

Southend-on-Sea Borough Council Annual Governance Statement – 2016/17

1. Scope of responsibility

- 1.1 Southend-on-Sea 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, the Council is responsible for ensuring the proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk, are in place. This responsibility extends to satisfying itself that any wholly owned subsidiary companies also have robust governance arrangements in place. To this end South Essex Homes has produced its own Annual Governance Statement which is included as part of this statement.
- 1.3 Southend-on-Sea Borough Council has approved and adopted a Local Code of Governance (the Code), which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the authority's code is part of the Council's constitution and is available on the Council's [website](#) or can be obtained from the Policy, Engagement and Communications Team, Civic Centre, Victoria Avenue, SS2 6ER.
- 1.4 This statement explains how the Council has complied with the Code and also meets the requirements of Section 6 of the Accounts and Audit Regulations 2015 (England) in relation to the production and publication of an Annual Governance Statement.

2. The purpose of the Governance Statement

- 2.1 The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and its activities through which it is accountable 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.
- 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 on-going 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 main governance framework has been in place at Southend-on-Sea Borough Council for the year ended 31 March 2016 and up to the date of approval of the annual report and statement of accounts.

3. The Council's Governance Framework

3.1 The governance framework ensures the Council's vision and key priorities are effectively promoted and progressed through its corporate governance arrangements and business planning processes. The key elements of the governance framework are as follows:

- Community Engagement
- Business Strategy and Planning
- Financial Reporting including Budgetary Control and Asset Management
- Policy Framework
- Risk Management including Fraud and Corruption
- Health and Safety
- Business Continuity
- Asset management
- Performance Management
- Data Quality
- Information Management and Security
- Value for Money
- Procurement
- Project Management
- Complaints
- Ethical Governance – including Codes of conduct for Members and staff
- Workforce management
- The operation of Cabinet, Scrutiny Committees, Audit Committee and the Standards Committee.

3.2 These areas form the main sources of assurance to be considered in any review of the Council's governance arrangements.

3.3 The Chief Executive has the responsibility for overseeing the implementation and monitoring of 'The Code', through a process which includes:

- Regular reports to the Corporate Management Team (CMT) and the Audit Committee which set out:
 - weaknesses identified in the governance arrangements and
 - any corrective action necessary to resolve concerns identified;
- An annual review of the governance framework supported by managers assurance statements certified by Directors and Deputy Chief Executives;
- An annual report to the Corporate Management Team and the Audit Committee on the adequacy of governance arrangements and
- An annual review of 'The Code', with any significant amendments being reported to the Audit Committee, endorsed by Cabinet and approved by Council.

- 3.4 The Council's key governance and business planning processes are also subject to audit on a risk basis. Such work completed during the year forms part of the evidence in support of the Head of Internal Audit's annual opinion on the adequacy and effectiveness of the Council's system of internal control.
- 3.5 Key elements of the Local Code of Governance are outlined below:
- 3.6 The Council's Monitoring Officer is responsible for the maintenance of the Constitution and for reviewing its relevance and effectiveness, ensuring that it is fit for purpose at all times. Any changes to the Constitution are approved by full Council.
- 3.7 The Council operates a Cabinet and strong leader model of governance, with the Leader (who is appointed by Full Council for a four year term) appointing up to 9 other Councillors to form the Cabinet. Cabinet is responsible for the majority of functions of the Council within the budget and policy framework set by full Council. Executive decisions are taken by the Cabinet collectively or by officers acting under delegated powers, depending upon the significance of the decision being made. For urgent issues, the chief officer can take a decision in conjunction with the portfolio holder.
- 3.8 The Council has three Scrutiny Committees which review and scrutinise proposed decisions in their respective areas of responsibility – People, Place and Policy & Resources. The committees will review and scrutinise decisions made or actions taken in connection with the discharge of any of the Council's functions. In accordance with the Health and Social Care Act 2012, the People Scrutiny Committee also scrutinises health matters.
- 3.9 Decisions made by the Cabinet may be called in to a Scrutiny Committee in accordance with the provisions of the Scrutiny Procedure Rules. A decision made by Cabinet can be called in by any two Members with written notice given to the Chief Executive within five working days from the date of publication of the digest.
- 3.10 Since May 2012 the Council has operated a pre-Cabinet scrutiny system where scrutiny and opposition Members are given opportunities to contribute to and offer advice on key decisions prior to consideration by Cabinet. This is achieved by reports to Scrutiny Committees and the outcomes of cross party working groups.
- 3.11 The Council has a Standards Committee to promote and maintain high ethical standards of conduct for elected and co-opted Members. A key role of the Committee is to help elected and co-opted Members to observe the Members' Code of Conduct and to monitor the effectiveness of the Members' Code of Conduct. The Standards Committee also deals with formal complaints against Members.
- 3.12 The Council operates a development and training programme for Members to help support them in their strategic roles.
- 3.13 A local authority has a duty to ensure that it is fulfilling its responsibility for adequate and effective risk management, control and governance. To this end, the Council has in place an Audit Committee. The Audit Committee has a key role in overseeing and assessing the risk management, control, and corporate governance arrangements and advising the governing body on the adequacy and effectiveness

of these arrangements.

- 3.14 The Council's major policy objectives and priorities are detailed in the Corporate Plan and Annual Report. The plan articulates the authority's vision, is subject to regular progress review, and is approved by the Corporate Management Team, Cabinet, and Council.
- 3.15 The Corporate Plan and Annual Report is underpinned by detailed service plans which are monitored monthly by Departmental Management Teams. In addition, a monthly performance report outlines key performance indicators that underpin the Council's corporate priorities and corporate priority actions. This is monitored by the Corporate Management Team, Cabinet, and each Scrutiny Committee.
- 3.16 Financial monitoring reports are produced on a monthly basis and form part of the Council's Monthly Performance Report. Reports detail explanations of variance from budget and identify a projected outturn for the year and are considered by Cabinet and the Scrutiny Committees. A three year Medium Term Financial Strategy is refreshed annually and is driven by the priorities agreed by the Council and outlined in the Corporate Plan and Annual Report. The Council runs an annual budget process, which is subject to scrutiny by Scrutiny Committees, prior to decision by full Council, enabling costed, balanced, budgets, (which have been consistently within government 'capping' thresholds.
- 3.17 The Corporate Risk Register is formally reviewed each quarter by the Corporate Management Team, and the Audit Committee half yearly. Departmental risk registers are reviewed regularly by Departmental Management Teams.
- 3.18 The Council engages with its communities and its arrangements are formulated within a consultation and engagement framework. Consultation and engagement activity and the results of this activity are integrated into service planning and delivery and recorded and co-ordinated on the Council's consultation portal.
- 3.19 The Council has a Health and Safety Policy, with an accompanying action plan that is reviewed each year and overseen by the Strategic Health and Safety Group, chaired by a Deputy Chief Executive Officer, which has assisted the Council in reaching Level 5 out of 5 on the RoSPA (Royal Society for the Prevention of Accidents) assessment.
- 3.20 A complaints procedure and a whistle-blowing policy are maintained and kept under review to enable issues to be raised by public, staff, Councillors and co-opted Members, when they feel appropriate standards have not been met. A report analysing complaints, comments and complements is submitted to Cabinet and Council annually.

4. Role of the Chief Financial Officer

- 4.1 The Chief Financial Officer (CFO) occupies a key position in managing the Councils' finances and ensuring that resources are used wisely to secure positive results. In order to support the post holder in the fulfilment of their duties, and ensure that the Council has access to effective financial advice, in 2010 the Chartered Institute of Public Finance Accountants (CPIFA) issued a Statement on the Role of the Chief

Financial Officer in Local Government. The statement:

- Sets out how the requirements of legislation and professional standards should be fulfilled by CFOs in the carrying out of their role and
- Includes five key principles that define the core activities and behaviours that belong to the role of the CFO in public service organisations and the organisational arrangements needed to support them.

These principles are:

- The CFO in a local authority is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and aligned with the authority's overall financial strategy;
- The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively;
- The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose; and
- The CFO in a local authority must be professionally qualified and suitably experienced.

4.2 The Council has the necessary arrangements and procedures in place which ensure that these principles are complied with. This is through a combination of direct compliance by the CFO and, where not directly complied with, ensuring there are alternative procedures in place to make sure that the necessary outcomes and objectives are still achieved and suitable controls are in place. For example, this may include deputising arrangements and delegated authority for financial management in the clearance of relevant Member reports.

5. Review of effectiveness

5.1 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 Directors and Deputy Chief Executives within the Council (who have responsibility for the development and maintenance of the governance environment); the Head of Internal Audit's annual report; by comments made by external auditors and other review agencies and inspectorates and by a governance self-assessment reviewed by the Good Governance Group.

5.2 **Change of Administration:** The May 2016 Council elections resulted in a transfer of power from a four way joint administration of Independent, Labour, Southend Independence Group and Liberal Democrats to a minority Conservative administration. While this was the third new administration in as many years the transfer of power, as in previous years, was achieved with minimal disruption to day to day workings of the Council and with a maintenance of momentum on key

improvement projects and areas of work.

- 5.3 **Changes to Senior Management structures:** The Council undertook the most significant changes to its senior management structures and departmental arrangements since 2006. The changes, introduced from October 2016, aimed to consolidate and align public health functions within the wider Council structure and to position the Council's senior management arrangements to address future budget and social challenges, Council priorities, and to assist in the planning for recruitment, retention and succession planning. These issues had been highlighted as part of the LGA Corporate Peer Review, in October 2015, which while very complimentary about the leadership of the organisation raised some issues for consideration.
- 5.4 The revisions to the senior management structure put in place a more streamlined and strategic form, comprising three departments – those of the Chief Executive, People and Place – with a re-designation of Corporate Directors as 'Deputy Chief Executives', and Heads of Service as 'Directors'.
- 5.5 The Department for the Chief Executive comprises existing divisions of Legal & Democratic Services and Finance & Resources along with a new division for Transformation (the latter incorporating customer service functions and organisational development and human resources).
- 5.6 The Department for People retained its divisions for Learning, Adults & Housing, Corporate Procurement and Children and incorporated the public health function to promote wider integration, particularly aligning with children's and adult services, housing, other health activity and commissioning, getting greater efficiency and synergy with other like activity and leadership support.
- 5.7 The current division responsible with the CCG for joint commissioning consolidated responsibility for commissioning of services for public health alongside other commissioning activity.
- 5.8 The Department for Place retained the divisions for Planning & Transport and Environmental Protection and reconfigured divisions for Culture, Tourism & Property. However, the Council also agreed that the existing ICT support and development for the organisation, in Corporate Services, be relocated to the Department for Place to form a new division focused specifically on digital futures for the borough along with organisational ICT support and development.
- 5.9 The revisions of the leadership structure are also built on, and designed to support, other activity such as the creation of an education board, devolution proposals, sub-regional activity (eg the LEP, South Essex Growth Partnership and the Thames Estuary Commission – for which a new Director of Regeneration & Business Development is responsible), health and social care integration, investment and commissioning for digital infrastructure.
- 5.10 The organisation also agreed the need to move to a structure which will allow directors to delegate to and utilise a wider range of leaders for strategic matters whilst also giving a number of 'middle managers' greater breadth of responsibility to develop leadership capacity in this area.

- 5.11 In addition to these structural amendments, the Council also saw the most significant changes to senior personnel for a decade, with the Chief Executive and Heads of Service for Public Protection, Culture and Health Development leaving. Recruitment to the Chief Executive post was undertaken successfully, as were arrangements to fill the other senior positions.
- 5.12 The Council's Senior Leadership Team won the Municipal Journal's (MJ) 2016 Senior Leadership Team award. The judges stated that the team was delivering *'breathtaking changes to their landscape and to the community', and that they evidenced 'a real passion for ensuring their work was connected and relevant and the culture was embodied throughout the organisation..'*
- 5.13 **Ofsted Inspection – Children's Services:** An Ofsted Inspection of services for children in need of help and protection, children looked after and care leavers and a review of the Local Safeguarding Children's Board (LSCB) was undertaken in April-May 2016. The inspection was based on the Ofsted single inspection framework which covers all service areas from Early Help, First Contact (referrals), Children in Need, Children subject to Child Protection Plans, Looked after Children and Care Leavers, Fostering and Adoption services.
- 5.14 The Ofsted report set out the key judgements on the Council's Children's Services as: "Overall, Children's services in Southend-on-Sea require improvement to be good". Individual judgements were:
- Children who need help and protection - Requires improvement (nationally 56% rated as requires improvement)
 - Children looked after & achieving permanence - Requires improvement (nationally 56% rated as requires improvement)
 - Adoption performance – Good (nationally 47% rated as good)
 - Experiences and progress of care leavers – Good (nationally 33% rated as good)
 - Leadership, management and governance - Requires improvement (nationally 48% rated as requires improvement)
- 5.15 The Local Safeguarding Children's Board (LSCB) was also reviewed during the inspection and deemed to 'require improvement'.
- 5.16 The Council has put in place a detailed Improvement Plan, overseen by an Improvement Board consisting of senior Members, officers, an experienced senior manager independent of the Council, the chair of the LSCB and key partners to ensure robust delivery. In addition, a scrutiny panel reporting to the Peoples Scrutiny Committee, to provide challenge and oversee the progress of the plan, has been established and progress on the Improvement Plan is reviewed as part of the Corporate Risk Register.
- 5.17 The **Good Governance Group** of senior managers continued to meet quarterly to review the Council's governance arrangements to assess whether they are fit for purpose and comply with good practice requirements and ensure that sufficient assurance is available to support the production of the Annual Governance Statement.

5.18 The group oversaw the Delivery of **Ethical Governance** training ('Do the right thing!') for all managers, highlighting good governance practice, the launch of the new Employee Code of Conduct, plus a 'How it Works – A Guide for Managers' and 'A Guide to Southend Borough Council'.

5.19 The Council further progressed its culture change programme, **The Southend Way**, which is focussed on three areas of:

- Engaging Leadership
- Focused Performance
- Resilience and Growth

5.20 In March 2017 the Council was re-accredited for three years as a Gold standard Investors in People employer following an assessment of how well the Council manages its staff. Feedback was very positive in relation to many areas including: development of staff and leaders; levels of staff engagement; significant investment in cultural, leadership and management programmes; the thread between corporate, service, team plans and personal objectives; a developing entrepreneurial spirit and culture of 'continuous improvement' among many others. Areas for further development were also identified.

5.21 The Council established **Southend Care Ltd** as a Local Authority Trading Company (LATC) comprising adult social care services, which was ready to start trading from 1 April 2017, to manage Delaware House Priory House adult care homes and Viking Day Centre with further services to be transferred to the LATC during 2017-18.

The Company will have a turnover of £7.6 million with over 300 staff (about 180 full time equivalent) transferring employment from the Council. The Company will be managed by a Board of Directors (which has been appointed, as has the senior management team) and which will be responsible to the Council, with the majority of support services provided by the Council via Service Level Agreements.

5.22 The **Health and Wellbeing Board (HWB)** has continued to build on its response to recommendations from a Local Government Association (LGA) 'follow up' Peer Review in July 2015. In particular:

- Southend's HWB Chair now joins the Thurrock and Essex HWB Chairs in regularly meeting with the Independent Chair of the Sustainability and Transformation Plan (STP) to enable input into the STP programme which is developing proposals for the reconfiguration of hospitals in South Essex.
- The Council's officer Health Transformation Board (HTB) has reviewed its membership to reflect a broader organisational approach towards approaching operational health and care related issues.
- Quarterly Strategic Safeguarding and Community Safety meetings bring together the Chairs of the Community Safety Partnership, Safeguarding Boards and Health and Wellbeing Board, along with related colleagues and partners from the Police, Social Care and Health. The group promotes communication between the strands and ensures a co-ordinated approach to addressing complex issues. A revised structure has been agreed which reflects strategic ownership for the numerous high level issues covered by the three strands.

- 5.23 The Health and Wellbeing Board (HWB) continues to oversee the development of the early years 'A Better Start Southend' which underwent a re-design of its operating arrangements, saw a new Partnership Board put in place and a fresh approach to co-production. An interim programme management team, tasked with reviewing the work programme, has now successfully completed its work to place the programme on a secure footing. In addition, the Council took formal responsibility, with the Pre-School Learning Alliance, for the strategy development of ABSS, following a request from The Big Lottery, who fund the programme.
- 5.24 **Procurement** – The Council has adopted a collaborative approach to procurement, with the Procurement Team leading and supporting the organisation through a rapid period of change aimed at improving contract management and delivering greater savings and improving the commissioning of services generally.
- 5.25 The Council has moved from an operational function influencing 30% (four?) years ago of spend to one that influences 85%. In the process it has supported the redesign of controls and systems, improved the quality of contract management and improved the skills of staff. The annual procurement plan (including 115 Procurements) delivered savings of £1.58m (annualised) and £1.15m one-off savings in 2016/17.
- 5.26 Some of the significant changes are:
- Updated Financial Regulations and Contract Procedure Rules were aligned and updated in the constitution
 - The Procurement Strategy and Toolkit were updated (up to 2019)
 - All tenders over £75k are tendered through an e-procurement system
 - All contracts (and associated documents) of a value of £75,000 and above are recorded on an electronic procurement register
 - All ICT contracts and associated contract documents are recorded on the e-procurement register regardless of value
 - Monitor and challenge compliance, routes of non-compliance have been closed, all exceptions to standard P2P (Procure to Pay Processes) have to gain approval (ie Payment without Purchase Order and Tender Exemption);
 - Identified and addressed Contract Opportunities including non-performance, improving outcomes, eg the new print contract; parking; cleaning and security and
 - Enhanced capacity by developing contract management principles; identifying critical contracts and opportunities and targeting procurement resource.
 - Adopted our own contract management training - tailored specifically for contract managers to negotiate and understand all the elements of managing good contracts
- 5.27 The significant changes delivered have been recognised nationally with the Procurement Team winning the National Go Procurement Team of the Year award 2017/18.

5.28 Queensway – Internal Audit have worked with the Project Board during the year and have identified a number of issues, which are being addressed to ensure robust arrangements are in place, as the project moves from concept to delivery stage. As part of this process formal management responsibility moved to the Director of Regeneration and Business Development. Management arrangements for the **Airport Business Park Project** (overseeing a large investment programme, including £20m from the Local Growth Fund) were reviewed and found to be sound, with a ‘well defined’ governance structure and a project plan in place.

5.29 While devolution proposals for Essex stalled following a decision of Essex local authorities, the Council continued to pursue its agenda for economic growth through the Local Enterprise Partnership (LEP) and Opportunity South Essex (the federated board of the LEP) in particular. It continued to explore potential partnership opportunities with other Councils in south Essex.

5.30 Success Regime The Council continued to play an active part in the Essex Success Regime, one of three such areas the country identified as having systemic pressures in the field of health and social care. Proposals under the Success Regime were developed and the Council has had significant engagement on these through the Health and Wellbeing Board, Scrutiny Committee and through the Success Regime Project Board (at which senior officers are present). Final options are being developed, and it is likely that formal consultation on these will start in September 2017, presenting both potential opportunities and risks.

5.31 Four issues were subject to pre-Cabinet scrutiny through reports being considered by a **Scrutiny Committee** during 2016/17, with other issues (such as future provision of secondary school places) considered through working parties. All budget items were referred directly to the three scrutiny committees. There were 11 ‘call-ins’ from Cabinet to the Policy & Resources, 15 to the People and 17 to the Place scrutiny committees – a reduction of 16 compared to 2015/16. Two ‘in-depth’ scrutiny reviews were undertaken: ‘*Alternative provision – off site education provision for children and young people*’ and joint project by Place & People Scrutiny Cttee on ‘*To investigate the case for additional enforcement resources for Southend*’.

5.32 The **member development programme** for 2015/16 was continued for 2016/17, with an extensive induction programme for new members. The member induction included: sessions on service areas, getting the most from ICT, a bus tour of the borough and one to one briefings on Member Code of Conduct with the Monitoring Officer. Information packs with key sources of information were also made available, along with a dvd outlining the role of a councillor, and key information available via the Council’s e-learning portal (SPARK).

In total, 31 member training sessions were held during the year on a range of subjects, which included achievement data, commercial property market, merger of mental health bodies, airport business park.

5.33 Cabinet agreed a revised an updated **Information Management Strategy** in June 2016. The strategy agreed a series of principles and actions promoting better, more creative, use of information, encouraging appropriate sharing and transparency while ensuring data security and compliance. It also highlighted the impending

General Data Protection Regulation, for which the Council began preparations.

- 5.34 The Council's approach to information management is reviewed each year in respect of completing the Health and Social Care Information Centre **Information Governance toolkit**, enabling organisational assessment against Department of Health information governance policies and standards. The Council again achieved level 3 (the highest possible) in 24/28 (compared to 17/28 in 15/16) requirements and level 2 in the remaining four) against the required standards. The Information Commissioner's Office continues to use the Council as a reference authority in relation to its work in processing Subject Access Requests.
- 5.35 The Council established an **Education Board** (replacing the previous Schools Forum) with a view to enabling the council to play a role in future school improvements and improve engagement between the council, its schools and academies. With representation across all sectors, it draws together education professionals to act as a strategic vehicle on education matters and will embed school to school support (alongside residual LA statutory functions) in Southend. The Council was a finalist for the 2017 MJ Awards Excellence in Governance and Scrutiny category in relation to the establishment of the Board.
- 5.36 Officers have dealt with all outstanding recommended actions contained in the Internal Audit report of the **Council's payroll system** in 2015, including those that were amended with the agreement of Internal Audit, due to functionality limitations of the payroll system.
- 5.37 Following the review of the Council's corporate **risk management arrangements**, in 2015 (and subsequent updated corporate policy and toolkit) Internal Audit reviewed the Council's corporate, service plan and project risk process - resulting in a number of recommendations, which are being taken forward in 2017/18.
- 5.38 Regular reviews of Internal Audit review recommendations are undertaken by the relevant Directors and Departmental Management Teams.
- 5.39 Progress on actions to enhance governance arrangements arising from the 2015/16 Annual Governance Statement were reported to Audit Committee during the 2016/17 financial year, with relevant outcomes against the action.
- 5.40 The Council worked with research partner, OPM, to deliver a community engagement programme of work – 'Our Town, Our Future', which is linked to related internal transformation and community development initiatives. A range of workshops were delivered to identify areas of potential co-production with residents and inform a revised local vision for the borough. These included sessions with parents, older people, voluntary and community sector organisations, Southend Youth Council and council senior managers and staff.

6. Internal Audit

- 6.1 The annual risk based Audit Plan was prepared in consultation with Directors, Deputy Chief Executives and the Chief Executive. It was approved (but not directed) by the Audit Committee. Terms of Reference and reports are discussed with relevant Directors, Deputy Chief Executives or the Chief Executive before being

finalised. The recommended actions required to mitigate risks audited are summarised in an action plan.

Internal Audit revisits action plans where the original report's opinion was either Partial or Minimal. These actions are retested and the results of this work is reported to the Corporate Management Team and Audit Committee as part of the Quarterly Performance Report.

6.2 Head of Internal Audit Opinion for the year ended 31 March 2017

6.2.1 The Head of Internal Audit Annual Report and opinion for 2016/17 was considered by the Corporate Management Team and the Audit Committee in June 2016. This stated that:

'As discussed with senior management, it would be timely to undertake a review of the Council's governance and assurance framework to ensure it remains fit for purpose and supports the delivery of service objectives across the Council.

This is particularly the case for the organisational processes that enable any business to be managed effectively. The work completed to develop the understanding of risk management, and planned to fully integrate this into the governance framework, should help with this significantly.

This, in conjunction with the planned training on "How it Works, A guide for managers to help the Council run effectively", will help those managers or team leaders who do not:

- ***fully understand the objectives of and risks relating to the services they are delivering***
- ***obtain appropriate evidence that these processes are designed and / or being applied properly by their staff, consistently throughout the year.***

Particular consideration needs to be given to ensuring clarity around roles and responsibilities where processes or activities cross team, service, departmental or organisational boundaries. Without clear accountabilities, processes may not operate as efficiently and effectively as possible.

Further work is required in order to ensure that performance management processes designed to monitor that actions arising from audits are implemented properly and in a timely manner, are effective.

Internal Audit continues to work proactively with services to help ensure that action plans arising from children's, adults or domestic homicide case reviews or inspections are SMART¹ and address the cause of the issue not the symptom. Developing a more corporate approach to training staff in these skills and / or ensuring such support is consistently available in such circumstances would be beneficial.

Otherwise the design and operation of the Council's risk management, control and governance framework continues to be satisfactory.

¹ Specific, Measureable, Attainable, Relevant, Timely

6.2.2 Compliance with Professional Standards, Head of Internal Audit Opinion

The in-house service has substantially conformed to the relevant professional standards throughout the year.

I have obtained assurance from external suppliers regarding their conformance with relevant professional standards, but have not independently confirmed this with regards to audit work completed at the Council'.

- 6.3 *The only area where the Council has chosen not to implement the Standards relates to the appointment and removal of the Head of Internal Audit, as the Council's normal human resources practices would already mitigate this perceived potential risk.*
- 6.4 External audit has confirmed it can rely on Internal Audit's work where it was relevant to its audit of the Council's Statement of Accounts

7. Issues for the Annual Governance Statement

- 7.1 No issues have come to my attention this year, other than those already disclosed, that I believe need including in the Council's Annual Governance Statement'.

8. External Inspections

- 8.1 Assurance over the control environment is also obtained from external inspections and assessments of service areas. External assessments for 2016/17 included:
- Ofsted inspection of Childrens Services – 'requires improvement' (para 5.4)
 - 10 Ofsted primary school inspections (1 outstanding, 7 'good', 1 requires improvement, 1 'Inadequate').
 - 1 Ofsted secondary school inspection ('good').
 - CQC - School Nursing Service (no rating provided).
- 8.2 These along with other external assessments, provide further independent assurance of governance arrangements and the quality of service provision. The Council is also regularly recognised through industry awards such as:
- The Council's Senior Leadership Team won the Municipal Journal's (MJ) 2016 Senior Leadership Team award.
 - The Council's procurement team won Procurement Team of the Year at the National Government Opportunities (GO) Excellence in Public Procurement Awards.
 - Winner of three excellence awards Public Service People Managers Association (PPMA), 2017: Sustainable transformation; transforming the working environment and PPMA President's Award for special contribution to the Director of Transformation.

- 'Training Journal Awards Winner 2016' for the Council's Organisational Development Programme and runner up for Coaching Programme.
- The Council was a finalist in the MJ Awards (2017) Excellence in Governance and Scrutiny category (in relation to the establishment of the Education Board).
- The National CCTV User Group awarded Southend's CCTV two awards, for 'management and innovation' and best 'CCTV team'.

9. Conclusion

9.1 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

9.2 Actions to be specifically addressed are outlined below.

Annex 1

Further actions to strengthen the Council's governance arrangements for 2017/18

| No | Area | Action | Date of Implementation | Responsible Officer |
|----|---|--|------------------------|----------------------------|
| 1. | Further embedding risk management | Develop further and align work on risk across the Council so that the approach to risk management is better embedded across the organisation, supports the governance framework and the transformation agenda and is better integrated into decision making. | March 2018 | Chief Executive |
| 2. | Information Management, including General Data Protection Regulation (GDPR), data sharing, data quality, information Security | Ensure the Council's information management arrangements are developed so they are compliant with the General Data Protection Regulation, promote information and data sharing, ensure the quality of data used is sound and the Council has robust arrangements in relation to cyber security | March 2018 | Director of Transformation |
| 3. | Business Continuity Planning | To undertake actions in the BCP project plan, including recommendations and management actions arising from the Internal Audit review of the Council's BCP arrangements. | March 2018 | Director of Transformation |

| No | Area | Action | Date of Implementation | Responsible Officer |
|----|------------------------------------|---|------------------------|---------------------------|
| 4. | Governance and assurance framework | Undertake a review of the Council's governance and assurance framework to ensure it remains fit for purpose and supports the delivery of service objectives across the Council' | March 2018 | Corporate Management Team |

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Significant Governance Issues

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

ALISON GRIFFIN
CHIEF EXECUTIVE
DATE:

COUNCILLOR LAMB
LEADER OF THE COUNCIL
DATE:

Annex 2

SBC Corporate Governance Actions – 2016/17 – Progress

| No. | Governance Issue | Action 2016/17 | Responsible Officer | Comment on Progress |
|-----|--------------------------------------|--|---|--|
| 1. | Payroll system | To implement all outstanding audit recommendations relating to the Payroll system | Joanna Ruffle - Director of Transformation | All outstanding recommendations have now been implemented. Some of the actions have been amended, with the agreement of Internal Audit, due to functionality limitations of the payroll system. Where this is the case alternative audit controls/assurances have been developed, implemented and agreed with internal audit. Payroll is due/has been audited at the end of May 2017 to provide further assurance. |
| 2. | Combined authority and joint working | To play an active part in on-going discussions with neighbouring local authorities on joint working (including devolution deals) which will promote the Council's economic growth agenda and other interests, challenging options for a directly elected mayor, developing the South Essex growth agenda and contributing to the | Chief Executive and Town Clerk | In May 2016 the 15 councils in Essex voted against pursuing a devolution bid which involved a directly elected mayor. Southend Council voted against. All 15 Councils voted to continue to pursue devolution opportunities. South Essex Chief Executives and Leaders have regular discussions to |

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| | | Thames Estuary Commission. | | enhance joined up working and focus on issues of common interest. |
| 3. | Ofsted Inspection of Children's Services | To implement any recommendations arising from the Ofsted Inspection of Children's Services in April-May 2016. | Simon Leftley - Deputy Chief Executive | <p>The Council has put in place a detailed Improvement Plan, overseen by an Improvement Board of senior Members, officers, an experienced senior manager independent of the Council, the chair of the LSCB and key partners to ensure robust delivery. In addition, a scrutiny panel reporting to the Peoples Scrutiny Committee, to provide challenge and oversee the progress of the plan, has been established and progress on the Improvement Plan is reviewed as part of the Corporate Risk Register.</p> <p>Good progress is being made against the Improvement Plan milestones, although further work is required to ensure the Council is in a position to secure a 'good' rating from Ofsted.</p> |
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