



Crawley Borough Council

Report to Governance Committee

22 June 2015

Annual Governance Statement

Report of the *Head of Finance, Revenues and Benefits*, **FIN/365**

1. Purpose

- 1.1 The Report to the Audit and Governance Committee on 2nd December 2014 (LDS/284) agreed that the Council's Annual Governance Statement can be considered by the new Governance Committee; the formal approval of the Annual Governance Statement (AGS) forms part of the Council's Annual Accounts which will remain the responsibility of the Audit Committee.
- 1.1 It is a requirement of the Accounts and Audit Regulations that all local authorities must produce an Annual Governance Statement. The purpose of an Annual Governance Statement is to clearly set out the processes and procedures which ensure that:
 - we are efficiently and effectively run;
 - our activities are transparent;
 - we are accountable to our residents.

2. Recommendations

- 2.1 **That the Governance Committee consider the attached Annual Governance Statement and provide any comments for incorporation into the final version to be included in the annual statement of accounts, which is to be approved by the Audit Committee in September 2015.**

3. Reasons for the Recommendations

- 3.1 To take into consideration any comments made by the Governance Committee on the Annual Governance Statement.

4. Background

- 4.1 We are responsible for making sure that our business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically and efficiently.

We also have a duty under the [Local Government Act 1999](#) to put in place proper arrangements for:

- the continuous improvement of our functions
- the governance of our affairs which includes arrangements for the management of risk.

The Annual Governance Statement explains how the Council has complied with the Governance Framework. It also meets the requirements of [Regulation 4 of the Accounts and Audit Regulations 2011](#) in relation to the publication of the statement of internal control.

5. Background Papers

[Review of the Terms of Reference of the Audit and Governance Committee LDS/084 2 December 2014](#)

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Annual Governance Statement

SCOPE OF RESPONSIBILITY

Crawley Borough Council (the 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.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a Code of Corporate Governance which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government*. A copy of the Council's code is available from The Town Hall, The Boulevard, Crawley, West Sussex. RH10 1UZ, and also on our [website](#). This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulations 4(3), which requires all relevant bodies to prepare an annual governance statement.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture 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 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 designed to identify and prioritise the risks to the achievement of Crawley Borough 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.

The governance framework has been in place at Crawley Borough Council for the year ended 31 March 2015 and will continue to be developed in coming years.

THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's governance arrangements are as followed. The Council has fulfilled the following key roles and these are included within the Code of Governance.

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
- Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

- Taking informed and transparent decisions which are subject to effective scrutiny and management risk;
- Developing the capacity and capability of members and officers to be effective;
- Engaging with local people and other stakeholders to ensure robust public accountability. Neighbourhood forums are set up widely across the Borough and Crawley Question Time took place on 4th February 2015.

In fulfilling these roles the Council is committed to following the six core principles of good corporate governance identified in the CIPFA/SOLACE Guidance, and how the Council adheres to these principles is set out below.

- The Council has a clear vision of its purpose and desired outcomes for the short, medium and long term. At a strategic level the Council vision is “jobs, homes and community”. All service areas have an agreed purpose and measures. The Budget Strategy models the vision of the Council.
- The Council has a good track record consulting with those who live and work in the borough. In developing projects, changing services or simply seeking feedback about the services received consultation is an integral part of the way we work. Doing this ensures that elected members are able to make informed decisions and that as an organisation we remain close to what matters most to local people. Crawley Question Time met with the public and included representatives from the Police and the NHS.
- The Local Plan consultation with the public over a number of years ensured that members had a clear understanding of the aspirations and concerns of local people, businesses and other stakeholders. For example, planning policies have been developed in a way that seeks to balance the need for housing alongside a desire to protect and maintain open green spaces. This was a direct result of the consultation with the public. The Local Plan is currently going through the decision making process.
- The Council has adopted a Constitution which details how the Council operates, how decisions are made and the procedures, which are to be followed to ensure that these are efficient, transparent and accountable to local people. The Cabinet is responsible for most decisions, other than those that are reserved to Full Council. The Cabinet is made up of the Leader, who is appointed by the Council for a four-year term, and six councillors, who are appointed by the Leader.
- There is an Overview and Scrutiny Commission which performs all overview and scrutiny functions on behalf of the Council, enables non-Cabinet Members to investigate services and propose improvements on behalf of the local people, challenge and hold the Cabinet, Senior Officers and external bodies to account for their actions. It allows citizens to have a greater say in Council matters by holding scrutiny reviews into matters of local concern. This leads to reports and recommendations which advise the Cabinet and the Council as a whole on its policies, budgets and service delivery.
The Overview and Scrutiny Commission also monitors the decisions of the Cabinet, helping them to consider whether the decision is appropriate and can make representations to the Cabinet. Provisions exist for cabinet decisions to be called in.

The standards of conduct and personal behaviour expected of members and officers of the Council, its partners and the community are defined and communicated through codes of conduct and protocols. These include:

- Councillors’ Code of Conduct

- Regular performance reviews for staff
 - An Anti-Fraud and Corruption Strategy
 - Protocol on Member/Employee Relations - training was given to officers in 2013 on Officer/Member relationships
 - Employees' Code of Conduct
 - Planning Code of Conduct was revised in September 2013
 - The Whistle Blowing policy
 - Independent Members
- The Council has an effective formal complaints procedure. Under the scheme in place, as agreed by CMT, complaints are usually dealt with by the Head of Service rather than someone independent of the service provided they have not been involved in dealing with the initial complaint.
 - Reports on complaints received are presented to CMT and the Performance Monitoring Scrutiny Panel on a quarterly basis.
 - A programme of management development for middle managers entitled 'Leading Through Transformation', started in 2014/15, with 36 managers completing the programme. A further 12 managers are undertaking this in 2015/16.
 - In 2014/2015 9 complaints were considered by the Local Government Ombudsman and the Housing Ombudsman. 4 were considered to be premature and were returned to the Council for local resolution. A further 3 were dismissed without a full investigation, one found maladministration and the remaining one was outstanding at 31st March 2015.
 - The Council has a duty to ensure that it acts in accordance with the law and various regulations in the performance of its functions. It has developed policies and procedures for its officers to ensure that, as far as possible, all officers understand their responsibilities both to the Council and to the public. The Constitution is a key document which sets out how decisions are made, by whom and the procedures to be followed.
 - The Procurement Code is available to all officers via the Council's Intranet, as well as available to the public as part of the Constitution. There is also an online Procurement Toolkit which supports officers in complying with the Procurement Code.
 - Other documentation includes corporate policies and statements on a range of topics such as Equality and Diversity, Customer Care and Fraud. All policies are subject to internal review to ensure these are adequately maintained. The Council keeps all staff aware of changes in policy, or new documentation following new legislation by means of alerting them in regular team meetings, newsflashes on the intranet and where appropriate, arranging training for all or key members of staff.
 - The Council approved a revised Risk Management Strategy in 2014 which was current during the period of review. This is part of a revised approach to risk management.

Audit activity

The Audit Committee meets quarterly to undertake the core functions of an 'audit Committee' the terms of reference of the Committee include:

- Consider and review the adequacy of the Internal Audit Budget and Resource Plan;

- Approve the Internal Audit Plans ensuring that appropriate risk assessments have been carried out when formulating these; and to monitor performance against the plans;
- Review Internal Audit Progress Reports which outline the main issues arising, and that appropriate action has been taken where necessary;
- Review the effectiveness of the Council's Risk Management Arrangements;
- Consider reports received from External Audit and other external inspection agencies;
- Contribute to the Council's response to the External Auditors;
- Consider the effectiveness of the Council's Counter Fraud and Anti-corruption arrangements;
- Approve the Council's Financial Statements.

Regulatory Framework (Governance)

- The Chief Executive is the Council's Head of Paid Service and has overall corporate management and operational responsibility for the way in which the Council delivers its services. The Head of Legal and Democratic Services is designated as the Council's Monitoring Officer and is responsible for ensuring that the Council complies with relevant laws and regulations and internal policies such as Contract Standing Orders. The Head of Finance, Revenues and Benefits is designated as the Council's Section 151 Officer with responsibility for ensuring the "proper administration of financial affairs". The Head of Finance, Revenues and Benefits also has responsibility under section 114 of the Local Government Finance Act 1988 for reporting to the Council and the external auditor if the Council has made, or is about to make, expenditure which is unlawful. These three statutory officers meet as necessary during the year to discuss significant corporate issues as they arise.
- The CIPFA statement on the Role of the Chief Financial Officer in Local Government (2010) requires the Chief Finance Officer to report directly to the Chief Executive and be a member of the 'Leadership Team', of equal status to other members. As a result of a restructure of the Council's senior management during the latter part of the year, the Head of Finance, Revenues and Benefits became a member of the Corporate Management Team, which meets every two weeks. The postholder reports to the Chief Executive and works closely with the Chief Executive and Deputy Chief Executive. Prior to the restructure, the Head of Finance, Revenues and Benefits was able to report directly to the Chief Executive and Members as and when required, and is involved and consulted in all matters which have financial implications for the Council.
- A Whistle Blowing policy is in place at the Council, which allows for confidential reporting which safeguards employees who raise legitimate concerns about the Council's actions and specifies how their concerns should be addressed. An Anti-Fraud and Corruption policy which sets out the roles, responsibilities of officers and Members and actions to be taken when fraud or corruption is discovered. In addition, an Anti-Bribery Policy is in place to address the requirements of the Bribery Act 2010. These and the Council's Financial Procedure Rules require all staff to raise concerns about the use or misuse of Council resources with the Head of Finance, the dedicated Corporate Fraud team or the Audit and Risk Manager, who will carry out an independent investigation of the circumstances. The Fraud Team also actively encourages staff to raise matters of concern.

- The Head of Legal and Democratic Services supports the Member Development Executive Support Group who lead on the development and provision of training of members. All new Members are provided with induction training to assist them with understanding and successfully carrying out their different roles and training is provided on specific issues where appropriate e.g. planning and licensing.
- The Council has in place various channels of communication with the community and other stakeholders. Publications such as Crawley Live are sent to all households and the Council's website is an important source of information about the Council and its services. The Council's website has been designed to make it more accessible to residents and businesses of Crawley and to make it easier to undertake transactions online.
- The Council has identified its key partnerships and promotes good Governance. The Council's Contract Standing Orders and Financial Regulations contain specific sections on partnerships and identify officer responsibilities in relation to the management and involvement in partnerships. Protocols and agreements are put in place for the management of significant partnerships

Review of Effectiveness

The 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 effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the annual report of the Audit and Risk Manager, and also by comments made by the external auditor and other review agencies and inspectorates. The effectiveness of the governance framework is maintained and reviewed through a number of mechanisms and processes:

- Full Council is ultimately responsible for maintaining, revising and ensuring compliance with the Council's Constitution. The Head of Legal and Democratic Services reviews the Constitution at least annually to ensure that it is up to date with current legislation and best practice. The Governance Committee receives regular updates advising of changes to the Constitution.
- The Cabinet has responsibility for the day to day operation of the Council's business, cabinet decisions can be delegated to cabinet members as well as to Officers. Non cabinet functions are taken by the Council unless that business is delegated specifically to another committee (e.g. Planning, Licensing) or an officer and ensuring that governance arrangements and compliance is adequate for the conduct of that business.
- As part of the Council's open and transparent approach, Overview and Scrutiny Committee has responsibility for scrutinising the decisions of the Cabinet and reviewing the Council's policies and functions and making recommendations to the Cabinet as appropriate.
- The Audit Committee takes responsibility for audit and risk management issues, reviewing the Council's work in these areas and monitoring the progress and performance of both Internal and External Audit.
- The Council's Governance Committee deals with constitution matters, political management, elections, member allowances as well as the conduct of members, it has the role of promoting and maintaining high standards of conduct amongst Members and assisting them to observe the Authority's Code of Conduct. Their work was supported by the appointment of two Independent Persons.

- On the basis of Internal Audit work completed in 2014/15, the Audit and Risk Manager is able to provide Substantial assurance in respect of the Council's risk management, control and governance arrangements. "Substantial Assurance" means that systems in place are generally sound, but some weaknesses have been identified which may put some of the control objectives at risk. These weaknesses have been presented to the Audit and Governance Committee, along with progress on action taken by management to mitigate the risks.*

- ## DECLARATION

We propose over the coming year to take steps to further enhance our governance arrangements.

Chief Executive

Date: _____

Guidance Notes

1. Before you start writing:

- i) Check through the decision-making toolkit from end to end. It will make your life and drafting a report a lot easier – click here to read it (*once available*).
- ii) Check the Principles of Decision-Making set out in the Constitution – if Members consider these haven't been complied with they may call it in.
- iii) Check your timetable and deadlines e.g.
 - Work well within these, allowing maximum opportunity for consultation.
 - When does the decision need to be taken or implemented by?
 - When does it need to be submitted to the DSO to go on the Forward Plan?
 - To help you schedule it in and meet all the deadlines, click on the [link](#) to OSC/Cabinet Reports Schedule and then let the DSO know. You need to do this at the initial planning and programming stage.
- iv) Check with Democratic Services whenever you are still in doubt.

2. When drafting the report: style and readership

- i) Follow the report preparation template instructions & this guidance.
- ii) Write in plain English, use correct grammar and avoid jargon.
- iii) Keep the title, sentences and paragraphs short, use simple words.
- iv) Be as brief as possible, ideally no more than four sides of A4 (but may be briefer for earlier/basic versions e.g. to CMT, Portfolio Briefings etc.).
- v) When you have completed your first draft, see if you can reduce it without diluting any important facts or its impact.
- vi) Diagrams, charts etc. sometimes convey more than words and may make the report easier to understand but avoid clogging the text with statistics and information. Include these as appendices.
- vii) If your report is to be discussed in a meeting that is open to the public it should make sense to a member of the public as well as to elected members.

3. Points to consider before circulating your draft report for comments

- i) The draft report should be more or less perfect first time. It shouldn't contain any surprises - any potentially contentious matters should already have been discussed and cleared with the appropriate Members and officers.
- ii) Have you cleared the report prior to circulation with your own Head of Service and/or Director?
- iii) All draft reports to the Cabinet (and all other reports where there are financial and legal implications) should be circulated to the Head of Legal & Democratic Services/Monitoring Officer (Ann-Maria Brown) and the Head of Finance, Revenues & Benefits (Dave Rawlings) together with the appropriate DSO.
- iv) Officers should be allowed five working days in which to comment - otherwise let the DSO know asap before that deadline passes.

4. Steps to follow when finalising and submitting the final report

- i) Have you incorporated all the amendments and comments – or do you need to explain to that officer why they're not required? If the author is not minded to include comments received from a Director/Head of Service then this should be agreed with the consultee. Otherwise it should be agreed through arbitration with the Chief Executive.
- ii) Is the report written in plain English, complete and perfect with all the paragraphs and appendices numbered and referenced in the text correctly?
- iii) Make sure you submit your report to DS by the deadline – otherwise let the DSO know asap before that deadline passes.