

## **ANNUAL GOVERNANCE STATEMENT 2017/18**

### **Scope of responsibility**

S SSDC is responsible for ensuring that:

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

S SSDC 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, SSDC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

S SSDC 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 authority's code can be obtained on request. This statement explains how SSDC has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, regulation 46, which requires all relevant bodies to prepare an annual governance statement.

### **The purpose of the governance framework**

The governance framework comprises the systems and process, 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 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 that is designed to:

- identify and prioritise the risks to the achievement of SSDC's policies, aims and objectives;
- evaluate the likelihood and potential impact of those risks being realised;
- managing the risks efficiently, effectively and economically.

The governance framework has been in place at SSDC for the year ended 31 March 2018 and up to the date of approval of the statement of accounts.

### **The governance environment**

The key elements of SSDC's governance arrangements are outlined in the Local Code of Corporate Governance. The main areas and the key areas of evidence of delivery are as follows:

**Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area**

- The Council Plan sets out the priority areas for South Somerset District Council.
- Annual accounts are published on a timely basis to communicate the council's activities and achievements, its financial position and performance.
- Guidance has been produced to facilitate partnership working and a Partnership Register published and updated annually.
- All reports to be considered for approval must show a clear outline of purpose so the community can understand each committee report. All reports must have a clear outline of financial implications before consideration by members.

**Members and officers working together to achieve a common purpose with clearly defined functions and roles**

- The three statutory officers (Head of Paid Service, Monitoring Officer and S151 Officer) are part of the Senior Leadership Team (SLT) which meets regularly. SLT now incorporates the responsibilities of the previous Corporate Governance Group. The Chief Executive, Monitoring Officer and S151 Officer also meet regularly with the Internal Audit Assistant Director within SWAP.
- Regular weekly meetings between the Leader and Chief Executive in order to maintain a shared understanding of roles and objectives.
- Protocols developed and enforced to ensure effective communication between members and officers in their respective roles.
- Regular meetings are held between the Executive members and senior management.
- There is a clear scheme of delegation for officers and members within the Constitution.
- The S151 Officer leads the promotion and delivery of good financial management through SLT and Leadership Meetings, Leadership and Management Team, attendance at committees, is the lead officer for the Audit Committee, and specialist workshops and training. The S151 Officer has professional leadership responsibility for the finance function.
- Through a review and update of the approach to strategic planning for Council priorities and services, a schedule of reviews of council policies is being developed during 2018. This aims to ensure all policies are up to date and fit for purpose.

**Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

- The financial management of the Council is conducted in accordance with the rules set out in Part 4 of the Constitution.
- The Council maintains an Internal Audit Service through the South West Audit Partnership (SWAP) that operates to standards specified by the Chartered Institute of Internal Auditors (CIIA) and the CIPFA statement of the Role of the Head of Internal Audit (2010) but with some delegation within SWAP.
- There is a countywide code of conduct and this is regularly reviewed by the Standards Committee.
- There is a voluntary Standards Committee in place with an agreed constitution containing its terms of reference.
- Regular communication is made through Staff Awareness Sessions, the Staff Portal (intranet), Transformation Tuesday bulletins, and Yammer. Targeted communication is also applied as appropriate e.g. all-staff briefings on progress of the Council's Transformation Programme.
- A new Attitudes and Approaches Framework has been introduced to underpin the development of a new culture within the organisation that aligns with the Future Operating Model and transformed council.
- The Council received an IIP (Investors In People) gold award in March 2015.

**Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

- The Council has adopted a Constitution that sets out how it operates, how decisions are taken and the procedures to follow.
- The District Executive facilitates decision-making and its Sub Committees, four Area Committees and meetings are open to the public except where personal or confidential matters are disclosed.
- Portfolio Holders can make decisions under delegated authority and these are fully publicised. Senior officers can also take decisions under delegated authority.
- Regulation Committee determines planning applications that are referred from Area Committees.
- The Council publishes a Forward Plan that provides details of key decisions to be made by the Council and its committees.
- Area Committees also hold regular workshops where local issues are identified and discussed.
- The Council has an approved Risk Management Policy that identifies how risks are managed.
- Responsible officers are required to maintain their part of the Risk Register.

- Any Internal Audit actions showing the highest risk score of 5 will be outlined annually and monitored within the Annual Governance Statement. There are no Priority 5 audit actions arising through the 2017/18 audit plan.
- In August 2017 new governance arrangements were approved by Full Council that surrounds the Council's commercial strategy, including robust arrangements for assessing commercial investments and with significant delegated authority to the Chief Executive to approve investments in consultation with the Leader of the Council.

### **Developing the capacity and capability of members and officers to be effective**

- The Council looks to develop skills on a continuing basis to improve performance of officers. A new Personal Development Plan process is being rolled out for staff, supported with briefings and training, to help staff manage their training and development.
- Succession planning encourages participation and development for members and officers through a comprehensive member training and development programme.
- An induction programme is in place for all new staff and newly elected members.
- Clear job descriptions and personal specifications are in place for all roles. These have been updated to reflect the new roles that form the Future Operating Model which is part way through phased implementation under the Council's transformation programme.
- The S151 Officer and three Finance Specialists are professionally qualified accountants with several years' experience, and another Finance Specialist is studying for a relevant professional accounting qualification. There are sufficient resources within the finance community of practice to perform its role effectively. Additional specialist resources and advice are obtained as necessary to meet business requirements.

### **Engaging the local people and other stakeholders to ensure robust public accountability**

- Area Committees ensure further local accountability and local access.
- Budget consultation has been carried out for specific savings plans and equalities assessments carried out on each proposal.
- A summarised Statement of Accounts is published each year explaining the key financial areas to the public.

### **Review of effectiveness**

SSDC 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 SLT, the Transformation Board, and a survey of Leadership and Management Team. There is also an annual report from the Internal Audit Lead (SWAP), and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied to maintaining and reviewing the effectiveness of the governance framework includes:

- The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are adequate. The Council reviews the constitution annually through its Standards Committee.
- The Council has a Scrutiny Committee that can call in any decision made by an Executive Committee before implementation. This enables them to consider whether or not the decision is appropriate. Pre-decision scrutiny has evolved to aid in the decision making process.
- The Audit Committee reviews the Annual Statement of Accounts, the Review of the Effectiveness of Internal Audit, and the Annual Governance Statement. It monitors the performance of internal audit quarterly and agrees the Internal and External Audit Plans. It reviews specific parts of the Constitution and makes recommendations on any amendments to full Council.
- The Audit Committee has a call in role for any service that receives a “partial” or “no assurance” audit opinion and monitors that action plans are completed through regular reports from the Service Manager and Assistant Director / Director.
- Internal Audit through SWAP is responsible for monitoring the quality and effectiveness of systems of internal control. The Audit Service has a Charter approved by the Audit Committee each year and there are no restrictions on the scope of their work. A risk model is used to formulate the plan and it is approved by the Audit Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the Service Manager with copies to the relevant Director, S151 Officer, and Monitoring Officer. All reports are also reported to SLT. All audit reports include an ‘opinion’ that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports include recommendations for improvement that are detailed in an action plan that is agreed with the service manager.
- Internal Audit (SWAP) has adopted and works to the Standards of the Institute of Internal Auditors and is further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS).
- For performance management, a monitoring and reporting system is in place reporting quarterly to the Executive Committee. As part of the Council’s transformation agenda the performance management framework and systems is being reviewed. This aims to clearly focus and report on performance in delivering priorities and objectives, for example as set out in the Corporate Plan.
- The Council’s Financial Procedure Rules are kept under review and revised periodically. These have not been significantly reviewed in the last twelve months however a full review is planned during 2018/19 to ensure they continue to deliver appropriate financial control and governance to the transformed Council.
- Each Manager and Director is required to review their adherence to the governance framework and demonstrate compliance through reviewing and signing a Statement of Internal Operational Control. Each return is assessed by the S151 Officer for compliance and any apparent organisational improvements

are included in the Governance Action Plan. This process will be reviewed during 2018 to ensure the underlying processes for staff induction, operational management and personal development plans incorporates relevant aspects of the internal control environment. Tailored training programmes are being developed for new managers within the organisation.

### **Significant governance issues**

There are no significant governance issues to report for 2017/18.

### **Actions for 2017/18 and 2018/19**

The Council identified a small number of actions within the 2016/17 Annual Governance Statement. The transformation programme remains in progress and it is evident that the implementation of actions agreed last year may not be completed until 2018/19.

Governance arrangements will need to be reviewed as part of transformation to ensure our risk management and systems of internal control remain fit for purpose.

Ref	Action	Responsible Officer	Target Completion Date
Actions Identified in 2017/18 AGS:			
1	<p>Review of the Risk Management Strategy to include consideration of transformation and commercial income generation priorities.</p> <p>Update: As part of our Future Model design a new post (Specialist – Procurement &amp; Risk) has been built into the structure. An offer of employment has been made for this post, with a start date of 1 July 2018. This role will then take a lead on developing a new RMS.</p> <p>Over the last few months there has been a review of the Strategic Risk Register, in light of the Transformation Programme and our approach to Commercial opportunities. This has resulted in some work with SWAP on identifying suitable Strategic Risks. This will all feed into the new RMS outlined above.</p>	Director of Strategy and Support Services	December 2018

Ref	Action	Responsible Officer	Target Completion Date
2	<p>Review of Strategic Planning and Service Planning requirements reflecting new ways of delivering service activities under the new Future Operating Model.</p> <p>Update: Work has progressed well on this to date, with a new approach to our annual planning cycle being developed, and shared with Members in April and May. A new approach to our Council Plan has also taken place which incorporates our new Area + working model, which will come into effect in 2019, as well as clear KPI which show how we are delivering against our key priorities.</p>	Director of Strategy and Support Services	June 2018
3	<p>Review of governance arrangements to ensure these are updated to reflect the transformed council and its services</p> <p>Update: Work has started on this, and where possible, we are endeavouring to work jointly with Taunton Deane.</p>	Director of Strategy and Support Services	December 2018
Additional Actions for 2018/19:			
4	Review and update Authorised Signatories and establish process of regular review under future operating model.	S151 Officer	July 2018
5	Complete the roll out of development and improvement of the Council's performance measurement and reporting framework, including Personal Development Plans for all staff.	People, Performance and Change Lead	December 2018
6	Complete review of all HR policies.	HR Lead Specialist	December 2018
7	Review the style and content of the Annual Governance Statement in light of guidance and best practice, and update for the 2018/19 AGS.	S151 Officer	March 2019

**Signed on behalf of SSDC – 19 July 2018 :**



Alex Parmley  
Chief Executive



Cllr Ric Pallister  
Leader