



Annual Governance Statement 2016/17

ANNUAL GOVERNANCE STATEMENT – 2016/17

1. Scope of responsibility

Erewash 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. 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 these overall responsibilities, the council is responsible for making proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The council has in place a Local Code of Governance which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework 'Delivering Good Governance in Local Government' and is in the process of approving and adopting a revised code to more closely reflect this guidance. (Copies of the current and proposed local codes are available on the council's website, along with a detailed assessment of how the council is meeting these governance requirements). This statement explains how the council has conducted the review of the effectiveness of these arrangements and summarises how good governance has been delivered in accordance with these principles. It also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication and the approval of an annual governance statement.

2. The purpose of the governance framework

The governance framework comprises the systems, processes, culture and values, by which the council is directed and controlled and the 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, cost-effective services.

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 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.

The governance framework has been in place at the council for the year ended 31 March 2017 and up to the date of the approval of this Statement.

3. The governance environment

The council's control environment encompasses the strategies, policies, plans, procedures, structures, processes, attitudes, behaviour and actions required to deliver good governance. The key elements of good governance arrangements in the council are:

- The Corporate Plan covering 2016-2019, which set out the council's approach to serving its residents and working in the public interest. The plan sets out the council's priorities, defines the goals to be achieved and guides delivery of council services.
- Active membership of the Derbyshire Partnership Forum, where county-wide priorities are identified and agreed. The Forum brings together a wider group of partner organisations, community representatives and other stakeholders to deliver shared aims and objectives.
- Participation in the Economic Prosperity Committee, a joint committee of Derbyshire authorities established to promote the wellbeing of the sub-region.
- Derbyshire Strategic Leaders Forum (D2) a meeting of the leaders of Derbyshire authorities to discuss matters of mutual interest and collaborative ventures.
- Service level agreements, outlining performance and governance requirements, which are put in place for those organisations which the council partners and supports financially.
- The Constitution, which is kept under review by members through the General Purposes Committee, sets out the:
 - council's decision-making framework.
 - roles and responsibilities of members and committees.
 - roles and responsibilities of the statutory senior management appointees, in particular the Chief Executive (Head of the Paid Service), Director of Resources (Section 151 Officer) and the Head of Law and Governance (Monitoring Officer).
 - supporting policies and procedures, including a scheme of delegation of responsibility which is revised and approved each year.
 - member and officer codes of conduct and a member employee protocol governing how the two work together.
- Maintenance and publication of a forward plan listing the key decisions that are expected to be taken by the Council Executive over the next four months.
- Committee reporting protocols with a requirement for consideration of financial, legal and risk implications.

- Council minutes which include details of the reason for the decision and any other options which were considered and rejected.
- Professional officers in attendance at meetings to give advice.
- An Independent Remuneration Panel in place for members and a pay policy statement covering officer pay which is approved and published annually.
- Registers of Interests and declarations of Gifts and Hospitality accepted.
- A cross party Standards Committee, with co-opted independent members in place, which monitors complaints handling by services and retains an overarching responsibility to promote and ensure high ethical standards.
- A Scrutiny Committee with powers and terms of reference which include scrutiny of the Council Executive decisions and the performance of services.
- An Audit Committee with clear terms of reference whose role includes monitoring and reviewing work undertaken by Internal Audit and providing challenge to service management. An external view continues to be provided by the Independent Member on this Committee.
- A Medium Term Financial Forecast which informs both service planning and budget setting.
- Monthly budget monitoring processes and quarterly reports to members on the council's financial position.
- Treasury management activities which are compliant with the professional codes and subject to robust scrutiny.
- An Internal Audit section working to standards set out in the Public Sector Internal Audit Standards and whose effectiveness is reviewed as part of the annual assessment of governance arrangements.
- A Performance Management Framework underpinned by local performance indicators and targets which are subject to routine monitoring and reporting to management, members and the public.
- Principles of consultation activity which have been included in a new Communications Strategy approved in October 2016 and facilitate the continued development of the communication channels available to interact with the council including social and digital media platforms.
- A variety of consultation methods to increase stakeholder involvement and which include internet, email, postal, telephone and face-to-face surveys. Other community engagement activities such as street interviews, drop in events and public meetings are also used in particular to target those groups considered to be 'difficult to engage'.
- A Corporate Equality Policy which includes specific objectives and forms the framework for the wider equality and diversity arrangements.

- A governance working group of senior officers which oversees the production of the Annual Governance Statement and is able to actively address the governance issues it identifies.
- A counter fraud framework incorporating an Anti-Fraud, Theft and Corruption Strategy and a whistleblowing policy, for receiving allegations of fraud or misconduct and which is currently under review by members.
- A retained dedicated in-house capacity to investigate and focus on types of frauds that have a local impact, in particular business rate, council tax discount and council tax support fraud. The Internal Audit team also undertake investigative work and consider the adequacy and effectiveness of controls to assist management prevent and detect fraud.
- A Risk Management Strategy which includes guidance to assist officers in recognising and managing risk and an escalation regime which includes reporting to members.
- The defined standards for customer service, supported by a corporate complaints procedure which is well established and available to customers on the website or at the offices.
- A pay and reward structure which is equitable for employees and meets the requirements of the Single Status Agreement of 1997.
- Person specifications for all staff which facilitate performance and development reviews. A variety of training opportunities, including access to on-line training, have been made available and are undertaken by officers and members.
- The protocol in place for the Joint Consultation meetings to be held between the council and appropriate unions each quarter.

4. Review of effectiveness

The council has responsibility for conducting, each financial year, a review of the effectiveness of the system of internal control which encompasses the wider governance framework. The review of the effectiveness has been undertaken by the Annual Governance Statement Officer Group. It has been informed by the risk and performance management systems, the work of Internal Audit, senior management (who have responsibility for the development and maintenance of the internal control environment) and the comments and guidance provided by External Audit and other review agencies in their reports.

The governance arrangements in general accord with good practice, and the financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). On an ongoing basis action continues to be taken to address issues identified within the system of internal control, with Internal Audit able to give a satisfactory level of assurance on the adequacy and effectiveness of the system operating within the council during 2016/17.

Actions to address those governance issues identified on the 2015/16 Annual Governance Statement have proceeded throughout the year and are continuing. Progress made can be summarised as follows:

ICT infrastructure

The requirement for investment in and development of the council's ICT infrastructure to facilitate improvement across the service has been a key issue for the council over recent years. The ICT Strategy Group helps to ensure that investment decisions and development is aligned to corporate priorities.

During 2016/17 some significant work was undertaken and the planned introduction of Wi-Fi facilities within the Town Halls and the replacement of the Storage Area Network were successfully completed. The Public Sector Network Code of Connection compliance was also successfully maintained.

Key actions remain to be delivered and in particular the draft ICT Strategy needs to be considered and adopted by members to provide focus for further development. It is also recognised that the roll out of the corporate document management and workflow software has not progressed as planned and decisions need to be made in respect of this and other business critical systems which are approaching the end of their existing contractual arrangements. It is therefore appropriate to maintain and monitor this issue through the Annual Governance Statement arrangements.

Counter Fraud Arrangements

A comprehensive review of the council's counter fraud and corruption arrangements was required to enable the council to make an informed statement about compliance with the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption and help drive improvements. The review was delayed due to staff absence but is now progressing. The council's existing suite of fraud related policies and procedures have been reviewed and updated and are currently moving through the committee cycle prior to approval by Council.

The annual report to the Audit Committee on performance against the council's counter fraud arrangements and an associated improvement action plan still remain to be delivered. In addition further consideration needs to be given to how fraud and corruption risks are assessed and integrated within the existing risk management arrangements. Whilst corporate management remain of the opinion that the council's approach to fraud and corruption is both robust and appropriate, until these actions are complete the issue will remain on the Annual Governance Statement.

5. Significant governance issues


The review of the effectiveness of the council's governance arrangements undertaken by the Annual Governance Statement Officer Group, whilst not identifying any new significant governance issues, did establish that those issues highlighted in the 2015/16 Annual Governance Statement should be retained until the planned work is progressed further. The Annual Governance Statement Officer Group did consider other issues for inclusion within this statement, in particular unresolved internal control weaknesses reported into Audit Committee, but it was considered that these did not constitute governance issues and could be adequately managed through the existing arrangements.

The proposed actions and timescales for delivering the governance work required is included in the following table.

No.	Governance/Control Issue	Proposed Action	Responsible Officer/ Date for Completion
1	ICT infrastructure and capacity for development work required to meet council priorities.	Delivery of a work programme including: <ul style="list-style-type: none"> • Production of an ICT Strategy to guide further development. • Improvements to business critical IT systems (e.g. corporate document management and workflow software, financial management system). 	Director of Resources 31 March 2018
		<ul style="list-style-type: none"> • Delivery of new telecommunications systems. 	Director of Resources 30 June 2018
2	Report on the council's current counter fraud arrangements against the code of practice on managing the risk of fraud and corruption, identify any gaps and areas for improvement and report accordingly.	Review work is to be finalised. An annual report on counter fraud performance and an associated action plan to address any issues identified will be drawn up for consideration by the council's Audit Committee. The approach to the assessment of fraud and corruption risks will be reviewed.	Director of Resources 30 September 2017

The council propose over the coming year to take steps to address the matters listed above to further enhance governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and we will monitor their implementation as part of our next annual review.

Signed  Councillor Carol Hart
Leader of the Council
Dated 1/8/17

Signed  Jeremy Jaroszek
Chief Executive
Dated 27th July 2017