

Gravesham Borough Council: Annual Governance Statement 2017-18

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 Corporate Performance Team and is also available on the council's [website](#).
- 1.4 This statement explains how Gravesham Borough Council has complied with the code during 2017-18 and 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 Gravesham Borough Council for the year ended 31 March 2018 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 Corporate Management Team on 29 May 2018 before being approved by Members of the Finance & Audit Committee on 12 June 2018.

3. The Governance Framework

- 3.1 The policy setting and decision making process of the council is set out in Gravesham Borough 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 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 2017-18, 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 vision for the borough. To work towards this vision and ultimately deliver relevant outcomes for local residents, the council's Corporate Plan 2015-19 sets out four clear 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 2017-18. 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 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 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 corporate 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.
- 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 measures introduced by the Corporate Plan and other operational performance indicators. This identifies areas of good performance as well as enabling action to be taken on areas of poor or falling performance.
- 3.14 The council has sound performance reporting procedures for Members. The Cabinet receive quarterly performance reports across the full suite of 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 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 2017-18 and was found to be fit for purpose and therefore no amendments were made to the existing strategy. 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 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 the council's Corporate Management Team for review.
- 3.17 The Finance & Audit Committee are responsible for monitoring the effective development and operation of these risk management arrangements. This responsibility helps strengthen the council's risk management arrangements 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 2017-18, 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 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 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 corporate objectives.
- 3.21 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 2017 which resulted in 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 2017.

- 3.22 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 2018; Full Council endorsed this at its subsequent meeting.
- 3.23 Regular budget monitoring took place in 2017-18 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.
- 3.24 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 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.
- 3.26 Opportunities for shared or joint-working have been explored and implemented during the year, as they have arisen.
- 3.27 During 2017-18, as in previous years, a comprehensive review of the council's Corporate Register of Partnerships was undertaken to ensure all relevant partnerships are included.

Internal and External Audit

- 3.28 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 2017-18, 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.
- 3.29 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. Compliance in this area was tested during 2017-18 when an External Quality Assessment concluded that the service;
- *"complies with the expectations of the Public Sector Internal Audit Standards";*
 - *and*
 - *"receives positive feedback from the Audit Committee and Executive Management."*

- 3.30 The purpose of the team is to provide independent, objective assurance and consulting services to add value and improve the council's operations by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The Audit and Counter Fraud shared service combines this role with working alongside the council to manage its fraud risk, including work to prevent, detect and investigate fraudulent activity committed against the council. The council also has an effective and professional relationship with the council's external auditors, and statutory inspectors.
- 3.31 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.

Counter Fraud Arrangements

- 3.32 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 this team.

4. Review of Effectiveness of the Governance Framework

- 4.1 Gravesham Borough Council has responsibility for conducting an annual 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 statements 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 and business planning processes of the council;
 - 4.2.2 The corporate performance management framework and the corporate performance reporting processes 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 Head of Internal Audit.
- 4.3 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. The areas that are specifically to be addressed with new actions to further enhance the existing governance and control environment are outlined in section five.
- 4.4 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 29 May 2018 and reported to Members of the Finance & Audit Committee on 12 June 2018.

5 Control Issues requiring attention

Whilst the review of the 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 date
1	<p><u>Constitution</u> A key component of the Council's governance framework, 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.</p>	Complete the next phase of the scheduled review of the council's Constitution and re-issue to all Members.	March 2019
2	<p><u>Workforce Development Plan</u> The purpose of such a plan is to ensure that our staff are creative, flexible and have the right skills and profile to respond positively to the challenges that face the council into the future.</p>	To review the council's existing plan and develop new proposals as required to ensure the council maintains its activities in line with industry good practice.	March 2019
3	<p><u>Communications and Engagement Strategy</u> Effective marketing and communications is essential in developing and delivering clear messages to:</p> <ul style="list-style-type: none"> - Ensuring an open and transparent culture; - 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 seek to formalise current arrangements and working practices. A strategy should aim to establish the principles that will guide how we communicate and engage, in language that people can understand, and through easy to access channels.	March 2019
4	<p><u>Corporate Policy Review</u> The council is required to respond to developments in the government's legislative programme by reflecting new statutory and guidance requirements throughout its own policy framework.</p>	Carry out a review of effected policies and strategies to ensure the council's policy framework maintains legislative compliance in all areas.	March 2019

Certification by Chair of the Finance & Audit Committee

I confirm that the 2017-18 Annual Governance Statement has been considered and approved by Gravesham Borough Council at the meeting of the Finance & Audit Committee on 12 June 2018.

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Councillor Karen Hurdle

Date.....

Endorsement by the Leader of the Executive and the Chief Executive

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Councillor David Turner
Leader of the Executive

Date.....

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David Hughes
Chief Executive

Date.....