

# Southend-on-Sea Borough Council Annual Governance Statement – 2019/20

## 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 there are robust governance arrangements between the Council and its subsidiaries.
- 1.3 The Council has approved and adopted an updated Local Code of Governance (the Code) in December 2019, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the Council's code is part of the Council's Constitution and is available on the Council's [website](#) or can be obtained from the Corporate Strategy Team, Civic Centre, Victoria Avenue, SS2 6ER.
- 1.4 This Annual Governance 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 Annual Governance Statement

- 2.1 The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and the 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 the Council for the year ended 31 March 2020 and up to the date of approval of the annual statement of accounts.

### 3. The Council's Governance Framework

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

#### **Community participation, including co-design/production with citizens**

- Customer satisfaction
- Consultation and engagement
- Complaints, compliments and comments

#### **Outcome based business planning and strategy**

- Decision making / constitution
- Policy framework and procedures
- Performance management, including data quality
- Risk management, whistleblowing
- Business continuity
- Information management security
- Contract management
- Project management
- Change / transformation management

#### **Outcome based financial planning & reporting, budgetary control and treasury management**

- Commissioning
- Procurement
- Asset Management
- Fraud & Corruption and Insurance
- Value for Money

#### **Workforce management & development**

- Values and behaviours - codes of conduct for members and staff
- Staff performance management
- Health and safety
- Ethical governance

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 undertaken by the officer Good Governance Group;
- An annual report to the Corporate Management Team and the Audit Committee on the adequacy of governance arrangements and

- An annual review of 'The Local Code of Governance', with any significant amendments 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. Minor changes can also be made to the Constitution by the Chief Executive in consultation with the Group Leaders and the Monitoring Officer.
- 3.7 The Council operates a Leader and Cabinet 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, a chief officer can take a decision in consultation with the relevant 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 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 councillors with written notice given to the Chief Executive within five working days from the date of publication of the digest.
- 3.10 The Council operates a pre-Cabinet scrutiny system where scrutiny and opposition councillors 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 committee members. A key role of the Committee is to help oversee the councillors' Code of Conduct and to monitor the effectiveness of the councillors' Code of Conduct. The Standards Committee also deals with formal complaints against councillors.
- 3.12 The Council operates a development and training programme for councillors 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 outlined in the 'Road Map to 2023', which outlines the ambition for the borough to 2050, five related themes and the 23 desired outcomes for 2023.
- 3.15 The Road Map is underpinned by five strategic delivery plans, each overseen by a member of the Corporate Management Team and 23 Outcome Delivery plans, each led by members of the Senior Leadership Network. Reports outlining progress against key areas of performance are monitored by the Corporate Management Team, Cabinet and Scrutiny Committees.
- 3.16 Regular financial monitoring reports providing explanations of variance from budget and a projected outturn are also considered by Cabinet and the Scrutiny Committees. A five year Medium Term Financial Plan is refreshed annually and shaped by the priorities agreed by the Council. The Council has also developed a new Financial Sustainability Strategy providing a 10 year horizon. The Council's annual budget process is subject to engagement, consultation and scrutiny by all interested stakeholders. Formal public Scrutiny Committees take place at the end of January, prior to consideration by Cabinet and decision by full Council on the overall budget package in February. This enables a robust, costed and balanced, budget to be set. The overall budget development and approval arrangements complies with good practice, and helps to ensure that the Council remains financially resilient.
- 3.17 The Council operates a four year **capital programme**, with the application of a 'gateway review' process to enable items on a reserved list to be subject to further consideration before being included in the programme. This, among other things, enables consideration of levels of required resourcing to be applied to projects in line with the capacity of the organisation and support for a more outcome focussed approach.
- 3.18 The Corporate Risk Register is reviewed regularly by the Corporate Management Team, and by the Cabinet every six months. Project risk and departmental risk registers are reviewed by service area management teams.
- 3.19 The Council engages with its communities within a participation, consultation and engagement framework that harnesses co-design and asset based community development principles, with outputs integrated into business planning and delivery.
- 3.20 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 the Deputy Chief Executive. This has assisted the Council in reaching Level 5 (out of 5) diamond award on the RoSPA (Royal Society for the Prevention of Accidents) Quality Safety Award assessment.
- 3.21 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 compliments 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. To support the post holder in the fulfilment of their duties, and ensure the Council has access to effective financial advice, in 2016 the Chartered Institute of Public Finance Accountants (CIPFA) issued an updated 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 Council'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 Council'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 reports to councillors.

#### **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 the Senior Leadership Group; work undertaken by the Good Governance Group; the Head of Internal Audit's annual report; by comments made by external auditors and other external agencies and inspectorates. The Council has also made a commitment to undertake

a comprehensive evidenced based self-assessment against each of the 17 standards contained within the new CIPFA Financial Management Code.

- 5.2 The last few weeks of 2019/20 were dominated by the Council's preparations for managing the Covid19 crises, which has had such a fundamental impact on day to day life, national public policy and the governance, services and finances of all local authorities. The Council's civil contingency arrangements were put into effect in the run up to national lockdown from 23.3.20, and has continued and adapted since, aligning to Government requirements and the Essex Resilience Forum operations.
- 5.3 The Council's Gold command and Silver tactical groups, along with collaborative working with partners, oversaw an unprecedented mobilisation of council, partner and community resources to meet the crises. This included: supporting lockdown enforcement; supporting health and care sectors in managing hospital and care service demand; providing food & essential provisions for the most clinically vulnerable; providing housing for all rough sleepers in the borough; supporting school closures and on-going pupil education; undertaking an intensive communications programme to residents, stakeholders and the wider world and supporting local businesses by processing government grants and loans. This was implemented within weeks, while continuing to operate the range of other services that remained open and while enabling nearly all staff to work effectively remotely and be re-deployed when required.
- 5.4 Decision making processes for urgent matters and routine business that would normally go to Cabinet or Committee (known as the Standing Order 46 process) were adapted, and took effect from the start 2020/21. This included provision for consultation on such matters with all group leaders, not just the relevant cabinet member/s. In addition, the process for holding virtual committee meetings was agreed and put into effect.
- 5.5 Preparations began on considerations for the 'recovery phase' and moving to a 'new normal' of operations, initially with the Council's cabinet members and CMT and then engaging the wider senior leadership, staff and residents. There is an expectation that processes for decision making, the ways of working, the shape of particular services and the financial resources available to the council will be fundamentally different moving forward. However, the Council's response will help drive its programme of fundamental change to deliver its ambition and desired outcomes.
- 5.6 After a period of majority Conservative administration from 2017-19, **a joint administration** of Labour, Independent and Liberal Democrat councillors was formed following the May 2019 elections. The new administration's priorities were incorporated into the Council's Road Map to 2023. These included: a greater emphasis on new housing opportunities; the green agenda; integrated transport; proactively managing the street scene; a revised approach to parking; enhancing the skills of local people; tackling inequalities and making the council more financially sustainable and commercially minded.
- 5.7 The new administration sought to enhance the role of councillors in leading delivery of the desired outcomes. Measures to do so included the rationalisation of 12 **Cabinet Working Parties** in July 2019, to be based around the seven new portfolios. The working parties were re-cast to enable cabinet members to work more collegiately with cross party colleagues, focussing their efforts on policy

objectives in a more pro-active way than had been the case previously. In addition, a review of the Council's Protocol on member/officer relations was undertaken, the findings of which will now be considered in the new municipal year.

- 5.8 A major revision to **senior management arrangements** was undertaken in July 2019 to provide the capacity needed to meet councillors' ambitions, the desired increase in pace of decision making and delivery and to spearhead the cultural transformation required. These changes were designed to move away from a traditional hierarchy, with multiple organisational layers, to a more matrix form of management across functional areas, applying the lowest appropriate delegation, with greater flexibility and focus on empowerment and accountability. Executive Directors are expected to take a corporate lead on creating the right conditions and culture for outcome delivery as well as lead their services.
- 5.9 The new arrangements saw the Corporate Management Team (CMT) move from:  
Chief Executive; two Deputy Chief Executives (Place and People) and three Strategic Directors (Transformation, Finance & Resources; Legal & Democratic Services) to:  
  
Chief Executive; Deputy Chief Executive & Executive Director (Growth and Housing); and Executive Directors for Neighbourhoods & Environment; Children & Public Health; Adults & Communities; Transformation; Finance & Resources and Legal & Democratic Services.
- 5.10 Additional capacity was added at director level for housing, property and ICT, with the Director of Digital Futures & ICT reporting to the Executive Director, Transformation, and further capacity built into the ICT service, including a fundamental revision of the approach of the ICT service and restructure of the shape and focus of the team, in recognition of the need to maximise the importance of technology in transforming the way the Council does business.
- 5.11 The new structure means it is more common to have a range of grades reporting into managers, helping to ensure some key operational services (highways, open spaces and street scene) are closer to the senior management team.
- 5.12 The Council's Transforming Together programme was progressed to move the organisational culture to one that can deliver the desired outcomes by being more agile, efficient, more entrepreneurial and more engaged with residents and customers. This included:
- Embedding the Council's refreshed set of **values and behaviours** through a new staff appraisal process (introducing 'annual performance conversations').
  - A re-vamped **staff induction** programme
  - Launch of a **Knowledge Hub** on-line training & development portal enabling staff to access over 2000 learning resources over 55 areas.
  - A staff led revision of the council's approach to **reward and recognition**

- Progressing agile working through a '**worklife**' programme, using agile project methodology, more flexible work arrangements, providing creative workspaces, video conferencing, hot desking, remote working and providing a service design 'lab' to help creative thinking and minimise hierarchical and practical constraints.
- A new **service design** team supported the council in harnessing agile and co-design principles, ensuring the end user is involved in design challenges. This approach was used in relation to special educational needs, senior management administration support, councillor enquiries and the Council's approach to dropped kerbs, among others.
- Progressing the Southend 2050 outcomes through an ongoing programme of engagement with staff and stakeholders. Building on a partnership summit in February 2019, this took the form of a '**Test, Learn and Challenge**' fortnight in September. This included an ideas marketplace and summit, to review, challenge and contribute to business proposals. All services conducted their own team challenge to examine how they contribute to the 2050 outcomes and ambition, what they could do differently or stop doing. This was followed up, with a '**Test, Learn & Collaborate**' summit in January with staff and partners identifying co-delivery partners and key milestones through to 2023 and onto 2028 in delivering the desired outcomes.

5.13 As part of the approach to **simple and effective governance**, the four new **governance boards**, focussing on: Investment; Commissioning; Growth & Infrastructure and Innovation & Design began operating. The latter two evolved into more of a forum/space for consideration of projects/ proposals, although all four are likely to be subject to further review in the light of experience. The **Good Governance Group** of senior managers was revised to encompass information management, cyber security and civil contingency to review the Council's governance arrangements to assess whether they are fit for purpose, and ensure that sufficient assurance is available to support the production of the Annual Governance Statement. The **Local Code of Governance** was revised in November 2019 to reflect the Council's current governance arrangements.

5.14 The Commissioning Board progressed the revised **commissioning framework** to move the Council to become a more outcome based commissioning organisation, although this is recognised as an area for further work.

5.15 Work started on developing a programme for service managers, '**Getting to Know Your Business**' which looks to ensure managers have a better understanding of their service areas in terms of: performance; finances; value for money; citizen insight with a view to supporting a more **outcome based investment** approach. The programme will also seek to highlight and complement leadership development, promoting commercial awareness and a better understanding of business acumen.

5.16 A revised approach was taken towards securing long term financial sustainability and more effective medium term business and financial planning. This included agreeing a fully funded **integrated set of outcome focussed revenue budget initiatives and capital investment priorities** as part of the Council's budget development.

- 5.17 In addition, **revenue and capital budget performance reports** to Cabinet and Scrutiny Committees were given greater prominence with their own separate reports (rather than being incorporated into the previous monthly performance report). The reports highlight any major variations from approved spending and capital plans for the year, enabling more pro-active financial management. They complement a new Outcomes Success measures report, considered by each meeting cycle of Cabinet and Scrutiny.
- 5.18 An updated **Medium Term Financial Strategy (MTFS)** (2020/21 – 2024/25), agreed as part of the Council's budget package, provided an integrated view of the whole of the Council's finances and priority investment plans over the medium term in meeting increasing demand for priority services, aligned to the ambition, phased priorities and commitments of Southend 2050.
- 5.19 A new high level long term **Financial Sustainability Strategy** (2020-30) was developed to frame the financial future and intentions for the Council. It helps set the context for the MTFS and guides the Council's approach to maximising resources, prioritising investment and the effective targeting of resources to deliver the ambition and outcomes. It outlines the Council's approach, desire and commitment to achieving financial sustainability by embracing the area's economic potential, growing the local tax base and increasing sustainable income capabilities.
- 5.20 The introduction of a **Safeguarding Southend Strategic Leadership Group**, a strategic partnership board, made up of the key statutory agencies (police, CCG, Council and independent advisor) proved successful. The Group determines local safeguarding arrangements and replaces the previous Adults and Children's Boards. New Southend safeguarding partnerships for children's and adults now report into the strategic **Safeguarding Southend Strategic Leadership Group**, with a remit to provide leadership on policy and practice.
- 5.21 Ofsted undertook a full inspection of the Council's **Children's Services** in July 2019. The inspection focused all areas of statutory children's social work services and early help services delivered by the Council. It did not inspect the work of partners. The inspectors stated that services for children in Southend require improvement to be good across all areas, as was the case at the last inspection in 2016. The report stated that:
- “While senior leaders have made significant progress in some areas in improving the quality of practice, despite a challenging local context, there is more work to do. Leaders have concentrated heavily on strengthening the ‘front door’ multi-agency response to contacts and referrals, planning for children in need and services for vulnerable adolescents, following learning from a joint inspection. These services are now highly effective”.
- 5.22 While the 2016 inspection found the service required improvement in 12 areas, the 2019 inspection found a need for required improvement in four. A revised Strategic Children's Services Improvement Plan has been put in place and is being overseen and implemented by the Children's Services Improvement Board, a Cabinet/ councillor working group, the service and safeguarding partners. The Improvement Board is chaired by the Leader and attended by senior Officers, Lead Member, opposition Children's lead and the chair of safeguarding Partnership along with an Independent external expert.

- 5.23 A cross-Council working group led by the Director for Regeneration & Growth and reporting to CMT, co-ordinated the Council's response to **Brexit** preparations – particularly in the event of a 'no-deal'. The arrangements made were closely aligned with those of the Essex Resilience Forum and the Government's Operation Yellowhammer. These included updating civil contingency and business continuity arrangements, putting in place new arrangements for regulatory services, assessing and mitigating changes to EU funded projects, ensuring Council policies reflected new legislation and guidance, keeping residents informed, supporting local business and promoting the EU Settlement Scheme.
- 5.24 The cross party **Shareholder Board**, formed to oversee the governance of the Council's companies and joint ventures, chaired by the Leader and reporting to Cabinet, continued to meet. It received the accounts and business plans of South Essex Homes; Southend-on-Sea Forum Management Ltd (a zero profit joint venture between the University of Essex, the Council and South Essex College set up to manage the property of The Forum) and Porters Place Southend LLP, joint venture formed to regenerate the Queensway estate.
- 5.25 A new Partnership and Member Agreement was adopted to govern the relationship between the Council and **South Essex Homes (SEH)**. The Partnership Agreement is more output based and encompasses the SEH commercial subsidiary, South Essex Property Services (SEPS), as a party so there is a single point of contractual reference. The Member Agreement is intended to encapsulate the parent/subsidiary relationship between the Council and SEH, but does not cover SEPS.
- 5.26 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 continued to meet to promote communication between the strands and ensure a co-ordinated approach to addressing complex issues.
- 5.27 The Council continued to play a central role in the **Association of South Essex Local Authorities (ASELA)** to seek to secure the strategic infrastructure, planning and growth required for the area. Work to shape the ask of government in terms of future investment and powers to enable delivery of the vision for South Essex was progressed.
- 5.28 Following the establishment of Porters Place Southend-on-Sea LLP as the joint venture partnership to progress the **Better Queensway** regeneration project, good progress was made with a launch event, two rounds of public consultation, a Housing Needs survey and approval of the Initial Business Plan by the LLP Board and its two shareholders – the Council and Swan Housing Association. This was considered by the Council's Shareholder Board before approval at Cabinet in November 2019.
- 5.29 The Council continued to be an active partner to the South East Local Enterprise Partnership (**SELEP**), with the Council represented by the Leader or Deputy Leader at the main (Strategic) Board, Accountability Board and investment panel, as well as the South Essex sub-board "Opportunity South Essex".
- 5.30 The Council acted as the accountable body for a number of externally funded projects operating across Southend, South Essex and the wider South East. These include the South East Business Boost (SEBB) European Regional Development

Fund programme which also received a three year extension, the Enterprise Advisor Network provision in Southend and the Construction Industry Training Board funded South Essex Construction Training Academy (SECTA).

- 5.31 Six reports were **called-in** from the Cabinet for review by the People Scrutiny Committee, 12 matters were called-in to the Place Scrutiny Committee and 11 reports were called-in to the Policy and Resources Scrutiny Committee. All budget items were referred directly to the three scrutiny committees as was the revised time-line for Southend 2050 and a range of other regular reports on performance, finance, risk and a Public Sector Protection Order.
- 5.32 Three 'in-depth' scrutiny reviews were started in the context of the Southend 2050 ambition: To review the level of domestic waste recycling and ways to achieve higher rates (Place); the appropriate use of reablement for older people when discharged from hospital (People) and Council and councillor communications with local people and stakeholders (Policy & Resources).
- 5.33 Progress on these reviews and Cabinet working parties was impacted by the December General Election and the onset of Covid 19 (the last cycle of scrutiny meetings and others in March 2020 were cancelled or postponed).
- 5.34 Mandatory e-learning for both data protection and cyber security was introduced for staff, supplemented by alternative tailored training for those for whom using an e-learning platform might not be appropriate. Recommendations from previous audits were progressed. Policies and internal processes have been updated.
- 5.35 The Council's approach to cyber security was enhanced by use of a self-assessment tool, the outcome of which has informed the future operating model for ICT and digital enablement. The Council's approach to information management, data protection and cyber security was also reviewed by completing the NHS Data Security Protection Toolkit enabling assessment against Department of Health information governance policies and standards. For 2019/20 the Council was independently assessed as providing 'substantial assurance' in meeting 'standards met' compliance.
- 5.36 Progress on actions to enhance governance arrangements arising from the 2018/19 Annual Governance Statement were reported to Audit Committee during the year, with progress on relevant outcomes against the action.

## **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 developed by the Head of Internal Audit and approved by the Audit Committee. Terms of Reference and reports for specific audits are discussed with relevant Directors, Deputy Chief Executives or the Chief Executive before being finalised, with the recommended actions required to mitigate risks summarised in an action plan.
- 6.2 Internal Audit revisits action plans where the original report's opinion was either Partial or Minimal assurance. 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.

## **Head of Internal Audit Opinion for the year ended 31 March 2020**

- 6.3 The Head of Internal Audit Annual Report and opinion for 2019/20 states that:
- 6.4 Governance comprises of the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. Such arrangements can take many forms and still be effective. Appropriate assurance is then required that these processes are fit for purpose and being applied throughout the organisation.
- 6.5 During 2019/20 the Council continued to build on the work that had been undertaken to create the shared ambition for the borough and desired outcomes for its residents, visitors, students and other stakeholders. This has involved continuing to transform the culture, the way that the Council operates and revised governance arrangements, so that the Council develops a culture, a focus, a structure and ways of working that are most effective and appropriate to deliver the required outcomes.
- 6.6 The impact of the covid-19 pandemic began to manifest itself in the latter part of the year as the Council went into emergency response mode in line with the rest of the country and most of the world. The Council's response appears to have held up well, coordinating a wide range of resources from a range of different sources to provide the support, response and management of the community to meet the requirements of the Borough as it goes through the period of lockdown. Clearly there will be a huge amount to do and further challenges as the Borough and the Council moves into recovery mode and the Council is gearing itself up to deliver and meet the multiple challenges ahead.
- 6.7 As a result there continues to be significant change being made to way the Council is operating. The new governance arrangements and ways of working in the current situation continue to develop and evolve, and therefore there is a need for these to have the opportunity to be properly embedded and assurance obtained that they are working effectively as intended, before they can be considered to be operating effectively. However the opportunity for a period of time in which things can begin to settle into a 'new normal' does not appear to be forthcoming very soon.
- 6.8 Therefore, the remainder of this report should be read within this context.
- 6.9 With regards to the assurance provided by audit work undertaken, in these areas, the design and operation of the Council's risk management, control and governance framework in place for the year was satisfactory overall.
- 6.10 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.
- 6.11 The basis for forming this opinion is an assessment of:
- the design and operation of the underpinning governance and assurance framework
  - the range of individual opinions arising from risk based and other audit assignments that have been reported during the year taking into account the relative significance of these areas
  - whether management properly implement actions arising from audit work completed, to mitigate identified control risks within reasonable timescales.

6.12 The Head of Internal Audit has not reviewed all risks and assurances relating to the Council's activities in coming to his opinion.

### **Compliance with Professional Standards, Head of Internal Audit Opinion**

6.13 The Institute of Internal Auditors assessed the in-house team as fully meeting most of the Standards, as well as the Definition, Core Principles and the Code of Ethics at the last assessment undertaken (classified as "Generally Conforms", the highest rating).

Good assessments were achieved in relation to:

- reflection of the Standards
- focus on performance, risk and adding value
- quality assurance and improvement programme.

Needs improvement assessments were given in relation to:

- coordinating and maximising assurance
- the efficiency of its operations.

6.14 During 2019/20 the team has continued to deliver work using the improved approach resulting from development and implementation of the Compliance with the UK Public Sector Internal Audit Standards Action Plan arising from the assessment by the Institute of Internal Auditors. As a result the service has substantially conformed to the relevant professional standards throughout the year.

6.15 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.

## **7. Issues for the Annual Governance Statement**

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

## **8. External Inspections and assessments**

8.1 Assurance over the control environment is also obtained from external inspections and assessments of service areas. External assessments for 2019/20 included:

- 10 Ofsted primary school inspections (1 'Outstanding', 9 'Good'). The overall position at April 2020 therefore was:
  - Primary schools: 5 outstanding, 26 good, 2 requires improvement.
  - Secondary Schools: 5 outstanding, 4 good, 2 requires improvement, 1 inadequate
  - Special schools: 1 outstanding, 3 good, 1 requires improvement
  - PRU/alternative provision: 1 good, 1 requires improvement.
- Ofsted full inspection of the Council's **Children's Services** (July 2019) – requires improvement to be good.
- Adult Social care ratings:

- Nursing homes: 10 good, 6 requires improvement (RI);
- Residential homes: 3 outstanding, 62 good, 12 RI, 2 inadequate;
- Domiciliary care agencies: 4 outstanding; 31 good; 7 RI; 1 inadequate.
- Community care services: 12 good; 1 RI.

## **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.

## Further actions to strengthen the Council's governance arrangements for 2020/21

No	Area	Action	Date of Implementation	Responsible Officer
1.	Covid 19 relaxation, restoration and recovery	To ensure that the Council's governance arrangements are adapted to meet the Council's response to the Covid-19 pandemic. This will include enabling remote councillor formal and informal meetings and undertaking a revision of the Council's constitution to ensure it is suitable to meet new circumstances and to help deliver the Council's ambitions and desired outcomes.	March 2021	Chief Executive
2.	Southend 2050 - Transformation	Continue to ensure the necessary skills, tools, new ways of working and right culture are in place to support the Council's workforce to deliver the ambition and desired outcomes of the 2050 Road Map and to support the Council's response to the Covid 19 pandemic.	March 2021	Executive Director, Transformation
3.	Southend 2050 – officer governance	Ensure the Council's officer governance architecture is effective, along with other governance bodies, in supporting the delivery of the 2050 programme and providing the necessary assurance in approach to that delivery to demonstrate good governance.	March 2021	Executive Director, Legal & Democratic Services
4.	Risk Management	Implement and embed the Council's updated risk management framework and approach that was approved during 2019/20.	March 2021	Head of Internal Audit

### **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 GILBERT**  
**LEADER OF THE COUNCIL**  
DATE:

## SBC Corporate Governance Actions – 2019/20 – Progress

No.	Governance Issue	Action 2019/20	Responsible Officer	Comment on Progress
1.	Southend 2050 – Transformation	Ensure the necessary skills, tools and techniques are in place to support the changes required in the workforce to deliver the desired outcomes of the 2050 Road Map and related strategic and outcome delivery plans.	Joanna Ruffle – Executive Director, Transformation	<p>Progress included:</p> <ul style="list-style-type: none"> <li>- launch of a <b>Knowledge Hub</b> on-line training &amp; development portal;</li> <li>- embedding a new set of <b>values &amp; behaviours</b>;</li> <li>- a re-vamped <b>staff induction</b> programme;</li> <li>- a staff led revision of the council's approach to <b>reward and recognition</b>;</li> <li>- progressing agile working through a '<b>worklife</b>' programme, using agile project methodology, more flexible work arrangements including enabling virtually all staff to work remotely;</li> <li>- harnessing agile and co-design principles, ensuring the end user across services, with focussed application in key service areas;</li> <li>- adopting fresh approaches to engage with staff and stakeholders in progressing the 2050 Ambition and outcomes.</li> </ul>
2	Southend 2050 - Outcome based investment	Progress the Council's work to achieve the 2050 Road Map, including moving to an outcome based investment approach to business and budget	Joe Chesterton – Executive Director –	A comprehensive review of the Council's Budget development arrangements has been undertaken to provide a sustainable fully integrated revenue and capital

		planning and management for future years.	Finance & Resources	financial plan to resource the delivery of better outcomes for local residents, businesses and visitors. This will be complemented by our developing 'Getting to Know Your Business' programme which looks to ensure managers have a better understanding of their service areas in terms of: performance; finances; value for money; citizen insight to support a more <b>outcome based investment</b> approach.
3	Governance Framework	Develop and embed the Council's new officer governance architecture (comprising the four new boards) to ensure it is effective, along with other governance bodies, in supporting the 2050 programme and provides the necessary assurance in ensuring good governance.	John Williams – Executive Director, Legal & Democratic Services	The, four new officer boards, introduced from April 2019 focussing on: investment; commissioning and innovation & design, began to operate and reporting into the CMT. These evolved during the year, in the light of practice with the growth & infrastructure and innovation & design boards becoming a forum for consideration of projects/ proposals. The revised Good Governance Group, encompassing information management and cyber security operated through the year to promote simple and effective governance. Further moves in this area are anticipated, not least in the light of the impact of Covid 19 on the Council's governance arrangements.