

# ANNUAL GOVERNANCE STATEMENT

## Scope of responsibility

SSDC is responsible for ensuring that:

- its business is conducted in accordance with the law and proper standards;
- public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

SSDC also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

SSDC has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework “*Delivering Good Governance in Local Government*”. A copy of the authority’s code can be obtained on request. This statement explains how SSDC has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, regulation 46, which requires all relevant bodies to prepare an annual governance statement.

## The purpose of the governance framework

The governance framework comprises the systems and process, and culture and values, by which the authority is directed and controlled and its 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 services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process that is designed to:

- identify and prioritise the risks to the achievement of SSDC’s policies, aims and objectives;
- evaluate the likelihood and potential impact of those risks being realised;
- managing the risks efficiently, effectively and economically.

The governance framework has been in place at SSDC for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

## **The governance environment**

The key elements of SSDC's governance arrangements are outlined in the Local Code of Corporate Governance. The main areas and the key areas of evidence of delivery are as follows:

### **Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area**

- The Council Plan sets out the priority areas for South Somerset District Council.
- Annual accounts are published on a timely basis to communicate the council's activities and achievements, its financial position and performance.
- Guidance has been produced to facilitate partnership working and a Partnership Register published and updated annually.
- All reports to be considered for approval must show a clear outline of purpose so the community can understand each committee report. All reports must have a clear outline of financial implications before consideration by members.

### **Members and officers working together to achieve a common purpose with clearly defined functions and roles**

- The three statutory officers (Head of Paid Service, Monitoring Officer and s151 Officer) regularly meet as a Corporate Governance Group. The Monitoring Officer and s151 Officer report directly to the Head of Paid Service and are members of the senior Management Board.
- Regular weekly meetings between the Leader and Chief Executive in order to maintain a shared understanding of roles and objectives.
- Protocols developed and enforced to ensure effective communication between members and officers in their respective roles.
- Regular meetings are held between the Executive members and senior management.
- There is a clear scheme of delegation for officers and members within the Constitution.
- The s151 Officer leads the promotion and delivery of good financial management through Management Board, Corporate Performance Team, attendance at committees, is the lead officer for the Audit Committee, and specialist workshops and training. The s151 Officer has line management responsibility for finance staff.

### **Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

- The financial management of the Council is conducted in accordance with the rules set out in Part 4 of the Constitution.

- The Council maintains an Internal Audit Service through the South West Audit Partnership (SWAP) that operates to standards specified by the Chartered Institute of Internal Auditors (CIIA) and the CIPFA statement of the Role of the Head of Internal Audit (2010) but with some delegation within SWAP.
- There is a countywide code of conduct and this is regularly reviewed by the Standards Committee.
- There is a voluntary Standards Committee in place with an agreed constitution containing its terms of reference.
- Regular communication is made through Staff Awareness Sessions, Insite (our intranet), Transformation Tuesday bulletins, and Team Brief. Targeted communication is also applied ad hoc e.g. all-staff briefings on progress of the Council's Transformation Programme.
- A Management Charter has been introduced and signed by all Managers and compliance is reviewed through Staff Appraisal and Development Reviews.
- A Staff Charter has been introduced.
- The Council received an IIP (Investors In People) gold award in March 2015.

**Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

- The Council has adopted a Constitution that sets out how it operates, how decisions are taken and the procedures to follow.
- The District Executive facilitates decision-making and its Sub Committees, four Area Committees and meetings are open to the public except where personal or confidential matters are disclosed.
- Portfolio Holders can make decisions under delegated authority and these are fully publicised. Senior officers can also take decisions under delegated authority.
- Regulation Committee determines planning applications that are referred from Area Committees.
- The Council publishes a Forward Plan that provides details of key decisions to be made by the Council and its committees.
- Area Committees also hold regular workshops where local issues are identified and discussed.
- The Council has an approved a Risk Management Policy that identifies how risks are managed.
- Responsible officers are required to maintain their part of the Risk Register.
- All Assistant Directors have the following included within their job descriptions, "Lead the service(s) in a full and comprehensive understanding of risk, risk assessment and risk management as it relates to the operational areas relevant to the service(s)."

- Any Internal Audit actions showing the highest risk score of 5 will be outlined annually and monitored within the Annual Governance Statement.

### **Developing the capacity and capability of members and officers to be effective**

- The Council looks to develop skills on a continuing basis to improve performance of officers through the Staff Development and Appraisal Review process including the use of training and development plans.
- Succession planning encourages participation and development for members and officers.
- Through a comprehensive member training and development programme.
- An induction programme is in place for all new staff and newly elected members.
- Clear job descriptions and personal specifications are in place for all roles.
- The s151 Officer and four of the finance team are qualified accountants with several years' experience. The finance function has sufficient resources within the Establishment to perform its role effectively.

### **Engaging the local people and other stakeholders to ensure robust public accountability**

- Area Committees ensure further local accountability and local access.
- Budget consultation has been carried out for specific savings plans and equalities assessments carried out on each proposal.
- A summarised Statement of Accounts is published each year explaining the key financial areas to the public.

### **Review of effectiveness**

SSDC 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 Corporate Governance Group\*, Management Board and the Corporate Performance Team, who have responsibility for the development and maintenance of the governance environment, the annual report from the Head of Internal Audit (SWAP), and also by comments made by the external auditors and other review agencies and inspectorates.

*\*Note: the Corporate Governance Group responsibilities have been absorbed into Senior Leadership Team (SLT) meetings from April 2017.*

The process that has been applied to maintaining and reviewing the effectiveness of the governance framework includes:

- The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are adequate. The Council reviews the constitution annually through its Standards Committee.

- The Council has a Scrutiny Committee that can call in any decision made by an Executive Committee before implementation. This enables them to consider whether or not the decision is appropriate. Pre-decision scrutiny has evolved to aid in the decision making process.
- The Audit Committee reviews the Annual Statement of Accounts, the Review of the Effectiveness of Internal Audit, and the Annual Governance Statement. It monitors the performance of internal audit quarterly and agrees the Internal and External Audit Plans. It reviews specific parts of the Constitution and makes recommendations on any amendments to full Council.
- The Audit Committee has a call in role for any service that receives a “partial” or “no assurance” audit opinion and monitors that action plans are completed through regular reports from the Service Manager and Assistant Director / Director.
- Internal Audit through SWAP is responsible for monitoring the quality and effectiveness of systems of internal control. The Audit Service has a Charter approved by the Audit Committee and there are no restrictions on the scope of their work. A risk model is used to formulate the plan and it is approved by the Audit Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the Service Manager with copies to the relevant Assistant Director, Assistant Director – Finance and Corporate Services (S151 Officer), Assistant Director – Legal and Corporate Services, and Chief Executive\*. All audit reports include an ‘opinion’ that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports include recommendations for improvement that are detailed in an action plan that is agreed with the service manager.

\*Note: Following the senior leadership restructure, reports will in future be submitted to the Service lead, relevant Director, Director for Support Services (Monitoring Officer), and S151 Officer. Significant matters will be reported to the Chief Executive and other Directors as members of SLT.

- Internal Audit (SWAP) has adopted and works to the Standards of the Institute of Internal Auditors and is further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS).
- For performance management, a monitoring and reporting system is in place reporting quarterly to the Executive Committee.
- The Council’s Financial Procedure Rules are kept under review and revised periodically – the last review was approved in February 2015.
- Each Manager and Assistant Director is required to review their adherence to the governance framework and demonstrate compliance through reviewing and signing a Statement of Internal Operational Control. Each return is assessed by the S151 Officer for compliance and any apparent organisational improvements are included in the Governance Action Plan.
- Audit Committee has been advised on the implications of the result of the review of the effectiveness of the governance framework and a plan to address weaknesses and ensure continuous improvement of the system is in place.

We have been advised on the implications of the results 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**. The areas already addressed and those to be specifically addressed with new actions planned are outlined below:

### **Actions for 2016/17**

The Annual Governance Statement for 2016/17 included the following actions:

- A refresh of the **Risk Management Strategy**
- A Management Team review of **Service Planning** requirements

These actions have not significantly progressed during 2016/17 with management resources focussed on other priorities.

### **Significant governance issues**

There are no significant governance issues to report for 2016/17.

### **Actions for 2017/18**

The Council has agreed a new senior leadership structure during 2016/17, with changes coming into effect from April 2017. During 2017/18 the Council will also progress with the implementation of its new Future Operating Model, which will include a complete restructure of management and staff organisation and new ways of working. Governance arrangements will need to be reviewed as part of transformation to ensure our risk management and systems of internal control remain fit for purpose.

Ref	Action	Responsible Officer	Target Completion Date
1	Review of the Risk Management Strategy to include consideration of transformation and commercial income generation priorities.	Director of Strategy and Commissioning	March 2018
2	Management Team review of Service Planning requirements reflecting new ways of delivering service activities under the new Future Operating Model.	Director of Strategy and Commissioning	March 2018
3	Review of governance arrangements to ensure these are updated to reflect the transformed council and its services	Director of Support Services	March 2018

### **Signed on behalf of SSDC:**

Alex Parmley  
Chief Executive

CLr Ric Pallister  
Leader