

ANNUAL GOVERNANCE STATEMENT

Part 1 – Scope of responsibility

SDDC 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;
- public money is used economically, efficiently and effectively.
- there is a sound system of governance incorporating the system of internal control.

SDDC 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, SDDC 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.

SDDC 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 code can be obtained on request. This statement explains how SDDC has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

Part 2 – 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, cost-effective services.

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

- identify the risks and prioritise the actions to achieving policies, aims and objectives;
- evaluate the likelihood of those risks occurring;
- assessing the impact should those risks occur;
- managing the risks efficiently, effectively and economically.

The governance framework has been in place at SSDC for the year ended 31 March 2009 and up to the date of approval of the annual report and statement of accounts.

Part 3 – 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 Corporate Plan sets out the priority areas for South Somerset District Council and links these priorities to the National Indicators, Local Area Agreement targets, Sustainable Community Strategy targets.
- The Sustainable Community Strategy has been produced through the LSP (South Somerset Together) in consultation with our partners and sets out the long-term goals for the community and the key issues that need to be addressed in the future.
- Service Plans are updated annually and cover the period of the Corporate Plan. These are linked to the Corporate Plan and identify the performance measures and targets that will be used to ensure the services achieve the agreed objectives.
- Guidance has been produced to facilitate partnership working and the Partnership Register was updated in March 2009 to reflect the key, significant, and minor partnerships that South Somerset District Council has.

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.
- 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.
- Portfolio Holders produce annual Portfolio Holder Statements outlining achievements for the previous year and targets for the following year.
- There is a clear scheme of delegation for officers and members within the Constitution.

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 Institute of Internal Auditors.
- Arrangements are in place to train and monitor conformity with ethical standards.
- Communication through Sounding Board lunches, ListenUp, Insite, and Team Brief.

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 followed.
- The District Executive facilitates decision-making and its Sub Committees, 4 Joint 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 Joint Area Committees.
- The Council publishes a Forward Plan that provides details of key decisions to be made by the Council and its committees.
- Joint Area Committees also hold regular workshops where local issues are identified and discussed; Area Action Plans are then established to target specific needs.
- The Council has approved a Risk Management Policy that identifies how risks are managed.
- Responsible officers are required to maintain their part of the Risk Register.
- All Heads of Services 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)."

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 both of officers and members through the Staff Development and Review process and the use of training and development plans.
- Succession planning encourages participation and development for members and officers.

- Comprehensive member training and development programme recognised through attainment of the “Charter for Member Development.”
- An induction programme is in place for all new staff.
- Clear job descriptions and personal specifications are in place for all roles.

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

- Joint Area Committees ensure further local accountability and local access.
- Budget consultation has been carried out with the public and key stakeholders.
- Stakeholder input into the Sustainable Community Strategy and Corporate Plan.
- Area forums and finance set up to allocate financing for local needs.
- Area action plans are in place to deliver local priorities.
- A summarised Statement of Accounts is sent to every household explaining the key financial areas to the public.

Part 4 – 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 SWAP, the Corporate Governance Group, Management Board and the Senior Managers Forum, who have responsibility for the development and maintenance of the governance environment.

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 an Overview and 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 and the Annual Governance Statement. It monitors the performance of internal audit and agrees the Internal and External Audit Plans. It also reviews specific parts of the Constitution and makes recommendations on any amendments to full Council
- 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 Council and there are no restrictions on the scope of their

work. A risk model is used to formulate the plan and approved by the Audit Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the Heads of Service with copies to the relevant Director, Head of Finance, Head of Legal and Democratic 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.

- Internal Audit (SWAP) is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by Internal Audit.
- For performance management, a 'traffic light' monitoring and reporting system is in place reporting quarterly to the Executive Committee.
- The Council's Financial Procedure Rules are kept under continuous review and revised periodically – the last review was approved in December 2007.
- In January 2008 the Council participated in a voluntary reassessment of the Comprehensive Performance Assessment and increased its assessment to "Good".
- Each Head of Service and 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 Group Auditor and 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.

In its review the Authority has assessed its overall governance arrangements as reasonable. This has been assessed through a review of SSDC's governance arrangements as outlined in the diagram at Appendix A.

Part 5 – Significant governance issues

A number of actions are planned to strengthen the control framework and will be monitored by the Audit Committee during 2009/10:

- An electronic **Performance Management System** will be implemented to further improve performance management.
- A robust framework to be put in place for the monitoring and collection of **S106 contributions**.
- Further monitoring of **improvements to internal controls** for services receiving only "**Partial Assurance**".
- Ensure awareness and compliance with **Government Connect** through all staff completing the training module.

- Provide further training for staff on the **Use of Information Technology Policy** to ensure all staff are aware and comply with the policy.
- Produce a register for potentially **Violent Warning Markers and Dangerous Buildings**
- **Key strategies and plans** need to be reviewed in line with the refresh of the corporate plan to **ensure priorities are aligned**.
- The Council should review the way that it measures the **effectiveness of initiatives and policies** with particular **focus on outcomes**.
- Ensure **all action plans are (SMART)** Specific, Measurable, Achievable, Resourced and Targeted to include **baseline data** and **outcome focused measures** that the local community would recognise.

The Authority is satisfied that these steps will address the issues highlighted in 2008/09 and further improve governance arrangements at SSDC.

Signed on behalf of SSDC:

Donna Parham
Head of Finance

Phil Dolan
Chief Executive

Cllr Tim Carroll
Leader