key route to attract staff to the Council. The Council operates a flexible working policy for the most of its employees to enable them to achieve a positive work life balance. In addition investment has been made in technology to enable off site working and thereby increase productivity for services such as planning. The Council is in the process of finalising its Workforce Plan which will highlight the workforce needs of the organisation over the coming 5 years.

The Council works across a broad set of partnerships and collaborative arrangements, and uses commissioning and procurement processes to maximise capacity by delivering services in the most effective and efficient way. The main example of this in the current year was the Joint Waste Collection Partnership which

is a joint collection contract between 4 Councils of which Surrey Heath is the lead authority.

## **PRINCIPLE F**

### **Managing risks and performance**

The Risk Management Strategy sets out the Council's approach to identifying and controlling risk. A Corporate Risk Register is maintained at a corporate level with significant risks reported to CMT and to the Performance and Finance Committee each year. Progress against the Annual Plan objectives and KPIS are reported bi-annually to members. The Council has a **Bribery** Policy as well as **Financial Regulations**, which were renewed this year, and which set out expected processes and internal controls.

The internal audit team provide regular reports on the effective operation of these controls together with an annual assessment of the overall control environment. The Council has a dedicated Information Management Officer responsible for information governance, security and records management. The newly adopted Information Security Policy governs how information should be securely handled, transmitted, stored and maintained. All staff were required to complete an Information Governance e-learning package during the year to highlight issues around Data Protection.

The Council recognises that it does not have the expertise internally in all cases and engages external advisors as appropriate for example in relation to the Town Centre, Regeneration Development and Planning Appeals.

The Council submits reports on its performance in complaints, planning, environmental protection and a number of other areas to members each year for discussion and comment.

During the year the Council heavily invested in property and is bringing forward plans to regenerate Camberley town centre. It recognises that this carries a significant level of commercial and financial risk and it has appointed professional agents to manage and advise on these areas.

## **PRINCIPLE G**

### **Implementing good practices in transparency, reporting, and accountability**

All Council agendas and supporting information, unless exempt, set out the reasons for the decisions made. The Council works to provide clear and accurate information, and has developed both its website and the format of Council reports to improve transparency and accessibility. The Council reports performance against targets, its annual plan objectives and financial budgets on a regular basis. All overdue essential audit recommendations are reported to the CMT and the Audit and Standards Committee, to ensure that officers undertake any follow up actions as appropriate.

## REVIEW OF EFFECTIVENESS

The Council uses a number of ways to review and assess the effectiveness of its governance arrangements. These are set out below:

### Assurance from Internal and External Audit

One of the key assurance statements the Council receives is the annual report and opinion of the Internal Audit Manager. During 2016/17, 23 areas of audit activity were carried out of which 22 (95%) were given a **substantial** assurance level, including all 9 key financial systems reviewed. In total 90 recommendations were agreed with managers to improve internal controls and processes, and of these 11 were classified as **essential** and a further 64 were classified as **desirable**. The internal auditors' opinion for 2016/17 is that the Council's internal control environment and systems of internal control in the areas audited were adequate with the exception of the one audit given a **limited** assurance level where improvements were recommended:

Issues Identified for 2016/17	Planned action
For venue hires, published fees & charges should be charged, and deposits should be charged and paid up front.	Fees & charged to be published on council website, and charged correctly in all cases. Venue hire T&Cs updated, deposits charged for auditorium hire.
Room security, inc. fire doors to be improved.	Review of security arrangements in place and increased security put in place.
Contracts with performers to be agreed with all performers and/or agents.	All contracts to be reviewed. Action taken to ensure all contracts are signed by council and performer/agent.
Improvements to be made to the way theatre shows are billed and settled.	Event Summary reports to be double checked for accuracy before shows are settled. Show balances to be reconciled against sales reports from the system.

The Council's External Auditor KPMG provides assurance on the accuracy of the year end statement of Accounts and the overall adequacy of securing and improving value for money. The most recent Audit Letter, issued in September 2016, identified no material errors and only a corrected error, and gave an unqualified report in respect of value for money.

### Self-assessment and review of key performance indicators

Internal Audit has undertaken a review to confirm that the arrangements described above have been in place throughout the year.

The key outcome indicators below have been used to assess the quality of governance arrangements in 2016/17:

<b>Issues Identified</b>	<b>Performance for 2016/17</b>
Formal reports by sec 151 or Monitoring officer	None issued
Outcomes from Standards Committee of Monitoring Officer investigations	No breaches of member or officer code of conduct have occurred
Proven Frauds carried out by members or officers	None identified in 2016/17
Objections received from local electors	None in 2016/17
Local Government Ombudsman referrals upheld exceed national average	Data to be completed
Unsatisfactory/limited internal audit report	None apart from those identified above

#### **Follow up of issues identified in 2015/16**

Last year's Annual Governance Report highlighted three key areas for improvement. The table below sets out the action has been taken to address these issues in the current year:

<b>Issues identified in 2016/17</b>	<b>Action Taken to Date</b>
Risks around major projects such as the town centre	The Council has appointed external advisers to assist with the delivery of these projects
Problems with the production of the 2014/15 accounts	Additional resources have been provided during the year resulting in the accounts being submitted on time for audit and with no significant changes.

#### **Any issues identified for 2017/18**

Apart from the audit issues above the Council has identified the following issues to be addressed during the coming year and any planned action.

<b>Issues identified in 2017/18</b>	<b>Action Taken</b>
The purchase of the Town centre brings significant new risks and governance issues	The Council has appointed professional advisers to run and manage the centre and has put in place a governance structure consisting of the Chief Executive, the s151 Officer, the Leader and Deputy Leader to monitor performance
Surrey Heath becoming lead authority for the Joint Waste partnership	The Council has put in place a team to manage the contract arrangements and this reports through a joint waste committee which monitors performance
Implementation of the General Data Protection Regulation	Compliance will be required by 25 May 2018, including the appointment of a

**CONCLUSION**

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements, in particular by addressing the issues identified in this report.

Karen Whelan  
Chief Executive

Cllr Moira Gibson  
Leader