Annual Governance Statement

2014/2015

Ribble Valley Borough Council

www.ribblevalley.gov.uk

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, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

1.3   The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government.* A copy of the code is on our website at www.ribblevalley.gov.uk. This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

2.   THE PURPOSE OF THE GOVERNANCE FRAMEWORK

2.1.   The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

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 2015 and up to the date of approval of the statement of accounts.

3.   THE GOVERNANCE FRAMEWORK

Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users

3.1.   The Council's vision, priorities and objectives are clearly set out in the approved Corporate Strategy document 2011 - 2015, which is available to view on the Council's website.

3.2.   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. The Core Strategy was adopted by the Council on 16 December 2014.

Reviewing the authority's vision and its implications for the authority's governance arrangements

3.3. The Corporate Strategy is annually reviewed and reported to Policy and Finance Committee to ensure it continues to reflect changes to the Council's priorities that occur over time. The review took place and was approved in January 2015.

Translating the vision into objectives for the authority and its partnerships

3.4. The Council has established a performance management and strategic planning framework for detailed planning, implementation and monitoring of the Corporate Strategy.

3.5. Mechanisms in place for the monitoring of performance include:

- Performance indicators are reported by Senior Officers to the relevant committees on a regular basis;
- Improvement and Statutory Reviews (for example by the Benefits Inspectorate);

3.6. The Council uses a bespoke performance management software system to measure progress towards the achievement of individual performance targets and their combined effect on the accomplishment of corporate objectives.

3.7. Reports produced by the system demonstrate progress towards the achievement of performance indicators in terms of trends and percentage variances against target.

3.8. 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.

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

Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money

3.10. 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.

3.11. A medium term financial strategy is set based upon regularly refreshed priorities.

3.12. 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. This includes both revenue and capital monitoring.

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements

3.13. The functions of statutory officers are detailed in the constitution and the roles of the Committees are documented within the constitution.

3.14. The officer delegation scheme details specific chief officer responsibilities.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

3.15. All policies are subject to internal review to ensure these are adequately maintained. The council keeps all staff aware of changes in policy and new legislation as necessary, by a variety of means, and where appropriate arranges training for all or key members of staff.

3.16. 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. These incorporate procedures for the disclosure of pecuniary interests and offers of gifts and hospitality.

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

3.18. 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.

Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

3.19. The 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 local people. The Council's Constitution and procedural notes/ manuals are reviewed periodically to ensure continued compliance with changing laws and regulations, and internal policies and procedures.

3.20. In compliance with the Freedom of Information Act 2000 procedures for requesting access to information are in place. The details are noted on the Council's website.

Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

3.21. The Council has embedded a robust structure and system for identifying, evaluating and monitoring all significant business risks at both strategic and operational levels.

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

3.23. The Council has a risk management policy in place which is published on the Internet.

Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained

3.24. The Council has an Anti-Fraud and Corruption Policy on the Council's intranet. The Council's anti-money laundering policy recognises its obligation to establish formalised internal procedures to prevent its services in the use of money laundering. The policy was reviewed by Policy & Finance Committee at their meeting in June 2012.

3.25. The Council participate in the National Fraud Initiative.

Ensuring effective management of change and transformation

3.26. The Medium Term Financial Strategy is a 3 year strategy; however this is reviewed annually to reflect any changes.

3.27. Training is offered to both Staff and Councillors to be able to deal with change effectively.

Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on The Role of the Chief Financial Officer in Local Government (2010)

3.28. The Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. This is reviewed on an annual basis.

3.29. The Council has designated the Director of Resources as chief finance officer under Section 151 of the Local Government Act 1972.

3.30. The management structure of the Council ensures that the Chief Financial Officer reports directly to the Chief Executive and is a member of the leadership team with direct responsibility for the Council's financial activities. The leadership team meets on a weekly basis to discuss matters of strategic and operational importance to the Council.

Ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)

3.31. The Council's internal audit arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit in public service organisations. This is reviewed on annual basis.

3.32. The Council has delegated responsibility for maintaining an adequate internal audit function to the Head of Financial Services.

Ensuring effective arrangements are in place for the discharge of the monitoring officer function

3.33. The Council has designated the Head of Legal & Democratic Services as Monitoring Officer, who plays a key role in ensuring compliance. After consulting with the Chief Executive, the Monitoring Officer will report to the full Council if she considers that any proposal, decision or omission would give risk to unlawfulness or maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

Ensuring effective arrangements are in place for the discharge of the head of paid service function

3.34. The Chief Executive is designated as the Head of Paid Service and fulfils the responsibilities of the role.

3.35. The roles and functions of the head of paid service, monitoring officer and chief financial officer are set out in the Constitution. The arrangements in place for the discharge of functions by specific officers under delegation are set out in the Officer Delegation Scheme.

Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committee – Practical Guidance for Local Authorities

3.36. The Council maintains a sound Internal Audit function that operates to the standards set out in the 'CIPFA Code of Practice for Internal Audit in Local Government in the UK'.

3.37. The Accounts and Audit Committee operates to an agreed terms of reference which defines its core functions, roles and responsibilities. The terms of reference is contained within the Constitution**.**

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

3.38. The Council aims to ensure compliance with established policies, procedures, laws and regulations through a variety of mechanisms, including:

- Monitoring Officer
- Section 151 Officer
- Internal Audit
- External Audit
- Performance Management System
- Risk Register
- Member and Officer training and development

3.39. A structured approach to financial and contract management is set out in Financial Regulations and Contract Procedure Rules. These provide guidance on managing our finances, ensuring compliance with legislation and value for money is considered in all purchasing activities.

3.40. Internal Audit report four times annually to the Accounts and Audit Committee and are a prime source of assurance to the Council regarding its financial management (including the adequacy of its financial systems, budgetary control and the efficient and effective use of resources). Internal Audit also provides assurance in the areas of governance, risk management and compliance.

3.41. The Council has an objective and professional relationship with its external auditors and statutory inspectors.

Whistle blowing and for receiving and investigating complaints from the public

3.42. 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.

3.43. There is a clear complaints procedure on the Council's website.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

3.44. Key policies and procedure documents are distributed to Members and Officers during the induction process. Up to date electronic copies are available to view on the Council's internal website.

3.45. Officer training needs are identified during performance appraisals. There is a thorough Member training and development plan in operation that reflects the requirements of a modern Councillor.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

3.46. The Council is committed to informing, consulting and involving local people in decision-making.

3.47. The Council has adopted a Constitution, which 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.

3.48. Policy and decision-making is facilitated through a Committee System including Accounts and Audit Committee and Policy and Finance Committee. Committee meetings are open to the general public except where personal or confidential matters are being disclosed and Committee minutes and agendas are publicised on the Council's website.

3.49. A Citizens Panel was set up in 2004 to enable the Council and its partners to access the views of Ribble Valley people. The results are used to develop policies & strategies, inform decision-making and identify where service improvements may be required. The Ribble Valley Citizens Panel can form part of a wider East Lancashire Citizens Panel, which when used for combined surveys allows for comparisons with neighbouring authorities. Members are sent approximately 2 surveys a year (which can be either a Ribble Valley only survey or an East Lancashire wide survey depending on what information is required.).

Enhancing the accountability for service delivery and effectiveness of other public service providers

3.50. Policy and Finance Committee approved the Council's medium term financial strategy (2014 - 2017) in February 2014. This strategy helps to ensure that financial resources available to the Council are sufficient to support the delivery of priorities, and to plan sustainable services and budgets. The financial strategy includes a budget forecast that is reviewed bi-annually.

3.51. 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 expenditures are submitted to the leadership team each month and to relevant Committees each quarter. Budget Working Group minutes are reported to Policy and Finance Committee periodically.

3.53. Heads of Departments are accountable for the service delivery and performance is reported to the relevant committees.

3.54. Senior Officers attend regular meetings with other local authorities in the neighbouring areas to ensure good working practice.

3.55. Relevant officers attend regular partnership meetings, i.e. Community Safety Partnership, Lancashire Enterprise Zone Partnership, etc. to ensure objectives are being met efficiently and effectively.

Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

3.56. The Council uses a 'Request to Enter into a Partnership Arrangement' form. The purpose of the form is to ensure that consistent information is obtained for all future partnerships that the Council enters into.   The lead officer for the partnership is also required to confirm that the Council's financial regulations and contract procedure rules will be adhered to.

4.   REVIEW OF EFFECTIVENESS

4.1.   Ribble Valley Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the assurance statements completed by the Heads of Service within the authority who have responsibility for the development and maintenance of the governance environment, the head of internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

Corporate Management Team

4.2.   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

4.3.   The Corporate Management Team consisting of the following officers during 2014/15 oversees the compilation of the Annual Governance Statement.

-   Chief Executive (Head of Paid Service);
-   Director of Resources (S.151 Officer);
-   Director of Community Services;

4.4.   The group have 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

4.5.   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

4.6.   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.

Accounts and Audit Committee

4.7.   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

4.8.   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.

4.9. 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

4.10. In accordance with the Audit Commission'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.

5. AUDIT COMMISSION: PROTECTING THE PUBLIC PURSE

5.1. A checklist issued by the Audit Commission entitled 'Protecting the Public Purse' was completed during the year.

5.2. Authorities were encouraged to use the checklist to ensure that they have sound governance and counter-fraud arrangements in place and that they are working as intended.

5.3. No issues were highlighted as a result of this review.

6. NATIONAL AUDIT OFFICE FACT SHEET: GOVERNANCE STATEMENTS GOOD PRACTICE OBSERVATIONS

6.1. A fact sheet issued by the National Audit Office entitled 'Governance Statements: Good Practice Observations from our Audits' 2012-2013 was completed during the year. Authorities were encouraged to answer the 'challenge questions' to support better governance.

6.2. No issues were highlighted as a result of this review.

7. GRANT THORNTON LOCAL GOVERNMENT GOVERNANCE REVIEWS: WORKING IN TANDEM   2014 AND 2015 ALL ABOARD

7.1. Grant Thornton carries out annual reviews to encourage organisations to improve their performance by learning from their peers, both within their own sector and beyond.

7.2. The reviews focussed on governance of the organisation, governance in working with others, governance of stakeholder relationships, risk leadership and public communications. These areas were examined and no issues were highlighted as a result of this review.

8. GRANT THORNTON DOCUMENT: 2016 TIPPING POINT

8.1. The report examined the resilience of local government to the financial, economic, demographic, policy and other challenges that the sector faces. The Financial Governance checklist was completed and no issues were highlighted.

9. LOCAL GOVERNMENT TRANSPARENCY CODE 2015

9.1. This document sets out the minimum data that local authorities should be publishing, the frequency it should be published and how it should be published. It also sets out details of data that the Government recommends local authorities to publish. There were no significant issues to raise in this area.

10.   SIGNIFICANT GOVERNANCE ISSUES

10.1. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Corporate Management Team, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. No significant governance issues have been highlighted.

Signed:

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Leader of the Council   Chief Executive

On behalf of Ribble Valley Borough Council