
ANNUAL GOVERNANCE STATEMENT FOR 2017/18

1 PURPOSE OF REPORT

- 1.1 In compliance with the Accounts and Audit (England) Regulations 2015, an annual governance statement (AGS) must be prepared and presented to Members for their consideration. The AGS identifies the key procedures within the Council that ensure there is an effective system of internal control and effective governance arrangements upon which assurance can be placed.
- 1.2 Local authorities are required to prepare the annual governance statement in accordance with the guidance *Delivering Good Governance in Local Government: Framework (CIPFA/Solace 2016)* (the “framework”). They are also required to report publicly on the extent to which they comply with their own code of governance on an annual basis, including how they have monitored the effectiveness of their governance arrangements during the year, and on any planned changes in the coming period. The framework puts forward seven principles for good governance intended to assist authorities across their governance systems, structures and partnerships in reviewing and testing their governance arrangements.
- 1.3 The Audit Committee is required to review the AGS and decide whether to recommend that it is signed by the Leader of the Council and the Managing Director.

2 INTRODUCTION

- 2.1 The AGS for 2016/17 was agreed by Members at a meeting of the Audit Committee on 20 June 2017. Any issues identified within that AGS have been considered and monitored during 2017/18. The level of assurance is achieved by obtaining evidence from a number of areas across the Council and from reports from external inspectors including our external auditors.

3 ASSURANCE FRAMEWORK

- 3.1 The proposed AGS for 2017/18 is appended to this report for Members’ consideration. The AGS includes an update on the progress made in addressing the actions needed and risks identified in the 2016/17 AGS.
- 3.2 The AGS states the broad management arrangements within the Council, where assurance has been obtained and, generally, the policies and strategies that are in place.
- 3.3 By considering the key functions of the Council such as those defined in the AGS, Members are able to reach a conclusion on how they feel the Council is performing in relation to governance, internal control and risk.

4 RISK IMPLICATIONS

- 4.1 Through the on going review of the Council's systems, policies and procedures as part of AGS related work any significant weaknesses or risks would be drawn to Members' attention.
- 4.2 The system of internal control within the Council is designed to manage risk to an acceptable level. However, it cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide a reasonable and not an absolute assurance of effectiveness. The system of internal control is based on a continuing and embedded process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised, and to manage them efficiently, effectively and economically.

5 CRIME AND DISORDER IMPLICATIONS

- 5.1 None.

6 ENVIRONMENTAL IMPLICATIONS

- 6.1 None.

7 RESOURCE IMPLICATIONS

- 7.1 Good governance arrangements are implicit to effective management of resources across the service areas within the Council.

8 LEGAL IMPLICATIONS

- 8.1 The production of the annual governance statement is a statutory requirement of The Accounts and Audit (England) Regulations 2015. It is published with the Council's financial statements and will be reviewed by the external auditors.

9 PARISH IMPLICATIONS

- 9.1 None.

10 EQUALITY AND DIVERSITY IMPLICATIONS

- 10.1 None.

11 RECOMMENDATION

- 11.1 It is proposed that the Committee **RESOLVES**

Whether to recommend that the 2017/18 annual governance statement be signed by the Leader of the Council and the Managing Director.

John Bostock

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Assistant Director, Democratic Services

Background Papers:-

None.

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ANNUAL GOVERNANCE STATEMENT FOR 2017/18

1. What is Corporate Governance?

Rochford District Council (The Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, properly accounted for and is used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 2000 to make arrangements to continually review and improve the way in which its functions are exercised, while at the same time offering value for money and an effective and efficient service. This Annual Governance Statement (AGS) covers the financial year 2017/18 (but extends to cover the period to the signing of the Statements of Accounts at the end of July 2018). This statement is an opportunity to demonstrate the level of compliance with the Local Code of Corporate Governance.

To meet this overall responsibility the Council is required to put in place proper arrangements for overseeing what is done (this is what is meant by governance), to ensure that its functions are carried out in the right way, in good time and in an open, honest and accountable way, including arrangements for the management of risk.

The Council approved and adopted, in 2017, a local code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework. The Council acknowledges its responsibility for ensuring there is a sound system of governance, incorporating the system of internal control.

This Statement explains how the Council has complied with the Code and also meets the requirements of regulation 6(1) (b) of the Accounts and Audit Regulations 2015 on the completion of an Annual Governance Statement.

The governance framework comprises a range of systems, policies, procedures, culture and values by which the Council is directed and controlled and the methods by which it accounts to, engages with, and leads the community. It enables the Council to monitor the achievement of its strategic aims, manage risks and to address issues that have a serious impact on the Council's finances, reputation or the delivery of efficient and effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide a reasonable assurance of effectiveness. The system of internal control is based on a continuing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and impact of those risks happening, and to manage them efficiently, effectively and economically.

2. How has this Statement been prepared?

The Council has a duty to conduct at least an annual review of the effectiveness of its governance arrangements including the system for internal control. The Council considers its Internal Audit Service to be a key component of its governance framework.

The work of Internal Audit (specifically the Chief Audit Executive's Annual Report and Opinion), Service Assurance Statements completed by senior management, other subject specific reports from relevant senior management, external review agencies and our external auditor are taken into account in producing this Statement. Further to this, Internal Audit tracks and reports to the Audit Committee on whether recommendations made to improve the governance arrangements, risk management processes and systems of internal control are implemented effectively and promptly.

The Chief Audit Executive is satisfied that sufficient work has been undertaken to draw a reasonable conclusion on the adequacy and effectiveness of the Council's arrangements. Based on the work performed during 2017/18 and other sources of assurance, the Chief Audit Executive can provide adequate assurance that the Council's risk management, internal control and governance processes, in operation during the year to 31 March 2018, generally accord with proper practice and are fundamentally sound, although there are opportunities to improve the arrangements to enhance the Council's governance framework.

The Chief Audit Executive's Annual Report for 2016/17 made reference to the fact that five audit reviews received a "Limited" assurance opinion: Business Rates, Contract Procedures, Contract Management (for a specific contract), Disabled Facilities Grants and Debtors. Action plans to improve controls arising from these limited assurance reviews were agreed and have been subject to review by Internal Audit during 2017/18.

The Chief Audit Executive's report for 2017/18 makes reference to the fact that four audit reviews received a "Limited" assurance opinion: Environmental Health, Waste Collection contract, Procurement and Debtors. Action plans for revised controls or procedures were agreed following these reviews and will be followed up in 2018/19.

The opinion does not imply that Internal Audit has reviewed and commented on all risks and assurances relating to the Council. It should be stated that it is not expected that all Council activities will be subject to internal audit coverage in any one year.

A key area where Internal Audit has only undertaken limited non-technical work during 2017/18 is in relation to Information and Communication Technology. Much change has happened with the Council's ITC infrastructure during 2017/18 with partial migration to the Azure Cloud (Microsoft). The work undertaken was by way of a questionnaire that sought assurances from EduServ in respect of network security, safeguards in place to prevent cyber attacks (security bug fixes and patches applied

as part of software updates) and backup arrangements, as well as discussions with Rochford based staff and use of other available information.; no concerns were identified.

3. What are the Council's governance arrangements and how have we performed?

This Statement is set out in line with the seven core principles detailed within the Delivering Good Governance in Local Government Framework and many of the areas detailed apply to more than one principle.

Many of the key governance mechanisms have been in place for some time and. this Statement, therefore, describes them, together with key changes and developments within the Council's governance framework during 2017/18 and up to the date of approval of the Annual Financial Report.

Much progress has been made in dealing with the significant governance issues identified in the Statement for 2016/17 and this progress is detailed in Section 4 below. Matters that remain outstanding and significant governance issues for 2018/19, identified from this governance review, are detailed in Section 5.

▪ Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The Council's *Constitution* sets out how the Council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to residents. It clearly defines the roles, responsibilities and delegated powers of the following: -

The Executive

Review Committee

Investment Board

Leader of the Council

Chairman of the Council

Committees carrying out specific probity and regulatory functions: -

Development Committee,

Standards Committee

Audit Committee

Licensing Committee

Appeals Committee

Citizens

Head of Paid Service

Monitoring Officer

Section 151 Officer

Other Chief Officers

The Constitution includes the key governance frameworks of the ***Scheme of Delegation*** and ***Financial Regulations***.

The Constitution was updated after the restructure in 2015 to reflect new responsibilities and job titles etc. A full review of the Constitution is an ongoing piece of work. This will be reviewed annually once completed by the Monitoring Officer.

Also included in the Constitution are ***Contract Procedure Rules*** which were updated and approved by the Council in December 2015 and are also kept under review to ensure they keep pace with the changing financial environment. Measures are under way to embed the standards required in relevant policies into contracts and to shape contractor behaviours.

Staff and Members are bound by an ***Officer Code of Conduct*** and a ***Member Code of Conduct*** respectively. Elements of these are reviewed and updated annually. In addition, the Protocol on Member/Staff relations provides clarification on the working relationship between Officers and members to ensure that there is a high standard of personal conduct as well as reasonable standard of courtesy. Elements of these are reviewed to take on board any new issues which may arise.

New Staff and Member inductions outline the key requirements of the relevant Codes of Conduct, including requirements for declarations of interest and registers of gifts and hospitality. Declarations of interest appear to be up to date but little use is made of the gifts and hospitality register. There are a range of policies to set out the Council's approach on key ethical and legal requirements. These include, but are not limited to, the ***Corporate Equality Policy***, the ***Safeguarding Policy***, and the ***Health and Safety Policy*** etc.

Members of the Development, Licensing and Appeals Committees undertake ***mandatory training*** as appropriate as well as induction and refresher training over the course of the year where necessary.

The Standards Committee is responsible for promoting and maintaining high standards of conduct by Councillors and co-opted Members and for Member Training. The Committee convened on four occasions during 2017/18, primarily engaged on learning and development matters. The Standards Sub-committee convened once to hear a matter in relation to a complaint made against a Member's Behaviour. The structure and full terms of reference for the Committee are detailed in Article 9 of the Constitution.

All reports to Council or Committees are required to consider:

- Risk implications
- Crime and disorder implications
- Environmental implications
- Resources
- Legal implications
- Parish implications
- Equality and diversity implications

Public Council or Committee agendas, reports and minutes are available on the Committee Management Information System on the Council's website

The Council is committed to being open and accountable and, as such, is determined to counter fraud, bribery and corruption, whether it is attempted against the Council from external sources or internally as detailed in the ***Anti-fraud and Corruption Policy and Strategy***

The Council has a ***whistleblowing*** policy where staff may raise concerns that they may have in the workplace which could include bullying, illegal, improper or unethical conduct by Members, staff, partners or contractors.

▪ **Principle B: Ensuring openness and comprehensive stakeholder engagement**

The Council has clearly defined its vision, priorities and objectives, as articulated by the ***Business Plan for 2016-2020***, which was developed and approved following a robust consultation process with residents, Members, Parish and Town Councils, local businesses, partner organisations and staff. With the development of the Council's Business Plan it was recognised that ***partnership working*** would be central to its delivery.

The Council continues to be a key partner in the ***Castle Point & Rochford Local Strategic Partnership*** and its sub-groups. The Council provides the secretariat function for the Local Health & Wellbeing Board and has devised a focused work plan based on clear priorities to which all partners contribute. Public Health grant funding is also scrutinised by the Board. Each year the Community Safety Partnership must produce a Strategic Assessment, an analysis of community safety information and data across Rochford District and Castle Point, which in turn informs local priorities. The Partnership also funds local initiatives designed to support community safety.

A Partnership Toolkit was launched in May 2017 to assist officers to work in partnership in a more effective way. The Toolkit includes a self assessment tool designed to analyse the strengths and weaknesses of a particular partnership. In late 2017, 11 partnerships undertook the self-assessment. Only one was considered to be performing below an expected standard and this resulted in establishment of a review process to look at the partnership's effectiveness.

The Council operates several types of communication media to provide information to residents: Website, Facebook and Twitter. All of these provide residents with the ability to engage the Council and receive responses. These are in addition to traditional communication measures such as telephone and in writing. Residents can sign up to a "Tell Me More" facility to receive information on a range of Council services. Procedures are detailed on the Website to enable residents to make a complaint should services not be to expected standards

The Council is committed to consulting with residents, its service users, partners and other interested groups as part of providing effective services that meet the needs of

the District. Whilst there is no formal consultation policy there is a guide, “Consultation Guide for Staff” (2016), to enable services to consider and carry out a meaningful consultation. There is a “Have Your Say” group that provides feedback to various Council operations that anyone can sign up to via the Website. Feedback for this group is provided in a periodic newsletter.

Resident engagement was sought about the budget setting for 2018/19 via a survey that was open for seven weeks, on line, via social media and was advertised at various public locations.

A significant consultation was carried out in respect of a proposed new “Local Plan: Issues & Options Document (and draft Sustainability Appraisal)” utilising website, email and post, supported by a series of local workshops through the District.

▪ **Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits**

The Business Plan for 2016-2020 provides clear focus to prioritise the Council’s activity and resources to:

- Become financially self-sufficient
- Take early intervention
- Maximise assets
- Enable communities on the basis of “our residents will be at the heart of everything we do”.

The Council maintains a five-year rolling **Medium Term Financial Strategy** (MTFS). The latest (covering the period 2018/19 to 2022/23), including the 2018/19 annual **budget** and **capital strategy**, was presented to Council on 13 February 2018.

The above collectively demonstrate effective short and medium-term financial planning and effectively link financial and business planning to enable the Council to balance the delivery of quality services along with its priorities and aspirations and maximise the effectiveness of its assets.

The MTFS took account of the Council’s long-term financial sustainability and recognised the key risk, namely identifying a £1.8m funding gap by 2022. The MTFS then took account of various options through savings, income generation and investment concepts to mitigate this risk, as proposed by Officers and Members alike. The MTFS will be refreshed again in 2018/19, with more certainty and delivery plans built around said savings, income and investment concepts.

The organisation has **strong financial management** at the heart of everything it does. The budgets are devolved to Directors and Assistant Directors. Effective budget monitoring is achieved through monthly engagement with Finance through a

Finance Business Partner model to ensure that each pound is accounted for correctly to maximise value for money, in both revenue and capital terms.

The organisation receives **regular reports on financial health** through quarterly Financial Management reports presented to the Council's Executive, including three Treasury Management updates, monthly reviews of budgets and an annual MTFS refresh. These reports are open and transparent and provide an appropriate level of detail and insight, including the potential impact of historic actions on the future strategy.

The MTFS has identified a funding gap in future years, which will have to be tackled through savings, income generation and investment decisions over the coming months and years. Since 2015 the Council has employed the services of a named Essex County Council Head of Finance as its **Section 151 Officer**, to provide strategic finance direction, support the Finance Team and provide the organisation with a springboard through the MTFS to identify its financial strategy, linked to the Business Plan.

The agreement with Essex County Council for the provision of the Section 151 Officer continues until September 2018. Therefore, the Council will need to promptly identify and implement suitable arrangements after this date.

The Authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) as set out in the Addendum (2012) to "Delivering Good Governance in Local Government Framework" (CIPFA/SOLACE).

▪ **Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes**

Change projects and activity relating to commercial objectives were supported by the production and review of project plans, associated risk registers and project management techniques, including reporting through formal corporate governance routes. This was further complemented by the work of the Project Management Office (PMO) whose role was to offer general project management support and assistance to project teams. In January 2018 the PMO was refined to provide support and assistance to those projects which have the greatest financial and / or strategic impact for the Council and which are aligned to the Business Plan in terms of priority.

Each Assistant Director completed, as at year-end 2017/18, a **Service Assurance Statement**, a self-assessment as to compliance with key Council policies, controls and procedures. The questions in the statements were revised for 2017/18 to reflect changes in operational procedures, revised policies and procedures or emerging risks that may have future impact.

The Assistant Directors self-assessed that there was a high level of full or partial compliance with the required arrangements. Areas for improvement highlighted by these self-assessments were: -

- Effective progression towards General Data Protection Regulations compliance and related data management
- Health and Safety service area refinement
- Service area business continuity refinement, in particular in relation to contractors

The Housing Options Service has dedicated ‘prevention’ roles that focus on interventions that can be a combination of advisory, supportive and financial. These roles work with partners to ensure local residents threatened with homelessness are able to stay in their home, reducing the need for temporary accommodation.

Housing Options are part of two Essex-wide government funded trailblazer projects that provide housing related support and domestic abuse support; increasing capacity to manage the prevention work.

A Housing Options Prevention Fund Policy was agreed to enable continuing financial support for prevention work and the Housing Allocations Policy has been reviewed to further support the prevention agenda and those homeless customers who need a more settled home.

Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it

A politically pro-rate Member **Investment Board** was established in 2015. It is a Committee of Full Council and makes decisions on investment / commercial matters as well as providing oversight and robust governance of decisions related to the Council’s commercial and investment objectives as identified in its Business Plan. Projects within the remit of the Investment Board are reported to the committee via the refreshed Project Management Office and Projects Dashboard. Projects within the remit of The Executive are reported in a similar fashion. A Capital Assets Investment Strategy is currently being developed, which will support all capital investment projects across the District.

In November 2017, a Strategic Director was recruited to boost and develop the Council’s strategic vision and direction and its commercial capability.

During the year the review of the Council’s Asset Register was continued with a view to supporting the “Maximise Our Assets” priority section within the Business Plan for 2016-2020.

The Council continued to participate in the **One Public Estate** initiative during 2017/18, working with government and other agencies on public property and land issues through sharing and collaboration.

During the year the Council has actively participated in the **SE2050** initiative, and signed-up, in principle, to an Association of South Essex Local Authorities (ASELA). The intention has been to describe a joint “place-based” vision for South Essex and to prepare a Joint Strategic Plan (JSP) setting out how sustainable

growth can be delivered with the infrastructure required in the area. A Planning Delivery Grant of c£900k was awarded to ASELA by the government to contribute towards the preparation of the JSP.

A bid for additional resources was submitted to the government and an award of c£200,000 was made. This money will be used for enabling works to assist the Council in realising its ambitions as part of its Business Plan priority to “Maximise our Assets”.

During 2017/18 the **People Plan**, was launched, supported by an updated appraisal system that focuses on continual performance management aligned with the objectives of the Business Plan. Work on these was underpinned by an externally hosted staff survey (a follow-up to a similar study in December 2016), which had an 87% staff engagement rate.

Another of the actions in the People Plan was to launch a Value Based Recruitment process; this was rolled out in February 2018 and supports the aim of embedding corporate values. A new job description template has also been rolled out which supports the corporate values.

There has been an improvement in staff engagement in terms of regular staff surveys, Director’s blogs and internal communication emails. The volunteer ‘Livewell’ team have facilitated a range of supportive measures including mindfulness courses, men’s Health session, stress awareness courses, mental health first aiders, health checks and staff focussed activities such as lunch time walks.

Principle F: Managing risks and performance through robust internal control and strong public financial management

The Council has a **Corporate Risk Management Policy and Framework** that is underpinned by a **Corporate Risk Register**. It is supported by **service area risk registers** with identified risks and the controls that mitigate those risks at both a strategic and operational level.

High-level projects and high risk contracts also have specific risk and controls records and this work will be expanded during 2018 as part of the Project Management Office function for high priority projects and with the Procurement Team for contracts.

A **review of the Corporate Risk Policy and Risk Register** 2017/18 was undertaken by the Audit Committee in September 2017. The corporate risk register is reported to the Audit Committee every six months. From April 2017 a rolling review of corporate risks are considered by the Leadership Team on a quarterly basis.

The **Principal Performance Business Support Officer** provided an independent critical friend challenge of the **corporate and service risk registers** during 2017/18 to ensure they adequately identify and articulate the Council’s significant risks and set out appropriate mitigating action.

The focus of risk management work in 2017/18 was to ensure that the Council was alert to, and had appropriate controls in place to manage, the revised nature of the risks it was facing in the light of internal and external circumstances. This included a review of contract management across the Authority and recognising the risks the Council faces in managing contracts, including financial resilience of contractors and ensuring contingency arrangements are considered in the event of failure of a contractor.

The **Corporate Business Continuity Plan** was revised in the first quarter of 2017 and associated website documents were updated. Work is ongoing in ensuring priorities for service areas are kept up to date through an annual review process.

The **Emergency Plan** was reviewed in the first quarter of 2017 and the web site and intranet documentation was updated. The Plan was activated for a number of small incidents relating to flooding and travellers. Essex wide procedures have been agreed for assisting people evacuated from their homes and joint training is to take place during 2018. Training has been given for staff in how they may assist the Council's emergency response and there is a programme of training for 2018 to develop existing emergency volunteers and encourage others to be involved.

Local authorities need to remain ever vigilant to the threat of fraud and through strong internal controls look to prevent such activity. That said not all fraud can be prevented and, therefore, appropriate arrangements need to be in place for identification of such activity. The National Fraud Initiative and Pan Essex Data Hub provide the means for the Council to identify potential fraud through data matching, followed by subsequent investigation and recovery where relevant.

Internal Audit work considers the risk of fraud in planning all individual audits and has supported Service departments as part of a wider more strategic approach to counter-fraud arrangements in risk identification and the development of controls to mitigate identified risks. For example, by improving the checking of staff before they are employed potential fraud may be prevented and reputational damage reduced.

The best fraud fighters are the staff and clients of local authorities. To ensure that they are supported to do the right thing a comprehensive anti-fraud culture needs to be maintained, including clear whistle-blowing arrangements. During 2016/17, the council identified a Counter Fraud champion to act as the pivotal person to drive an internal review of policies and procedures, with the task of planning and executing a full refresh of the Counter fraud arrangements within the Council, providing regular reporting to both the Leadership team and the Section 151 officer. This work is ongoing.

The Council has an embedded corporate **performance management process**. Performance indicators, with appropriate targets, are agreed at the start of each financial year and regularly reported to Senior Management and Members to provide clear visibility of performance and, where necessary, prompt required remedial action. The Leadership Team review data before publication to ensure its accuracy and that supporting commentaries are meaningful. The indicators and targets for 2018/19 are under development in conjunction with Assistant Directors.

Members are provided with a monthly Corporate Dashboard of key indicators that highlight performance issues, both data-based and financial. The Executive receives a detailed Finance and Performance report on a quarterly basis.

▪ **Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

The **agendas, minutes and decisions** of the Council, Executive and all Committees of the Council are publically available through the Committee Management Information System (CMIS), via the Council's website. These documents are clear and published promptly. Some reports are, particularly in the early stages of projects or proposals, commercially confidential and these may be restricted on CMIS.

All Committees have clearly defined roles, responsibilities and working protocols as expressed through the Constitution with specific terms of reference detailed on CMIS and on each published agenda.

The **Review Committee** provides an overview and scrutiny function for the Council. The Committee comprises 15 members enabling wide engagement and focus on a range of issues. An annual report on the work of the Review Committee in 2017/18 was presented to the Council on 24 April 2018, detailing what it had reviewed and outcomes

The Committee determines its own workplan and how it will be fulfilled. During 2017/18 the Committee considered a number of topics. It has a duty to scrutinise decisions made by the Executive

Throughout 2017/18 the Council had in place the statutorily required roles of Head of Paid Service, Chief Finance Officer (Section 151 Officer) and Monitoring Officer. The **Head of Paid Service** is the Managing Director. The **Monitoring Officer** is the Assistant Director for Legal Services.

The financial management arrangements complied with the required practices as set out by the **CIPFA Statement on the role of the Chief Finance Officer**.

Since April 2017 a **Chief Audit Executive** has been provided by Basildon Borough Council through a Memorandum of Understanding. The Council, therefore, meets the requirements of the CIPFA Statement of the role of the Head of Internal Audit and conformance with the Public Sector Internal Audit Standards for 2017/18.

During the year the Internal Audit Team had an External Quality Assessment, to measure conformance to those standards, carried out by a CIPFA assessor. The Team was assessed as Generally Conforming to the Standards, with minor recommendations / suggestions which will be actioned in 2018/19.

Safeguarding awareness continued during 2017/18, with established Safeguarding Link Officers, new domestic abuse and Child Sexual Exploitation champions and regular internal communications on topical issues. Awareness has resulted in the

number of concerns increasing, where some have required referral to the Essex County Council's Local Authority Designated Officer for further consideration.

All staff undertook an e-learning module relating to the PREVENT scheme and all Teams have been visited by the Council's dedicated Safeguarding Support Officer to embed the message 'safeguarding is everyone's responsibility'

Following an internal audit of our Management of Occupational **Health and Safety** (H&S) during 2017/18, it is acknowledged that the Council has continued, and will continue, to make progress in relation to the implementation of improvements; it is working to enhance the safety culture throughout the organisation at all levels.

Significant work has continued in relation to occupational health and safety management.

In the last few months new Council Policies and procedures have been approved for:

- Asbestos Management
- Construction, Design and Management
- Personal Protective Equipment
- Young Persons at Work
- Stress Management
- Fatal Accident Protocol
- Hot work – Permit to Work system

IOSH Accredited 'Managing Safely' training courses have been run for key managers in January 2018. In addition, duty holder training for specific areas such as Asbestos, Legionella and Construction, Design and Management has been completed.

Work has taken place in relation to the procurement of new health and safety related contracts for fire safety and electrical testing and maintenance.

Officers will continue to work to develop all areas of the business in relation to health and safety in order to protect staff, visitors, residents and the organisation.

The Council was audited by the DVLA in January 2018 to ensure that only authorised access was made to the DVLA database to enable officers in Environmental Services to carry out their enforcement duties in respect of abandoned vehicles. A high level of compliance with DVLA regulations was acknowledged.

Due to the council having several systems operating on servers which are no longer supported by Microsoft, the Cabinet Office would not issue certification under the Public Sector Network (PSN) ICT security requirements for 2017/18. This was not a reflection of other aspects of the Council's ICT security which were all up to date.

New servers have been built in the Azure Cloud and full migration is due to be completed at the end of July 2018 at which time application for PSN accreditation will be re-submitted. The Council has kept the authority responsible for PSN apprised of the position throughout.

The Council's ICT network is managed by an external provider with some of the servers and systems already in the Cloud. Both the Cloud and the service provider hold accreditation to ISO 27001 for ICT security management

The Assistant Director – Democratic Services is the Council's **Senior Information Risk Owner (SIRO)**, with the Assistant Director, Legal Services assuming the role of the **Data Protection Officer (DPO)**.

The SIRO last reviewed information governance-related policies in 2015/16. Work has commenced in preparation for the introduction of **General Data Protection Regulations (GDPR)** including the development of Privacy Impact Assessments, which will be required for future project implementation or significant changes in data processing, and Privacy Notices to inform residents how their data is managed. To further improve arrangements, an **Information Management Toolkit** is being reviewed in line with the GDPR. Relevant staff received training in 2015/16 on the Data Protection Act (DPA) and the Freedom of Information Act. A revised e-learning module for all staff on data protection commenced roll-out in March 2018, as part of preparation for GDPR training. Information Asset Owners have been specified and relevant staff have been made aware of their responsibilities.

Appropriate measures are in place to report breaches in data protection to the Information Commissioner's Office.

In September 2017 the Council's external auditor, presented an **unqualified opinion on the financial statements** for the year ending 31 March 2017 in their report to the Audit Committee.

4. Dealing with last year’s key improvement areas

The following table sets out the matters arising from the 2016/17 annual review of governance and how they have been addressed in 2017/18.

The second table sets out those matters arising in 2017/18 and how these will be addressed in 2018/19.

MATTERS ARISING IN 2016/17	ACTION IN 2017/18
Migration of Council ICT to Azure Cloud	A revised approach for the migration was agreed by the Council on 31/5/2017. Movement of systems to new contractor was carried out during year as an interim phase to full migration.
Continued development of a Health & Safety Culture	The Health & Safety Action Plan continued to be delivered with further policies drafted and training delivered.
Ensuring financial resilience given planned future changes in Central Government funding. Ensuring effective processes to identify and then deliver required savings.	The Medium-Term Financial Strategy was reviewed and refreshed in 2017/18, which enabled a balanced budget to be set for 2018/19 despite significant financial pressures. A continued focus is needed on firming up the current plans to deliver savings, generate income and progress investment opportunities, as there remains a projected c£1m gap in 2019/20, rising to £1.8m in 2022/23 The 2018/19 Budget and MTFs continued the strategic financial review of the Council’s position, including scenarios around negative RSG and Council Tax, Business rates and New Homes Bonus funding.
Development of counter fraud activity	A Counter Fraud Champion was identified in 2016/17, and the started to review existing policies and undertake a full refresh of Counter Fraud within the Council. Prevention cases have increased (up to January 2018 x47 cases), resulting in £250,000 estimated prevention savings.

MATTERS ARISING IN 2016/17	ACTION IN 2017/18
Homeless budget arrangements	<p>The focus on early advice and support has resulted in less than 10% of total approaches actually having to make a homeless application.</p> <p>Two new temporary accommodation projects were completed; one in partnership with a local registered provider and one with a private developer, saving in excess of £100,000.</p>
Delivery of Business Plan	<p>In November 2017 a Strategic Director was recruited to boost and develop the Council’s strategic vision and direction and its commercial capability.</p> <p>In January 2018 the Project Management Office was refined to provide support and assistance to those projects which have the greatest financial and / or strategic impact for the Council and which are aligned to the Business Plan in terms of priority.</p> <p>The Investment Board continued to be closely involved in decision making in respect of project development</p>
Improving staff performance management and development processes	A new appraisal system together with the People Plan was rolled out in 2017/18

5. Governance areas to be developed in 2018/19

MATTERS ARISING IN 2017/18	ACTION FOR 2018/19
ICT Migration	<p>Migration project has been identified as a gold project. Project plan with payment milestones is in place and will be completed by end of July 2018.</p> <p>By that time all old version servers will have been updated and migrated and at that point the Council can submit an application for accreditation for compliance with the Public Sector Network ICT security requirements</p>
Implementation of General Data Protection Regulations	<p>An implementation plan is in place in accordance with the ICO guidance and recommendations. Work is ongoing to ensure compliance with the new regulations.</p>
<p>Ensuring financial resilience given planned future changes in Central Government funding.</p> <p>Ensuring effective processes to identify and then deliver required savings.</p>	<p>A continued focus is needed on firming up the current plans to deliver savings, generate income and progress investment opportunities, as there remains a projected c£1m gap in 2019/20, rising to £1.8m in 2022/23</p> <p>This will be reliant, to a large extent, on the Project Lead to identify savings and the Programme Management Office to track delivery of cashable benefits from key projects such as Transformation, Asset Maximisation and Homelessness in the lead up to the 2019/20 budget setting process, as well as cross-service peer review challenges to find further efficiencies within service areas.</p> <p>The future funding position will also continue to be closely monitored to ensure the latest intelligence is used in any financial planning.</p>
Delivery of Business Plan	<p>A Capital Assets Investment Strategy is under development. Key projects under the Plan will continue to be managed by project owners supported by the Project Management Office and overseen by the Investment Board</p>
Continued development of a Health & Safety Culture	<p>The Health and Safety Action Plan continues to be delivered. Further policies will be brought forward and training delivered.</p>

MATTERS ARISING IN 2017/18	ACTION FOR 2018/19
<p>Compliance with Homeless Reduction Act 2017</p> <p>New legislation coming into force 2018/19</p>	<p>Implementation of new homeless software to ensure compliance with new government returns and legislative processes, including new housing personalised plans.</p> <p>Implementation of new prevention and relief duties.</p> <p>Establish 'duty to refer' partnership pathways to Review Homeless Strategy.</p> <p>Continue to work to increase interim / settled housing supply with partners.</p>

We are satisfied that the above steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation.

Signed: Date:

Leader of the Council

Signed: Date:

Managing Director