

Gravesham Borough Council: Annual Governance Statement 2014-15

1. Scope of Responsibility

- 1.1 Gravesham Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that 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.
- 1.2 In discharging this overall responsibility, Gravesham Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Gravesham Borough Council 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 code can be obtained from the Performance & Policy team and is also available on the council's website at:
www.gravesham.gov.uk/services/council-and-democracy/corporate-governance
- 1.4 This statement explains how Gravesham Borough Council has complied with the code during 2014-15 and also meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011 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 and processes, and cultures and values, by which the council is directed and controlled and its activities, through which it accounts to, engages with and leads the community. It enables the council to monitor the achievement of its strategic 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 Gravesham Borough Council for the year ended 31 March 2015 and up to the date of the approval of the Statement of Accounts.
- 2.4 In order to secure corporate ownership of its contents, this Annual Governance Statement was considered by the council's Management Team on 19 May 2015 before being approved by Members of the Finance & Audit Committee on 23 June 2015.

3. The Governance Framework

- 3.1 The policy setting and decision making process of the council is set out in The Constitution of Gravesham Borough Council. 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 subject to scrutiny by the Overview Scrutiny Committee whose role includes the examination of decisions made by Cabinet. 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 2014-15, updates have been made to the Constitution to further strengthen the councils financial control framework and reflect amendments to the council's decision making processes.
- 3.2 As required by the Local Government and Housing Act 1989, the council has appointed a Monitoring Officer for the council and this role is fulfilled by the Assistant Director (Governance and Law). 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 In June 2011 the council adopted a Corporate Business Plan for the period 2011-2015. A review of the council's Corporate Plan was undertaken which enhanced the focus of the council through the grouping of the original 18 Areas of Focus under five overarching, strategic objectives for the council. These were adopted by Full Council in June 2013:
- **Community Well-being** - Working with our communities to improve the safety, health and well-being of the people of Gravesham and celebrate the diverse cultures within the borough
 - **Housing** - Providing high quality, efficient council housing, working to meet the housing needs of the most vulnerable in the borough and working with private landlords to ensure housing availability in the borough
 - **A clean and green environment** - Ensuring that for visitors and residents alike, the borough provides a clean, tidy and 'green' environment for all.
 - **Economic development and regeneration** - Working with partners to ensure that Gravesham remains a thriving borough, attracting development opportunities and improving the economic well-being of the borough as a whole.

- **Managing the council's business responsibly** - Ensuring the economic, efficient and effective delivery of council services, including the continued delivery of quality frontline services.
- 3.4 Following the adoption of the strategic objectives, a full review of the plan was undertaken, including a review of all performance measures, and a new Corporate Plan – Mid-term review document was adopted by Full Council in February 2014. The plan includes two separate suites of performance measures; Measures of Accountability where the council has direct influence over the performance and Information Only Indicators for those areas where the council has no direct influence, but the information provides useful context to officers, Members and the public.
- 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 2014-15. Meetings are regularly held between officers and Members to discuss specific issues relating to individual portfolios.
- 3.6 Whilst the Elected Members are responsible for the delivery of council objectives, individual council departments have a key role in the delivery of those objectives. Effective communication within departments and across departments 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 identify how the operational work of each department contributes to the achievement of the corporate objectives.

Transparency

- 3.8 The coalition Government have made a commitment to increasing transparency across Whitehall and local authorities in order to make data more readily available to the citizen and allow them to hold service providers to account.
- 3.9 As a publicly funded organisation, Gravesham Borough Council is committed to openness and accountability in the way the council operates. 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 strategic objectives are cascaded down through departmental business plans and individual employee appraisals and action plans to help ensure that the council as a whole is aware of and is working towards the achievement of those objectives. 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.

- 3.11 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.
- 3.12 The framework enables performance to be measured periodically against the measures of accountability introduced in the Corporate Plan and other operational performance measures. This identifies areas of good performance as well as enabling action to be taken on areas of poor or falling performance.
- 3.13 The council has sound performance reporting procedures for Members. The Cabinet receive quarterly 'exception' reports which highlight those measures that are either performing below target or demonstrating a downward trend. In addition, each of the five Cabinet Committees received regular reports on progress against the strategic objectives, 'measures of accountability' and 'information only indicators' that fall within the remit of the committee.

Risk

- 3.14 The Council has a Risk Management Strategy which continues to be reviewed and updated each year (as required) to reflect any future changes in the councils risk management arrangements. The strategy was most recently reviewed during 2014-15 and was found to be fit for purpose and therefore no amendments were made to the strategy that was presented to the Cabinet on 2 April 2013. 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.
- 3.15 In preparing the council's 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. Progress made against any action required in relation to the risks identified in the Corporate Risk Register is reported to both the Finance and Audit Committee and Cabinet on a half yearly basis.

Finance

- 3.16 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 2014-15, this responsibility was held by the Assistant Director (Finance) with a Deputy Section 151 officer also appointed (Service Manager – Finance). Directors, Assistant Directors and Service Managers are responsible for the financial management of service areas within the council, which includes the monitoring of financial performance against budget.

- 3.17 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 (2010) as set out in the Application Note to Delivering Good Governance in Local Government: Framework.
- 3.18 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 (the latest version approved by Cabinet in February 2015) which outlines how the council wants to structure and manage its finances and to ensure it fits with and supports the direction of the council's objectives.
- 3.19 A mid-year review of the council's Treasury Management arrangements was undertaken and presented to the Finance & Audit Committee at its meeting in October 2014 which resulted in the committee recommending to Council that the revised estimates against the prudential and treasury indicators be endorsed; these were endorsed by Council at its meeting in December 2014.
- 3.20 In addition, the Finance & Audit Committee recommended to Full Council the adoption of the Treasury Management Strategy for the 2015-16 financial year at its meeting in January 2015.
- 3.21 Regular budget monitoring has taken place in 2014-15 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 have been presented to the Finance & Audit Committee and Cabinet on a quarterly basis.
- 3.22 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

- 3.23 The council is increasingly looking at alternative ways in which it can provide services, including making more effective use of the resources available to it and considering opportunities for working in partnership with public bodies and local agencies.
- 3.24 Opportunities for shared or joint-working have been explored during the year, as they have arisen.
- 3.25 During 2014-15, as in previous years, a comprehensive review of the council's Corporate Register of Partnerships was undertaken to ensure all relevant partnerships were included in the register.

Internal and External Audit

- 3.26 The responsibilities of the Finance & Audit Committee include the consideration of reports from internal audit and external audit and inspection agencies as well as monitoring the performance of internal audit. During 2014-15, 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 control issues identified by these reports.
- 3.27 The council has an Internal Audit team which operates to the standards as set out in 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 independently examine, evaluate and report on the council's activities, assessing the adequacy of internal control systems as a contribution to the proper, economic, efficient and effective use of resources. The council also has an effective and professional relationship with the council's external auditors, and statutory inspectors.
- 3.28 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 (2010).

Counter Fraud Arrangements

- 3.29 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. An annual report on counter fraud activity is produced each year and presented to the Finance & Audit Committee, as well as a half-yearly report midway through each financial year.

4. Review of Effectiveness of the Governance Framework

- 4.1 Gravesham Borough 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 the effectiveness of the system of internal control is informed by the work of the executive managers within the council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 In maintaining and reviewing the effectiveness of the governance framework, the review has considered the following:
- 4.2.1 The corporate strategic and business planning processes of the council;
 - 4.2.2 The corporate performance management framework and the corporate performance management system of the council;

- 4.2.3 The completion of self-assessment control questionnaires by the Chief Executive, Directors, Assistant Directors, Service Managers and other key managers within the council;
 - 4.2.4 The completion of control questionnaires by the Monitoring Officer, Chief Financial Officer (Section 151 Officer) and the Head of Internal Audit;
 - 4.2.5 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;
 - 4.2.6 The consideration of External Audit reports and certain Internal Audit reports by the Finance & Audit Committee;
 - 4.2.7 The opinion on the overall adequacy and effectiveness of the council's overall control environment from the Assistant Director (Corporate Performance).
- 4.3 The findings of the annual review of the governance framework were considered by the council's Management Team on 19 May 2015 and reported to Members of the Finance & Audit Committee on 23 June 2015. The arrangements in place are considered to still be fit for purpose and in accordance with the council's governance framework. The areas that are specifically to be addressed with new actions are outlined in section five.

5 Control Issues requiring attention

5.1 Whilst the review of Gravesham Borough Council's governance arrangements has not identified any significant governance issues requiring attention, it highlighted a number of areas where controls can be either further developed or enhanced. These are outlined in the table below.

No.	Control Issue	Required Action	Target for completion
1	In seeking to develop and effectively communicate the authority's purpose, vision and outcomes for the council's new Corporate Plan for the 2015-19 period, there is the potential to design and deliver a full communication plan.	The communication plan will be designed to help ensure officers are aware of how their own roles contribute to the delivery of the council's corporate objectives and equally will raise awareness in the community of the intended outcomes to the council's core business during the 2015-19 period.	October 2015
2	On introducing the council's new Corporate Plan, consideration should be given to ensuring that the operational work of the council and its partnership arrangements is underpinned by the council's corporate objectives.	Conduct a thorough review of all core corporate policies to ensure they are reflective of the adopted corporate vision; (Working in Partnership Framework, Code of Corporate Governance, Putting the Customer First, Corporate Policy Framework etc).	March 2016
3	The introduction of a new Corporate Plan offers the opportunity to review the current performance management process and specifically the council's suite of performance measures to ensure they are still reflective of the council's strategic objectives.	In reviewing the Corporate Plan, ensure that the adopted performance framework includes effective performance measures with which to judge the quality of council services and that performance outturns are reported to Members and service users on a timely basis.	October 2015

No.	Control Issue	Required Action	Target for completion
4	The 2015 local elections offer the opportunity to put in place a revised Constitution reflective of relevant legislation.	Complete the review of the council's Constitution and re-issue to all Members.	September 2015
5	Continue to ensure the council's officers carry out business to the highest standard of conduct and governance.	Carry out a review of the council's surveillance procedures to ensure they are accurate and in line with current legislation.	December 2015
6	Develop the skills, knowledge and resources of elected Members to improve their individual effectiveness in their roles.	Ensure that all Members receive a proper induction following the local elections in May 2015 supported by specific training to meet individual requirements.	July 2015

Certification by Chair of the Finance & Audit Committee

I confirm that the 2014-15 Governance Statement has been considered and approved by Gravesham Borough Council at the meeting of the Finance & Audit Committee on 23 June 2015.

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Councillor Derek Shelbrooke

Date.....

Endorsement by the Leader of the Executive and the Chief Executive

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Councillor John Cubitt
Leader of the Executive

Date.....

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David Hughes
Chief Executive

Date.....