RIBBLE VALLEY BOROUGH COUNCIL
REPORT TO ACCOUNTS & AUDIT COMMITTEE

Agenda Item No 6

meeting date: 25 JULY 2018
title: ANNUAL GOVERNANCE STATEMENT
submitted by: DIRECTOR OF RESOURCES
principal author: SALMA HUSSAIN

1   PURPOSE

1.1.   To provide members with details of the Annual Governance review for 2017/18 and seek approval of the resulting Annual Governance Statement.

1.2.   Relevance to the Council's ambitions and priorities:

- Community Objectives – none identified.

- Corporate Priorities – assessing the Council's system of internal control contributes to the achievement of the corporate priority of being a well managed Council.

- Other Considerations – none identified.

2   BACKGROUND

2.1.   All councils are required to prepare an Annual Governance Statement each year in accordance with the 'Delivering Good Governance in Local Government Framework' and to report publicly on the extent to which they comply with their own Local Code of Corporate Governance. This should include how we have monitored the effectiveness of our governance arrangements in the previous financial year, and detail any planned changes in the coming period.

2.2.   The Annual Governance Statement is the **backward looking** review of how the council has performed or acted in relation to the principles that it said it would abide by as detailed within the Local Code of Corporate Governance at the beginning of the year. As such the Local Code of Corporate Governance is the council's **forward looking** statement of how the governance culture of the organisation will be driven.

2.3.   The process of preparing the Annual Governance Statement should itself add value to the governance and internal control framework of the council.

3   GOVERNANCE REVIEW

3.1.   A detailed exercise has been undertaken in the annual review of the council's governance arrangements. As previously mentioned this review reflects on the council's Local Code of Corporate Governance and how it has actually performed.

3.2.   The annual review examines the seven principles of:

- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law;

- Ensuring openness and comprehensive stakeholder engagement;

- Defining outcomes in terms of sustainable economic, social and environmental benefits;

- Determining the interventions necessary to optimise the achievement of intended outcomes;

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- Developing the council's capacity, including the capability of its leadership and the individuals within it;

- Managing risks and performance through robust internal control and strong public financial management; and

- Implementing good practices in transparency, reporting and audit to deliver effective accountability.

3.3. In reviewing how the council and its staff and members have acted over the period of review, evidence is also gathered to support the conclusion reached. Examples of evidence that is used to support the conclusion is detailed in the Local Code of Corporate Governance.

3.4. There were no actions recommended from the 2016/17 annual governance review, and so no progress is needed to be reported in that respect.

3.5. However, there have been a number of areas raised as a result of this year's annual review. These are detailed within the statement and summarised below:

> **Peer Challenge Review:** As a result of the recommendations of the Peer Challenge Review carried out in 2017/18, the approved action plan from that review has been attached to the Annual Governance Statement for implementation in line with the timescales identified.

> **Refuse Vehicle Maintenance Costs:** There has been a significant increase in refuse vehicle maintenance costs which has been highlighted to the relevant committees and Budget Working Group during the year.

> **Communications Strategy:** The council does not have an up to date Communications Strategy in place. It is important that there is a structured approach in place as to how the council interacts with its internal and external stakeholders with changing patterns of communication.

3.6. The Annual Governance Statement has been reviewed and considered by the council's Corporate Management Team prior to reporting to Accounts and Audit Committee.

3.7. Progress in addressing the issues raised will be monitored during the year and will also be reviewed at the time of next year's annual review.

3.8. The Annual Governance Statement must be published alongside the council's Statement of Accounts and is currently on the council website together with the draft (subject to audit) copy of the Statement of Accounts. Once approved this will be updated to reflect the approval of the Statement of Accounts and the Annual Governance Statement at this meeting.

4 RISK ASSESSMENT

4.1. The approval of this report may have the following implications:

- Resources – work is underway on addressing the issues that have been raised as part of the annual governance review and it is anticipated that all actions can be completed within existing budgets and staffing resources.

- Technical, Environmental and Legal – None

- Political – None

- Reputation – The Council must ensure that it has a sound system of internal control in place. Failing to adhere to the principles detailed in the Local Code of Corporate Governance has the potential to significantly harm the reputation of the council.

- Equality & Diversity – None

5 RECOMMENDED THAT COMMITTEE

5.1. Approve the attached Annual Governance Statement 2017/18, which is attached at Annex 1.

SENIOR AUDITOR   DIRECTOR OF RESOURCES

AA14-18/SH/AC
11 July 2018

BACKGROUND PAPERS

None

For further information please ask for Salma Hussain.

Annual Governance Statement

2017/18

Ribble Valley
Borough Council

Annual Governance Statement
2017/18

1.   SCOPE OF RESPONSIBILITY

1.1   Ribble Valley Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards; that public money is safeguarded and properly accounted for, and is 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 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 putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk and for dealing with issues which arise.

1.3   The Council has approved and adopted a Local Code of Corporate Governance, which is reviewed annually and is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). A copy of the Local Code is on our website at www.ribblevalley.gov.uk.

1.4   This statement explains how the Council has complied with the Local Code and also how it meets the requirements of the Accounts and Audit (England) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

1.5   The Council's annual review of the effectiveness of its corporate governance for 2017/18 provides assurance on the governance arrangements in place, the progress made against significant governance issue raised at the last annual review (of which there were none) and includes an action plan to address significant governance issues identified through this year's review.

2.   THE PURPOSE OF THE GOVERNANCE FRAMEWORK

2.1.   The governance framework comprises the systems and processes, culture and values by which the council is directed and controlled, and its activities through which it accounts to, engages with and leads its communities. 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 ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

2.3.   The governance framework has been in place at the Council for the year ended 31 March 2018 and up to the date of approval of the statement of accounts.

3.   THE GOVERNANCE FRAMEWORK

3.1   The Local Code of Governance is structured across the seven principles detailed in the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). The governance framework review below has followed this same format.

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

Behaving with Integrity

3.2.   The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution is published on the Council's website and is reviewed annually.

3.3.   The standards of ethical behaviour expected from Members and Staff are defined in codes of conduct that are distributed as part of the induction process. On an annual basis Register of Interest forms are completed by both staff and members. The council also operates an annual performance appraisal process for all staff.

3.4.   All Councillors have to register and declare certain pecuniary interests such as employment, land holdings and contracts with the Council, which is published on the council's website. Councillors must declare such interests at meetings which they attend, and this is minuted.

3.5.   There are also procedures laid down for staff and councillors relating to the receipt of gifts and hospitality, and the recording of such.

3.6.   Included in the Constitution are the terms of reference for Committees and a protocol for Member/ Officer Relations.

3.7.   The Council has a Scheme of Delegation to Officers within the Constitution. This clearly details a number of specific areas that are delegated to officers for the purposes of decision-making, without the requirement for a decision to be made by the Council, a Committee or sub-Committee.

3.8.   The Council is committed to the highest possible standards of openness, integrity and accountability. In line with this commitment the Council has adopted a whistle-blowing policy to encourage employees and others with serious concerns to come forward in confidence.

3.9.   The procedures for the public to follow in order to register a complaint regarding the deliverance of the Council's services or a breach of the member's code of conduct are detailed on the Council's website.

3.10. The terms of reference for the Accounts and Audit Committee includes responsibilities around the monitoring and promotion of Standards.

Demonstrating Strong Commitment to Ethical Values

3.11. Under its terms of reference, the Accounts and Audit Committee champions high standards of ethical governance from elected members and the Council as a whole.

3.12. The Council has a Code of Conduct for Members. Allegations that the Code has been breached are dealt with under a procedure approved by the Accounts and Audit Committee.

3.13. Whilst the codes of conduct for members and staff are in place, there has been no formal training on ethical awareness over the 2017/18 financial year. Furthermore the council's performance appraisal process does not specifically take account of values and ethical behaviour.

3.14. Procurement activity is seen to be undertaken in line with the council's Contract Procedure Rules and Financial Regulations, with any requirements to seek exemption from the same being reported to, or requested from, the relevant service committee through submission of a report.

3.15. The council's ethical requirements are expressed though its procurement activity in the form of contract documents and its standard terms and conditions of purchase.

Respecting the Rule of Law

3.16. The Council has designated the Head of Legal & Democratic Services as Monitoring Officer. The Monitoring Officer has the specific duty to ensure that the council, its officers and its elected members maintain the highest standard of conduct in all they do and as such holds three main roles:

- to report on matters they believe are, or are likely to be, illegal or amount to maladministration;
- to be responsible for matters relating to the conduct of councillors and officers; and
- to be responsible for the operation of the council's constitution.

3.17. With reference to the constitution, this is reviewed annually and approved by Full Council. The Council's Monitoring Officer has statutory reporting duties in respect of unlawful decision making and maladministration.

3.18. The council's Chief Executive, in the statutory role of Head of Paid Service is responsible for

- the manner in which the discharge by the council of their different functions is coordinated;
- the number and grades of staff required by the council for the discharge of their functions;
- the organisation of the council's staff; and
- the appointment and proper management of the council's staff.

3.19. The council's Chief Financial Officer (S151 Officer) is the Director of Resources. The council complies with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government.

3.20. The council's decision making hierarchy and terms of reference for each committee are clearly identified within the Constitution.

3.21. Any legal advice provided by officers would be retained on the relevant files for future reference. Committee reports include a section in respect of legal risks, and the input from the legal team should be sought in the completion of this section where relevant.

3.22. The council has in place an Anti-Fraud and Corruption Policy.

Principle B - Ensuring openness and comprehensive stakeholder engagement

Openness

3.23.   Council meetings are open to the public, other than in limited circumstances where consideration of confidential or exempt information means that the public are excluded. Each meeting also includes public participation with an opportunity to speak regarding items on the agenda.

3.24.   The Council utilises its website to provide an open culture with access to meeting agendas, reports and minutes. Transparency information is also reported in a timely manner and is grouped together for ease of access. However, the council does not currently have a Freedom of Information Act Publication Scheme available on the website, although this is now under review.

3.25.   The information which residents use most, such as Council Tax and Planning can be accessed quickly and easily from the main page.

3.26.   The council's priorities and core values are clearly identified in the Corporate Strategy 2015-2019 and includes key actions. This is available on the council website, as is the Community Strategy for the same period.

3.27.   All decisions of the Council are made in accordance with principles laid down in the Constitution. All reports follow a format that is repeated across all committees and where a decision is needed, provide the information necessary for members. Any further requests for information are minuted.

3.28.   A set timetable is in place for meetings, the production and distribution of agenda packs, and the holding of briefings prior to the meeting between key officers and committee chairs and vice-chairs.

3.29.   We make use of the Citizens Panel and other consultations and surveys wherever possible in informing decisions.

Engaging Comprehensively with Institutional Stakeholders

3.30.   The council does not have an up to date Communications Strategy. However, a new Communications Working Group reporting to Policy and Finance Committee was formed during the year.

3.31.   The council does not have any formal partnerships in place. There was no representation on the Local Enterprise Partnership within the year, and this was highlighted as a potential area for development as part of the Peer Challenge Review.

3.32.   The review highlighted that the council should continue to work in partnership with the other councils in the region outside of any Combined Authority if it is to realise its ambitions for the borough, particularly the Local Enterprise Partnership.

Engaging Stakeholders Effectively, Including Individual Citizens and Service Users

3.33.   When the council is looking to consult it reviews the parties that need to be involved and looks to ensure that those with an interest are involved. During 2017/18 the Council was part of the Infusion Research partnership, which helps with the council's research and consultations. The council's membership of the Infusion Research partnership has ended on 31 March 2018. Any future consultation will be arranged on an ad-hoc basis as and when required.

3.34. The council has a Citizens Panel which is used to enable the Council to access the views of Ribble Valley people. The results are used to develop policies and strategies, inform decision-making and identify where service improvements may be required.

3.35. The bi-annual Perception Survey was undertaken in February 2018 providing residents with the opportunity to have their say on a range of issues affecting their locality and quality of life. A report of its findings will be reported to Policy and Finance Committee in July 2018.

3.36. A new Communications Working Group was created in 2017/18. The working group was set up to examine and make recommendations to Policy and Finance Committee on the current policies relating to promotion and public relations of the Council including written press, radio, television, the website, and social & digital media.

3.37. The Council also made endeavours to extend the use of social media and engagement with its website. A further promotional website has also been worked on during 2017/18 and is due to be launched in June 2018.

3.38. Feedback from the consultation on the Clitheroe market area redevelopment has been taken in to consideration in the more recent reviews of plans for the area. This is a key development for the borough, with the interests of future generations of tax payers and service users reflected upon.

Principle C – Defining Outcomes in Terms of Sustainable Economic, Social and Environmental Benefits

Defining Outcomes

3.39. The Council's vision, priorities and objectives are clearly set out in the approved Corporate Strategy document 2015 - 2019, which is available to view on the Council's website. The Corporate Strategy Action Plan sets out underlying actions that have been established in order to support, and measure progress towards, the achievement of the Council's objectives detailed in the strategy. The document is reviewed on an annual basis. There are no individual service plans in place.

3.40. The Core Strategy 2008-28 sets out the long term vision for the Borough and the strategic policies that will deliver that vision, including the Development Management policies.

3.41. The Community Strategy 2014-2019 sets out the Council's community's aspirations, needs and priorities. The strategy outlines a series of priorities and objectives, including tackling rural isolation, affordable housing, tourism, the environment and public transport.

3.42. The Medium Term Financial Strategy outlines how we intend to use and raise the resources needed to deliver our services and priorities over the medium term. The financial strategy includes a budget forecast that is reviewed bi-annually. The Medium Term Financial Strategy is a 3 year strategy which is fully reviewed annually to reflect any changes. The strategy covers both revenue and capital budgets.

3.43. The council has a performance management framework which allows it to monitor progress on a number of key service areas. Progress is reported to the Corporate Management Team and final outturn performance is reported to relevant Service Committees at the end of the financial year.

3.44. The Council's Risk Register sets out the risks that we have to manage to help us achieve our objectives.

3.45.   The Council also has processes in place to identify and manage risks. The Risk Register is used to provide assurance over actions being taken to manage key risks, and to inform risk management planning and help in seeking to mitigate such risks.

Sustainable Economic, Social and Environmental Benefits

3.46.   Consideration is given to economic, social and environmental benefits in the assessing of bids for the council's capital programme. This is also reflected in the ongoing work on the Clitheroe market area redevelopment project.

3.47.   As capital resources are limited, a large proportion of the capital programme is committed to the ongoing replacement of such items as vehicles and plant. The latest environmental best practice is always reflected upon when procuring such items, within the budgets that are available.

3.48.   Full detailed information is provided to members in the budget setting process for both revenue and capital. The Budget Working Group is valued and allows for more focused work to be undertaken and specific guidance to be given to Service Committees.

3.49.   All decision reports include a section on risks, which includes those risks in relation to the decision to be taken by members:

- Resources.

- Technical, Environmental and Legal.

- Political.

- Reputation.

- Equality and Diversity.

3.50.   The council's Core Values state that we will:

- Lead the Community;

- Strive to achieve excellence;

- Ensure that access to services is available to all;

- Treat everyone equally;

- Respect all individuals and their views; and

- Appreciate and invest in our staff.

Principle D – Determining the Interventions Necessary to Optimise the Achievement of the Intended Outcomes

Determining Interventions

3.51.   It is ensured that the financial management of the Council is sound, by regular and timely reporting to budget holders, Management Team, Leaders and the Council as a whole. Budget setting, control and reporting requirements are set out in the Council's Financial Regulations, which have full regard to internal and external regulations and relevant codes of practice.

3.52.   Capital and Revenue budgets are monitored closely and reports on budget allocations and actual performance are provided to the Corporate Management Team and to relevant Committees. Further reporting is provided to the Budget Working Group and minutes of the same are reported to Policy and Finance Committee.

3.53.   Delegation of decision making to officers is detailed in the Constitution so that they can deal with the day-to-day running of the service without the need to constantly refer matters back to Committees. Details of what decisions are taken in this way are included in the Scheme of Delegation in the council's Constitution. Further specific delegations may be granted through recommendation in public reports to Committee.

Planning Interventions

3.54.   There are clear timetables in place for the various Service Committee meetings. These are published on the council's website.

3.55.   A timetable is set and approved by the Policy and Finance Committee for the council budget setting process, detailing key dates for meetings to consider reports on capital and revenue budgets and the setting of fees and charges. Also included in such timetables are the regular meetings of the Budget Working Group.

3.56.   A further timetable is also set by the Accounts and Audit Committee for the closure of accounts process, similarly detailing key dates and meetings in the process.

3.57.   Where relevant, service areas provide key performance indicators which are monitored and reported on centrally to all service committees at the end of the financial year. There is also in year monitoring and reporting to the Corporate Management Team.

3.58.   All service budgets are matched to the various council priorities and analysis of the distribution of the budgets across priorities is given in the Medium Term Financial Strategy for both revenue and capital.

3.59.   The medium term financial forecast is reported to the Policy and Finance Committee twice a year and is also reported to the Budget Working Group. Clear budget guidance is given to all service committees through the Budget Working Group and also to the finance team and budget holders.

Optimising Achievement of Intended Outcomes

3.60.   The Council balances service priorities whilst setting the overall budget in line with the work of the Budget Working Group. This includes both revenue and capital budgets.

3.61.   Such work is undertaken in line with the council's Efficiency Plan, which was required by the Government in order for us to secure a four year financial settlement.

3.62.   Very little of the council's procurement activity falls under the requirements of the Public Contracts Regulations due to the level of expenditure involved. As a result the undertakings around The Public Services (Social Value) Act 2012 are satisfied through the various Framework Agreements that are used.

Principle E – Developing the Entity's Capacity, Including the Capability of its Leadership and the Individuals Within it.

Developing the Entity's Capacity

3.63.   The council has a performance appraisal process in place for all staff. As part of this process targets are set and also future training needs are identified for provision at a service level, or where applicable through the provision of corporate level training.

3.64.   The requirement for key property, plant and equipment is reviewed on a regular basis, particularly through the capital programme process and the bidding for resources with a detailed narrative on need.

3.65. Various service areas undertake differing levels of service comparison with other local authorities. There is no formal planned benchmarking of services; however, ad-hoc service comparisons are undertaken as needed.

3.66. During the 2017/18 financial year the council engaged in a Corporate Peer Challenge review.

3.67. The Peer Challenge team were on site from the 20-22 November 2017 and the core components that the team looked at were the issues of leadership, governance, corporate capacity and financial resilience. In addition the agreed scope of the Peer Challenge included:

- Promoting Local Growth

- Balancing Growth and Housing

3.68. There were a number of suggestions and observations made following the Corporate Peer Challenge review that have led to some key recommendations for the Council and these have been included as part of this Annual Governance Statement as a Significant Governance Issue. The agreed action plan is attached at Annex 1.

3.69. The council does not have a workforce plan in place. Work is currently underway to produce a structured organisational development plan.

Developing the Capability of the Entity's Leadership and Other Individuals

3.70. The functions of statutory officers are detailed in the constitution and the roles of the Committees are documented within the constitution. The arrangements in place for the discharge of functions by specific officers under delegation are set out in the Officer Delegation Scheme

3.71. The Corporate Management team meets on a weekly basis to discuss matters of strategic and operational importance to the Council. Weekly meetings take place between the Chief Executive (Head of Paid Service) and the Leader of the Council.

3.72. The Chief Executive leads on implementing strategy and managing service delivery and other outputs set by members.

3.73. The council's Constitution is reviewed annually, including the Scheme of Delegation. Additionally the Standing Orders, Financial Regulations and Contract Procedure Rules are all reviewed annually.

3.74. To enable Elected Members and Senior Officers to have a shared understanding of their respective roles the Council has a Protocol governing Member and Officer relations.

3.75. All newly elected members receive an induction and an ongoing training plan for members is currently being developed. Requests for training by members and senior management will always be considered.

3.76. A standard induction process is in place for members and also for staff. There is no tailoring of staff inductions as provided by the HR team to the employee's role, however further induction is generally provided separately by the relevant section.

3.77. The council's performance management appraisal process includes a section reviewing past training and identifying new training that may be required for the employee. This training may be provided at a service level, or if there is demand, at a corporate level.

3.78.   Records are monitored regarding member attendance, but there is no formal review of individual member performance or training needs. There are no personal development plans in place for members.

3.79.   The Council has undertaken a Peer Challenge review led by the Local Government Association to provide an assessment and feedback. The core components that the team looked at were the issues of leadership, governance, corporate capacity and financial resilience. There were a number of suggestions and observations made within the report that have led to some key recommendations for the Council. An action plan has been formulated to implement recommendations, which is attached at Annex 1.

3.80.   The council has a staff handbook which is published on its Intranet, ensuring that all policies are available to staff. There is also a hard copy maintained at various sites for those with no access to the Intranet.

3.81.   With regard to staff physical and mental wellbeing, there is a programme of Health and Safety training and also sessions available to all staff around stress awareness. Various tips and articles and also published for all staff in the monthly newsletter.

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

Managing Risk

3.82.   The Council has embedded a structure and system for identifying, evaluating and monitoring all significant business risks at an operational level. The Council has a risk management policy in place which is published on the council's Intranet. The policy clearly outlines the processes and responsibilities that are in place and the monitoring procedures to be followed.

3.83.   The Corporate Management Team receive monthly risk management updates and areas of high risk are reported promptly to Accounts and Audit Committee for scrutiny.

Managing Performance

3.84.   Where relevant, service areas provide key performance indicators which are monitored and reported on centrally to all service committees at the end of the financial year. There is also in year monitoring and reporting to the Corporate Management Team. The Peer Challenge Review highlighted the need for the performance management framework to be reviewed and also stated that the information provided to committees needed to be examined in order to enable progress with key priorities to be better monitored.

3.85.   Various service areas undertake differing levels of service comparison with other local authorities. There is no formal planned benchmarking of services; however, ad-hoc service comparisons are undertaken as needed.

3.86.   Performance against budget is reported to the Corporate Management Team and also on a regular basis to service committees. The overall position is also considered in reports to the Policy and Finance Committee.

3.87.   Outturn reports are also reported to all services committees and this is also considered by the Budget Working Group and used in the budgeting process for future years.

3.88.   A set timetable is in place for meetings, the production and distribution of agenda packs, and the holding of briefings prior to the meeting between key officers and committee chairs and vice-chairs. Included in the Constitution are the terms of reference for all committees. The minutes of all minutes are published on the council's website.

3.89.   Debate and discussion on issues is actively encouraged at committee meetings. The council also have a call in procedure for any decisions, which allows for further scrutiny. The call-in procedure should normally only apply to decisions, which are considered to be contrary to policy or not in accordance with the budget.

3.90.   Full detailed information is provided to members in the budget setting process for both revenue and capital. The Budget Working Group is valued and allows for more focused work to be undertaken and specific guidance to be given to Service Committees.

3.91.   Budget setting, control and reporting requirements are set out in the Council's Financial Regulations, which have full regard to internal and external regulations and relevant codes of practice.

Robust Internal Control

3.92.   Internal Audit is an independent and objective appraisal function established by the Council for reviewing the system of internal control. This is in compliance with Regulation 5 of the Accounts and Audit Regulations 2015 that specifically requires a local authority to undertake an adequate and effective system of internal audit.

3.93.   An Internal Audit Plan is produced each financial year and is risk based. This is agreed and monitored by the Accounts and Audit Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant service. The report includes recommendations for improvements that are included with an Action Plan.

3.94.   The Risk Management Strategy is reviewed on a regular basis and is approved by the Accounts and Audit Committee.

3.95.   The European Institute for Combatting Corruption and Fraud (TEICCAF) issued a checklist for the 'Protecting the Public Purse' document. Authorities were encouraged to use the checklists to ensure that they have sound governance and counter-fraud arrangements in place and that they are working as intended. No significant issues were highlighted as a result of this review.

3.96.   CIPFA 'Fighting Fraud and Corruption Locally 2016-19' strategy sets out the approach local authorities should take and the main areas of focus over the next three years in order to transform counter fraud and corruption performance. There is a checklist to measure counter fraud and corruption culture and response. No issues were highlighted as a result of this review.

3.97.   The Accounts and Audit Committee meet four times a year and have a clear Terms of Reference. Ad-hoc training is provided to members as and when required and open debate and discussion on all items is encouraged.

3.98.   There is regular consideration around high level risks that have been flagged as areas of concern, and where necessary action is called for, or references made to relevant service committees.

Managing Data

3.99. The Council is committed to safeguarding the personal data it holds and sharing this data only in circumstances required or permitted by law. Personal data is processed in accordance with the Data Protection Act 1998, and in particular its eight data protection principles.

3.100. The council's ICT Manager is the designated Data Protection Officer.

3.101. The council have a Data Protection Policy which is published on the council's Intranet and available for all staff.

3.102. There has been no formal training for staff on data protection over the last financial year, but following the introduction of GDPR there is planned training for all staff and members in 2018/19.

3.103. There is an ongoing review of data held, processes and policies as a result of the introduction of GDPR, which has inevitably increased the profile around this subject area.

3.104. The council have a Data Quality Policy in place which staff involved in providing performance indicator data are required to acknowledge that they have read and understand.

3.105. The internal audit team also review the accuracy of the performance indicators that are published at the end of the financial year.

3.106. The Council makes information available to the public via the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Individuals may also access their own personal data by exercising the right of subject access under the Data Protection Act 1998.

3.107. The Council complies with the Local Government Transparency Code 2015 by publishing accurate data within appropriate time frames in the areas mandated by the Code.

Strong Public Financial Management

3.108. Regular monitoring of the council's financial position helps ensure that services perform within the resources allocated to them. Mechanisms within the Financial Regulations allow for flexibility in meeting demands that could not be anticipated.

3.109. The medium term financial strategy (MTFS) is the council's key financial planning document. It aims to provide the council with an assurance that the council's spending plans are affordable over the medium term.

3.110. More detailed short term financial information is provided through the council's details and summary budget books. The budget books and the medium term financial strategy are all published on the council's website.

3.111. Monitoring against these financial plans is reported in full to service committees, with variances highlighted and action plans against specific areas published within the reports where relevant. All committee reports are published on the council websites and meetings minuted.

3.112. The working of the Budget Working Group is key in developing the council's budgets, and the minutes of this working group are reported to the Policy and Finance Committee, and again published on the council's website.

3.113. All reports across all committees are published in a consistent style.

3.114. Financial outturn reports are presented to all service committees.

3.115. The Council's approach to Financial Management ensures that public money is safeguarded at all times ensuring value for money. Its approach supports both long term achievement of objectives and shorter term financial and operational performance.

3.116. The Chief Finance Officer (Director of Resources) ensures that appropriate advice is given on all financial matters, proper financial records and accounts are kept, and oversees an effective system of internal financial control.

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Implementing Good Practice in Transparency

3.117. The Council follows the Local Government Transparency Code 2015, which includes requirements and recommendations for local authorities to publish certain types of data.

3.118. All data transparency data is published together in a single are on the council's website.

3.119. Content on the council's website seeks to meet the needs of the public and where issues are raised through social media, or through the council's contact centre, steps are taken to ensure information is made available where possible on the website to satisfy the queries being raised.

3.120. Socitm are a society for IT practitioners in the public sector. One part of their workstream is on 'Better Connected' assessments. It evaluates a wide range of digital performance covering websites, social media and customer portals, as well as takeup, satisfaction and management. Council websites are scored out of four stars and for 2016/17 (latest available) the council scored three stars.

Implementing Good Practices in Reporting

3.121. All data transparency data is published together in a single area on the council's website.

3.122. The council's Statement of Accounts are published in a timely manner and are published on the council's website. The Statement of Accounts includes a narrative statement which allows for a more understandable format of the outturn position of the council, away from the statutory presentation requirements seen in the statements themselves. Financial outturn reports are presented to all service committees.

3.123. Following external audit the Statement of Accounts is approved by the Accounts and Audit Committee.

3.124. The Council explains how it reviews its governance arrangements, and how it has complied with CIPFA's "Delivering Good Governance in Local Government (2016)" principles by producing this Annual Governance Statement (AGS). This includes an action plan identifying what governance challenges it will need to address in the next financial year.

3.125. Financial performance is also reported throughout the year to all service committees. Such documents are openly available on the council's website.

Assurance and Effective Accountability

3.126. The report of the external auditor is reported to the council's accounts and Audit Committee. Any actions that may arise from that report would be monitored by the Accounts and Audit Committee to ensure compliance and that they result in positive improvements.

3.127. A review has been undertaken of CIPFA's Statement on the Role of the Head of Internal Audit and no issues were identified. Compliance with the Public Sector Internal Audit Standards was also confirmed.

3.128. The work of the council's internal audit team is reported on a regular basis to the Accounts and Audit Committee.

3.129. The council welcomed a peer challenge review during the 2017/18 financial year and the action plan as a result of the findings of that review have been included as part of this statement.

3.130. The council's external auditors, Grant Thornton attend the meetings of the Accounts and Audit Committee and provide reports to the members of that committee.

4.   REVIEW OF EFFECTIVENESS

4.1.   Ribble Valley Borough Council has a legal responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

4.2.   After conducting this review the Council has assurance that its governance arrangements and systems of control are robust and reflect the principles of the Code of Corporate Governance. This section explains what arrangements were reviewed, and how this assurance was achieved.

Corporate Management Team

4.3.   The Corporate Management Team meets each week to discuss policy issues and also considers internal control issues, including risk management, performance management, compliances, efficiency and value for money, and financial management.

Corporate Level Review

4.4.   The Corporate Management Team reviewed the compilation of the Annual Governance Statement and consisted of the following officers during 2017/18.

- Chief Executive (Head of Paid Service);
- Director of Resources (S151 Officer);
- Director of Community Services;

4.5.   The group has considered a detailed corporate level review of the Council's system of governance in accordance with the guidance provided by CIPFA/ SOLACE.

Directorate Level Review

4.6.   The Council has also in place Directorate Assurance Statements requiring Directors to review the operation of a range of governance systems and procedures within their service areas and indicate whether there are any significant non-compliance issues. These are analysed to ascertain whether there are any common areas of concern, and if so, whether these constitute significant governance issues and as such need to be included in the Annual Governance Statement.

Monitoring Officer

4.7.   As the Council's Monitoring Officer, The Head of Legal and Democratic Services has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution each year at its Annual Meeting. Assurances were given by the Monitoring Officer with regard to the matters that fall within their jurisdiction.

Accounts and Audit Committee

4.8.   The Council has appointed an Accounts and Audit Committee whose terms of reference comply with the latest CIPFA guidelines. These extend to monitoring the Council's governance and risk management framework and include reviewing the adequacy of the governance framework.

Internal Audit

4.9.   Internal Audit is responsible for monitoring the quality and effectiveness of the system of governance and internal control. A risk-based Internal Audit Plan is produced each financial year. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Directorate. The report includes recommendations for improvements that are included within an Action Plan and require agreement or rejection by Heads of Service. The process includes follow-up reviews of agreed recommendations to ensure that they are acted upon.

4.10.   The Internal Audit Annual Report contains an opinion on the overall levels of internal control (a view based on the relative significance of the systems reviewed during the year, in the context of the totality of the control environment).

External Audit

4.11.   In accordance with the National Audit Office's Code of Audit Practice, the Council receive regular reports on elements of its internal control environment, including performance management, risk management, financial management and governance.

Peer Review Challenge

4.12.   This year's review of effectiveness also took in to account the findings and action plan of the Corporate Peer Challenge review which took place during 2017/18. The Peer Challenge team were on site from the 20-22 November 2017 and the core components that the team looked at were the issues of leadership, governance, corporate capacity and financial resilience.

European Institute for Combatting Corruption and Fraud (TEICCAF) – Protecting the Public Purse Checklist

4.13. The European Institute for Combatting Corruption and Fraud (TEICCAF) issued a checklist for the 'Protecting the Public Purse' document. Authorities were encouraged to use the checklists to ensure that they have sound governance and counter-fraud arrangements in place and that they are working as intended.

CIPFA 'Fighting Fraud and Corruption Locally 2016-19'

4.14. CIPFA 'Fighting Fraud and Corruption Locally 2016-19' strategy sets out the approach local authorities should take and the main areas of focus over the next three years in order to transform counter fraud and corruption performance. There is a checklist to measure counter fraud and corruption culture and response.

CIPFA 'The Role of the Chief Financial Officer in Local Government'

4.15. CIPFA published a document on the Role of the Chief Financial Officer. Achieving value for money and securing stewardship are key components of the Chief Financial Officer's role and the document includes a list of principles that were assessed as part of this review of governance arrangements

CIPFA 'The Role of the Head of Internal Audit'

4.16. The Head of Internal Audit occupies a critical position in any organisation, helping it to achieve its objectives by giving assurance on its internal control arrangements and playing a key role in promoting good corporate governance. This CIPFA document is to clarify the role of the Head of Internal Audit and to raise its profile.

5. SIGNIFICANT GOVERNANCE ISSUES

5.1. A governance issue arises when something has gone wrong which will affect the achievement of the Council's objectives. There is a need to respond and often recover from an issue and in financial terms, responding and recovering may add significant cost to the organisation or its processes. An issue may arise unexpectedly or may result from a poorly managed risk.

5.2. Whilst determining the significance of an issue will always contain an element of judgement, an issue is likely to be significant if one or more of the following criteria applies:

- It has significantly prejudiced or prevented achievement of a principal objective;
- It has resulted in the need to seek additional funding to allow it to be resolved, or has required a significant diversion of resources from another service area;
- It has had a material impact on the accounts;
- It has been identified by the Accounts and Audit Committee as significant;
- It has resulted in significant public interest or has seriously damaged reputation;
- The governance issue may, or has been publicly reported by a third party as a significant governance issue;
- It has resulted in formal actions being taken by the Section 151 Officer or Monitoring Officer.

5.3.   Considering the above areas there are a number of areas to be raised as part of this Annual Governance Statement for 2017/18.

Peer Challenge Review: As a result of the recommendations of the Peer Challenge Review carried out in 2017/18, the approved action plan from that review has been attached at Annex 1 for implementation in line with the timescales identified.

Refuse Vehicle Maintenance Costs: There has been a significant increase in refuse vehicle maintenance costs which has been highlighted to the relevant committees and Budget Working Group during the year.

Communications Strategy: The council does not have an up to date Communications Strategy in place. It is important that there is a structured approach in place as to how the council interacts with its internal and external stakeholders with changing patterns of communication.

Signed:

_____   _____
Leader of the Council   Chief Executive
On behalf of Ribble Valley Borough Council

CORPORATE PEER CHALLENGE - ACTION PLAN

Key Recommendations:

1. Strengthen engagement with staff and partners to ensure clarity of vision and desired outcomes in relation to the Corporate Strategy, priorities and initiatives.

2. Review the Performance Management Framework linked to the Corporate Strategy.

3. Review the resourcing of Corporate Strategy priorities.

4. Develop an Economic Development Strategy.

5. Explore opportunities to strengthen early engagement with developers in order to maximise community benefits, as well as opportunities to strengthen community engagement/communication in relation to development.

6. Strengthen engagement between the Leadership and Corporate Management Team – this includes the chairs of committees.

Issue (from the report)	Required Action	Milestones	Due Date	Lead
Strengthen engagement with staff and partners to ensure clarity of vision and desired outcomes in relation to the Corporate Strategy, priorities and initiatives				
More needs to be done to ensure clarity of vision and priorities. Key to this will be recognising and valuing the good work that the council has already undertaken which provide the building blocks for the future. A new Corporate Strategy will be developed next year. This provides an opportunity for the Leadership to develop a clear timetable of engagement with both staff and partners. This will help ensure wider ownership of the vision, ambitions and priorities. The council need to ensure continued,	• Mini review of the existing Corporate Strategy	• Revised Corporate Strategy – CMT & Leader • Revised Corporate Strategy – Policy and Finance Committee	• July 2018	• CEO/ Principal Policy and Performance Officer
	• Inform staff, public and other key stakeholders of the revised Corporate Strategy and progress updates	• Circulation of revised Corporate Strategy to staff • Publish revised Corporate Strategy on the Council's website	• July 2018	• Principal Policy and Performance Officer

Issue (from the report)	Required Action	Milestones	Due Date	Lead
timely engagement of staff at all levels to ensure wider understanding and buy in. It is important that the council continues to engage staff at all levels of the organisation to ensure ownership of future ambitions and priorities. Feeding back to staff following the staff survey is key. Regular Corporate Strategy progress updates to staff and celebration of successes will help to keep the whole organisation engaged around delivery of the plan.	• Review Internal Communications	• Review of Internal Communications – Personnel Committee	• September 2018	• Head of HR/ Principal Communication s Officer
	• Develop a shared vision for the Borough	• Report to Policy and Finance setting out plans for developing new Corporate Strategy 2019-2023 • Develop new Corporate Strategy 2019-2023	• September 2018 • September 2019	• CEO/ Principal Policy and Performance Officer
Review the Performance Management Framework linked to the Corporate Strategy				
As part of the development of the new Corporate Strategy, the framework should be reviewed to ensure it is rooted in the priorities and ambitions of the council moving forward. There are opportunities to review the monitoring information shared with committees to maintain clear governance, ownership and constructive challenge.	• Review the performance Management Framework in light of revised Corporate Strategy • Review performance monitoring information provided to committees to enable progress with key priorities to be better monitored	• Revised Performance Management Framework and Indicators	• September 2018	• CMT, Heads of Service and Principal Policy and Performance Officer

Issue (from the report)	Required Action	Milestones	Due Date	Lead
Review the resourcing of Corporate Strategy priorities				
Ensuring capacity to deliver corporate priorities. The challenge now will be to ensure good 'succession planning' for the years to come.	• Consider resource implications of new Corporate Strategy and Council priorities	• Periodic review of priorities and resources • 2019/2020 Budget – review of priorities and resources	• 6 monthly • February 2019	• CMT
Anecdotal evidence suggesting delivery of appraisals and one to ones may be patchy in some areas. The council should consider reviewing its current approach to ensure consistency across all teams. There is also an opportunity to review the current appraisal system, including competency based approaches. This should be aligned to the development of a new Corporate Strategy next year so that the appraisal system is rooted firmly within the council's future priorities and ambitions and the type of council it wants to be.	• Review the Performance Appraisal system	• Revised Performance Appraisal System – Personnel Committee	• September 2018	• CMT/ Head of HR
The council may benefit from further work to review its use of ICT linked to its ambitions for the future. The peer team had a sense that some service areas may still rely quite heavily on paper copies of documents and files. If this is the case, could more be done to reduce the need for this which may have the potential to reduce the costs of printing as well as supporting the council's sustainability agenda?	• Produce a comprehensive IT Strategy	• Adoption of IT Strategy – Policy and Finance Committee	• July 2018	• Head of Financial Services

Issue (from the report)	Required Action	Milestones	Due Date	Lead
Develop an Economic Development Strategy				
Develop an Economic Strategy that better reflects the borough's standing as a key player in the region. Economic Development to play a key part in overseeing the Economic Development Strategy. An Economic Development Strategy developed with partners should help prioritise resources and future investment in the key areas that will make a difference. The new strategy might include how to attract new and diverse industries, inward investment, marketing of key employment sites, higher value jobs for local people (harnessing good local educational outcomes) and branding. The Economic Development Strategy should reflect the council's appetite for risk in terms of economic development investment going forward. The Economic Development Strategy could be used to help raise the economic profile of the borough both regionally and nationally.	• Develop a comprehensive Economic Development Strategy that is realistic and achievable and follows the Council's vision and priorities for the economic development of the Borough	• Production of Comprehensive Economic Development Strategy • Report to Economic Development Committee	• September 2018	• Director of Economic Development and Planning

Issue (from the report)	Required Action	Milestones	Due Date	Lead
Work with partners to better articulate growth ambitions. Become a stronger voice regionally and nationally, particularly through the Local Enterprise Partnership (LEP). The council have a real opportunity to raise their profile through the LEP; stepping up to the plate to harness their relatively strong economic position to better influence and shape future work. In particular, discussions relating to the Strategic Economic Plan and Growth Deal for Lancashire.	• Attempt to gain Council representation on the LEP	• Seat on the LEP Board	• December 2018	• Council Leader
The council should continue to work in partnership with the other councils in the region outside of any Combined Authority if it is to realise its ambitions for the borough, particularly the LEP.	• Political Leadership and Member involvement through Lancashire Leaders	• Agreed system of collaborative working	• December 2018	• Council Leader
Explore opportunities to strengthen early engagement with developers in order to maximise community benefits, as well as opportunities to strengthen community engagement/communication in relation to development				
Through infrastructure planning and costing, the council should maximise contributions to meet infrastructure needs arising from development. There may be opportunities to review the pre-application offer to developers, agents and architects to strengthen current	• Absorb changes to National Planning Policy Framework (NPPF)	• Outline Plan to Planning Committee	• April/ May 2018	• Head of Regeneration and Housing
	• Articulate the vision for the area in terms of house building and economic development	• Discussion and debate on the extent of new development	• September 2018	• Head of Regeneration and Housing

Issue (from the report)	Required Action	Milestones	Due Date	Lead
approaches, including early engagement with councillors. Holding the line on viability, particularly in the face of demands around affordable housing, is key. Recognising there is often the opportunity to adjust the housing mix and/or tenure, which can deal with some of the gap on the viability to maintain affordable housing numbers, is also important.	• Review the Core Strategy • Determine infrastructure requirements • Consider adopting the Community Infrastructure Levy	• Interim reports to Planning Committee • Updated Core Strategy/Local Plan Review	• Throughout 2018 - 2020 • March 2020	• Head of Regeneration and Housing
Explore opportunities to develop an 'implementation group' to take a programme based approach to oversee delivery of major sites with planning permission and associated infrastructure. The council should continue to share learning and offer support to parishes who wish to pursue neighbourhood plans.	• Support the development of neighbourhood plans	• Support to be offered as required	• Ongoing	• Head of Regeneration and Housing
Strengthen engagement between the Leadership and Corporate Management Team – this includes the chairs of committees				
Strengthen engagement between the Leadership and Corporate Management Team in order to take the council forward positively; the council should consider a 'top team development' session to begin to shape this work going forward.	• Review the Council's Governance arrangements	• Conduct review of the Council's Governance arrangements • Report to Policy and Finance Committee	• September 218	• CEO/ Head of Legal Services
To ensure continued cohesive leadership of the council in meeting the challenges ahead, the development of a standard approach to senior member and Corporate	• Organise training sessions for senior members and officers	• Identify training requirements • Develop training programme	• July 2018	• Head of Legal Services/ Head of HR

Issue (from the report)	Required Action	Milestones	Due Date	Lead
Leadership Team engagement should be considered. Investing this time together will support collaborative working. This might involve regular meetings e.g. quarterly, between the Leader, committee chairs and CLT. It could also involve a future programme of 'top team days' – particularly leading up to the development of the new Corporate Strategy next year. The relationships between members and officers, including communication and understanding of respective roles, will be key in helping the council move forward positively. To this end, the council may benefit from re-visiting its current Member Officer protocol to ensure continued understanding and buy in across the council.	• Revisit the Officer/ Member Protocol	• Report to Accounts and Audit Committee	• July 2018	• CEO/ Monitoring Officer
	• Create a forum for two-way communications between senior members and corporate management team	• Regular meetings with CMT/Committee Chairmen	• Commencing April 2018	• CEO