

## Gravesham Borough Council: Annual Governance Statement 2018-19

### 1. Scope of Responsibility

- 1.1 Gravesham Borough Council (GBC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, 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.
- 1.2 In discharging this overall responsibility, GBC has established its [Code of Corporate Governance](#) which sets out a commitment as to how the council carries out its functions; the procedures, processes and control environment by which it undertakes to deliver its adopted Corporate Objectives.
- 1.3 Approved by Full Council and adopted into the council's Constitution, the Code of Corporate Governance is designed to be consistent with the principles of the CIPFA/SOLACE Framework; *'Delivering Good Governance in Local Government'*.
- 1.4 In presenting the results of an annual review into the effectiveness of its governance framework, this Annual Governance Statement (AGS) outlines how GBC has complied with its adopted code during 2018-19 and, equally, also meets the requirements of section 6 (1) of the Accounts and Audit (England) Regulations 2015 in relation to the preparation of an Annual Governance Statement.

### 2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems, processes, cultures and values that direct and control the council, and its activities, through which it accounts to, engages with, and leads the community. It enables the council to monitor the achievement of its corporate objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 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 the council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at GBC for the year ended 31 March 2019 and up to the date of approval of the Statement of Accounts.
- 2.4 In order to secure corporate endorsement, this Annual Governance Statement was considered by the council's Corporate Management Team on 28 May 2019 before being formally approved by Members of the Finance & Audit Committee on 11 June 2019.

### 3. The Governance Framework

- 3.1 The policy setting and decision making process of the council is set out in the council's Constitution. The Full Council is the ultimate decision-making body of the council. The Cabinet is responsible for most day-to-day decisions within the policy framework which are ultimately subject to scrutiny by the Overview Scrutiny Committee. The Constitution also contains details of the council's internal financial control framework, including comprehensive contract procedure rules, financial procedure rules and the scheme of delegation. During 2018-19, work continued to review the Constitution to further strengthen the council's financial control framework and reflect amendments to the council's decision making processes.
- 3.2 As required by section 5 (1) of the Local Government and Housing Act 1989, the council has appointed a Monitoring Officer. The role of the Monitoring Officer includes ensuring the lawfulness and integrity in the operation of the council's decision-making processes, supporting the work of the Standards Committee and the investigation and reporting on issues that embrace all aspects of the council's functions.

#### Strategic Planning

- 3.3 The council has in place a clear statement of the organisation's purpose and its corporate vision. To work towards this vision, the council's Corporate Plan 2015-19 sets out four clearly defined strategic objectives each supported by a series of policy commitments:
- **Safer Gravesham:** *where local residents and visitors can live, work and travel in a safe, clean and green borough;*
  - **Stronger Gravesham:** *a healthier more cohesive community where children have the best start in life and people are proud to call home;*
  - **Sustainable Gravesham:** *a thriving and sustainable local economy, built on the foundations of high quality regeneration and development projects; and*
  - **Sound and self-sufficient council:** *a well-run and innovative council supporting its staff to realise commercial opportunities whilst transforming its services to deliver at the best possible value for money.*
- 3.4 The Corporate Plan was adopted into the council's Policy Framework, as defined by the Constitution, by Full Council in October 2015.
- 3.5 It is the elected Members of the council who are ultimately responsible for the delivery of the council's corporate objectives. The council has strong communication channels between Members and officers and this has continued in 2018-19. Meetings are regularly held between officers and Members to discuss specific issues relating to individual portfolios and the progression towards the adopted objectives of the authority.

- 3.6 Whilst the elected Members have overall responsibility for the delivery of council objectives, individual service departments are essential to their success. Effective communication, both within departments and across the council, has continued to be supported through the Wider Management Team, consisting of the Chief Executive, Directors, Assistant Directors and Service Managers to help ensure consistent delivery of corporate messages.
- 3.7 Departmental business plans are established to translate the corporate objectives into appropriately planned and resourced projects and interventions; the operational delivery of the Corporate Plan.

### **Transparency**

- 3.8 The government maintains a commitment to increasing transparency across Whitehall and local authorities in order to make data more readily available to residents and allow them to hold service providers more readily to account.
- 3.9 As a publicly funded organisation, GBC is committed to openness and accountability. The council has published a series of datasets in line with the Local Government Transparency Code 2015 including; senior staff salaries, organisation chart, council spending to suppliers (over £500), details of new contracts and has also adopted a Pay Policy Statement.

### **Performance Management**

- 3.10 The council's corporate objectives are cascaded down through departmental business plans to individual employee appraisals and action plans. This helps ensure that the council works as a collective organisation towards the achievement of those set objectives and supporting policy commitments.
- 3.11 The council has in place a Performance Management Framework (the framework) to standardise the mechanisms for managing performance against the Corporate Plan objectives and operational targets. The framework is also used to help ensure compliance with established policies and procedures through discussion of service issues and the consideration of external reviews and Internal Audit reviews carried out within service areas.
- 3.12 The framework establishes performance management meetings between Cabinet Portfolio holders, Directors, Assistant Directors and Service Managers. These meetings are intended to focus attention on the achievement of objectives through action planning, the consideration of risk, monitoring and review as well as supporting the economical, effective and efficient use of resources.
- 3.13 The framework enables performance to be measured periodically against the suite of performance indicators introduced by the Corporate Plan. This identifies areas of good performance, as well as enabling progressive intervention to be taken on identified areas of under-performance.
- 3.14 The council has established performance reporting procedures to Members. The Cabinet receive quarterly reports across the full performance framework. In addition, each of the Cabinet Committees receives regular reports on progress against the corporate objectives and performance indicators that fall within the remit of the committee.

## Risk

- 3.15 The council has a Risk Management Strategy that continues to be reviewed on an annual basis to reflect any future changes in the council's risk management arrangements. The Risk Management Strategy sets out the approach that has been adopted for identifying, evaluating, managing and recording risks to which the council is exposed.
- 3.16 In preparing the council's annual Corporate Risk Register a thorough review of the risks already identified by the council is undertaken by senior officers of the council with consideration given to the identification of potential new risks alongside those identified within the business planning process. Progress made against any required action in relation to the risks identified in the Corporate Risk Register is reported to the council's Corporate Management Team for review.
- 3.17 The Finance & Audit Committee is responsible for monitoring the effective development and operation of these risk management arrangements. This responsibility helps strengthen the council's risk management environment through closer monitoring of the management actions specified in the Corporate Risk Register and in turn enhances contribution to the development of the annual Corporate Risk Register.

## Finance

- 3.18 Section 151 of the Local Government Act 1972 requires a council to ensure that one of their officers has responsibility for the proper administration of its financial affairs. During 2018-19, this responsibility was held by the Director (Corporate Services) with a Deputy Section 151 officer also appointed - Assistant Director (Corporate Services). Directors, Assistant Directors and Service Managers are responsible for the financial management of service areas within the council, which includes the effective monitoring of financial performance against budget.
- 3.19 The council's financial management arrangements conform to the governance requirements of CIPFA's Statement on the Role of the Chief Financial Officer in Local Government as set out in '*Delivering Good Governance in Local Government*'.
- 3.20 The council has in place a 10-year Medium-Term Financial Plan (MTFP) which sets out the forecasted budget for the council over the period. This is supported by the Medium Term Financial Strategy that outlines how the council wants to structure and manage its finances in full consideration of the successful delivery of the council's corporate objectives.
- 3.21 In addition, the Finance & Audit Committee recommended to Full Council the adoption of the Treasury Management Strategy for the 2018-19 financial year at its meeting in February 2019; Full Council endorsed this at its subsequent meeting.
- 3.22 A mid-year review of the council's Treasury Management arrangements was undertaken and presented to the Finance & Audit Committee at its meeting in November 2018. This concluded with the committee recommending to Council that the revised estimates against the prudential and treasury indicators be endorsed; these were endorsed by Full Council at its meeting in December 2018.

- 3.23 Regular budget monitoring took place in 2018-19 in order to manage the council's Net Revenue Budget. Regular meetings are held between officers and the Cabinet Portfolio Holders to discuss any specific budget issues and budget monitoring reports were presented to the Finance & Audit Committee and Cabinet on a quarterly basis.
- 3.24 The level of balances is reviewed annually in line with the budget setting process but is regularly reported to Finance and Audit Committee and Cabinet for position statements.

### **Partnership and Joint-working**

- 3.25 The council is consistently seeking to identify innovative solutions in the delivery of its services. This can include the ongoing requirement for the scale of service, the method of service delivery, and any associated income opportunities. This comprehensive approach to service design encompasses the consideration of partnership working with public bodies and local agencies, including identification of shared service opportunities and these have been explored and implemented during the year as they have arisen.
- 3.26 During 2018-19, the council's Working in Partnership Framework was refreshed to account for the inclusion of the safeguarding and shared service agendas, alongside other procedural amendments. The revised framework was adopted by Full Council in April 2019.
- 3.27 In support of the framework, as in previous years a comprehensive review of the council's Corporate Register of Partnerships was undertaken to ensure all relevant partnerships are included and demonstrate their continued effectiveness, value for money and alignment to the council's corporate objectives.

### **Internal and External Audit**

- 3.28 The responsibilities of the Finance & Audit Committee include the consideration of reports from internal and external audit, and inspection agencies, as well as monitoring the performance of internal audit. During 2018-19, the Finance and Audit Committee received and considered a number of reports from council officers and external bodies, enabling the committee to obtain assurances of the internal control and governance arrangements of the council and to monitor action in addressing any issues identified by these reports.
- 3.29 The council has a shared Audit and Counter Fraud service with Medway Council. The service operates to the Public Sector Internal Audit Standards and CIPFA's Local Government Application Note to the Public Sector Internal Audit Standards. The purpose of the team is to provide independent, objective assurance and consulting services to add value and improve the council's operations. In doing so the team brings a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The council's internal audit arrangements conform to the governance requirements of CIPFA's statement on the Role of the Head of Internal Audit in Public Service Organisations.
- 3.30 The council also has an effective and professional relationship with the council's external auditors, and statutory inspectors.

## **Counter Fraud Arrangements**

3.31 The council acknowledges the risk of fraud and has put robust arrangements in place to prevent, detect and investigate suspicions or allegations of fraud when they are received. The Audit and Fraud update reports, presented four times each year to the Finance and Audit Committee, detail the work of the team.

## **4. Review of Effectiveness of the Governance Framework**

4.1 The council has responsibility for conducting an annual review of the effectiveness of its governance framework, including the system of internal control. The review is undertaken using the established criteria of the CIPFA/SOLACE Framework; *'Delivering Good Governance in Local Government'*. In maintaining and reviewing the effectiveness of the governance framework, the 2018-19 review has therefore considered the following:

4.1.1 The continued value and effectiveness of the council's governance framework suite of documents as defined in the Code of Corporate Governance;

4.1.2 Reviews carried out by Internal Audit, External Audit and other review bodies which generate reports commenting on the effectiveness of the systems of internal control employed by the council;

4.1.3 The opinion on the overall adequacy and effectiveness of the council's overall control environment from the Head of Internal Audit;

4.1.4 The completion of control questionnaires by the Monitoring Officer, Chief Financial Officer (Section 151 Officer) and the Head of Internal Audit; and

4.1.5 The completion of self-assessment control questionnaires by the Chief Executive, Directors, Assistant Directors, Service Managers and other key managers within the council.

## **5. Conclusion**

5.1 In line with the council's responsibilities for its internal control and overall governance environment (para 1.1), the conclusion to the annual review process for the year ended 31 March 2019 and up to the date of approval of the Statement of Accounts is that the arrangements in place are considered to be fit for purpose and in accordance with the council's governance framework, with no significant areas requiring attention.

5.2 Opportunities with which to further enhance the existing governance and control environment are outlined in section six.

5.3 Overseen by the AGS Assurance Working Group, the findings of the annual review of the governance framework were considered by the council's Management Team on 28 May 2019 and subsequently reported to Members of the Finance & Audit Committee on 11 June 2019.

## 6 Governance controls: Development Plan

The annual review of the council's internal control and overall governance environment did not identify any significant issues. The review did however present a small number of opportunities for enhancement of governance arrangements that are outlined in the table below.

No.	Control Issue	Required Action	Target date
1	<u>Constitution</u> Central to the council's governance control environment, the Constitution ensures effective leadership throughout the authority, outlining the core executive and non-executive functions and the roles and responsibilities of the scrutiny function.	Complete the next phase of the scheduled review of the council's Constitution and re-issue to all Members.	March 2020
2	<u>Investors in People (IIP): Action Plan</u> Following the recommendations of the 2019 IIP assessment, the purpose of such a plan is to ensure that in delivering a progressive working environment, our staff are fully skilled and empowered to help the council respond to the challenges of the future. Work will include a Workforce Development Plan.	To develop an effective action plan with which to build on the recommendations of the 2019 IIP assessment, ensuring the council develops an operational culture in line with industry good practice.	March 2020
3	<u>Communications and Engagement Strategy</u> Effective marketing and communications is essential in developing and delivering clear messages to: - Ensure an open and transparent culture in the organisation; - Communicate the information customers need to access services; - Engage the community in helping shape future service policy and provision; - Influence the behaviour and attitudes of local residents.	In developing a Communications and Engagement Strategy the council will aim to establish the principles that will guide how we communicate and engage, in language that people can understand, and through readily accessible channels.	March 2020
4	<u>Corporate Plan: 2019-23</u> An essential component in the council's governance framework, the Corporate Plan will set the tone and direction of travel for the authority in the coming four year period. Working towards the Local Plan's strategic vision for the borough, the plan will identify a suite of corporate objectives and supporting operational policy commitments to determine the scale of projects and planned interventions aimed at improving the lives of Gravesham residents.	Develop a new Corporate Plan for the council using the research and principles identified from the Community Profile and Corporate Plan consultation exercise, alongside the key pledges and messages established in the administration's election manifesto.	November 2019

**Certification by Chair of the Finance & Audit Committee**

I confirm that the 2018-19 Annual Governance Statement has been considered and approved by Gravesham Borough Council at the meeting of the Finance & Audit Committee on 11 June 2019.

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Councillor Gurbax Singh

Date.....

**Endorsement by the Leader of the Executive and the Chief Executive**

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Councillor John Burden  
Leader of the Executive

Date.....

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David Hughes  
Chief Executive

Date.....