

Annual Governance Statement (53.13/14)

**How did we do in 2013/14?
Were we well-governed?**

Slough Borough Council

INTRODUCTION AND PURPOSE OF THIS DOCUMENT

This document is an assessment of our “governance”, but what do we mean by that word? There is no legal definition of “governance”, but we believe it is best summarised as:

having:

- the right **governance structures** (including constitution, committees, delegated powers, internal management structures and audit arrangements)
- the right **plan of action** (including **vision, aims, approaches and ambitions**); and
- the right **way of operating** (including openly, honestly and efficiently)

so that we deliver:

- the **right services**, to the **right people**, at the **right price** and at the **right time**.

Further guidance is given by CIPFA (the Chartered Institute for Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) which in 2007 jointly published a “Framework for Delivering Good Governance in Local Government”, updated by an Addendum in December 2012.

This guidance is recognised as the proper practices referred to in the Accounts & Audit Regulations that we must follow (and in that sense is the nearest one can get to the ‘official’ definition of Governance), and sets out six core principles of good governance, which we think are compatible with the summary we gave above.

CIPFA/SOLACE lists these core principles as:

- 1. Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area**
- 2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles**
- 3. Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour**
- 4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**
- 5. Developing the capacity and capability of Members and Officers to be effective**
- 6. Engaging with local people and other stakeholders to ensure robust public accountability.**

The law requires each council to produce an annual statement to provide assurance that it is a well-governed organisation with the right policies and controls in place to ensure excellent public services are delivered and public money is spent wisely. **This is called our ‘Annual Governance Statement’ and includes a ‘review of effectiveness’.**

This report is written under the authority of the council's Audit and Risk Committee and approved by it on 10th July 2014 through its delegated authority. It is signed by the Leader (an elected Councillor) and Chief Executive (an Officer) and published with the final accounts by 30th September 2014. It was submitted to our external auditors along with our annual accounts in July 2014; the auditors will consider whether the information we've submitted meets their expectations as part of their annual opinion in September 2014.

We acknowledge our responsibility for ensuring that an effective system of internal financial control is maintained and operated in connection with the resources concerned. The system of internal financial control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

GOVERNANCE STRUCTURES

In the Introduction above, the first thing we said was that we should have the right governance structures in place.

The key elements of the systems and processes that comprise Slough Borough Council's governance arrangements are set out below and include arrangements for:

- Identifying and communicating Slough Borough Council's Strategy that sets out its purpose and intended outcomes for citizens and service users
- Reviewing Slough Borough Council's Strategy and its implications for our governance arrangements
- Measuring the quality of services for users, ensuring they are delivered in accordance with Slough Borough Council's objectives and ensuring that they represent the best use of resources
- 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
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- Reviewing and updating the Constitution including Contract and Financial Procedure Rules, the scheme of delegation, which clearly define how decisions are taken and the processes and controls required to manage risks
- 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)"
- The Governance and Audit Committee which performs the core functions of an audit committee, as identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities"
- A review of the effectiveness of Internal Audit
- Whistle-blowing and for receiving and investigating complaints from the public
- Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

This section reviews those structures. We govern ourselves through **Council**, a **Corporate Management Team**, **Cabinet** and **Committees**, and we have many **policies** in place that govern our activities and which we follow. These are listed in turn below:

- ***Council***

The Council met eight times (including one extraordinary meeting). Of the 41 Councillors in place for 2013/14, the numbers attending were 36, 40, 38, 35, and on the first four standard meetings. Meetings of Council were held in open forum and considered reports from other committees.

- **Corporate Management Team (CMT)**

CMT meets regularly throughout the year, and reviews and approves reports before they are sent on for consideration by the relevant Committee. They are also involved in the development of new policies and strategies for the Council, either directly, or by management review and comment. Senior members are:

- the **Chief Executive** (Ruth Bagley) is the person who is ultimately responsible for the welfare of the Council's employees;
- the **Strategic Director, Wellbeing**;
- the **Strategic Director, Customer & Community Services**; and
- the **Strategic Director, Regeneration, Housing & Resources**.

- **Supporting Officers**

- the **Section 151 Officer** (Joseph Holmes) is responsible for looking after the financial affairs of the Council, fulfils the role of Chief Financial Officer and is a CIPFA Qualified Accountant. The role of the Chief Financial Officer complies with the governance requirements as set out within the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) through:
 - Being a key member of the Leadership Team, with a dotted reporting line to the Chief Executive, helping it to develop and implement strategy and to resource and deliver the organisation's strategic objectives and having access to CMT papers and meetings
 - Being involved in all material business decisions made by the Council to ensure both immediate and long term risks and implications are considered and that these are in line with the financial strategy;
 - Leading the promotion and delivery of good financial management across the Council through ensuring that key financial targets are being and reporting on performance against these to CMT
 - Ensuring the finance function is well led and effectively resourced throughout the year.
- the **Monitoring Officer** (Kevin Gordon) is responsible for ensuring that decisions by the Council are legal, and are made in an open and transparent way. The Monitoring Officer also reviews any reports or complaints about conduct and behaviour;

- **Cabinet**

The Cabinet is the Council's principal decision-making body, consisting of elected Councillors, appointed by the Leader of the Council, each with an area of responsibility called a 'portfolio' for which they are 'Commissioners'. Although the Cabinet can be made up of any political proportion, at the moment all our Cabinet Members come from the majority political party.

- **Audit & Risk Committee**

This Committee met five times during the year. Its main purposes are:

- to provide independent assurance of the adequacy of the risk management framework and the associated control environment;
- independent scrutiny of the authority framework and nonfinancial performance, to the extent that it affects the authority's exposure to risk and weakens the control environment; and
- to oversee the financial reporting process.

- **Overview & Scrutiny Committee**

The Overview & Scrutiny Committee consisted of nine non-Executive members (those who are not members of the Cabinet) and is appointed on a proportional basis (with political groups represented in the same proportion as on the whole Council). It monitored the performance of the Leader and Cabinet and scrutinises services and policies throughout the Borough, and makes recommendations for improvement. During the year, the Committee met ten times and:

- considered an update on the first year’s progress of the Transactional Services Centre Partnership and a further review of progress in-year
- explored options for a Phase two of the Transactional Services programme.
- reviewed and noted the Customer Service and Contact Strategy for 2013 - 2015
- reviewed and noted the Corporate Plan for 2013/14
- approved the appointment of three Scrutiny Panels
- discussed the Childhood Obesity Review on a number of occasions
- reviewed the Leisure Strategy
- considered the Quarter 1 & 2 Performance and Finance Reports and sale of Parlaunt Road.
- consideration was given to a report setting out the latest financial planning assumptions for the Council in the light of the Government’s Spending Review announced in June 2013
- considered an update report on the progress made within the Slough Regeneration Partnership (SRP) since its creation in March 2013 and Cabinet decision in September 2012 to create the Local Asset Backed Vehicle (LABV) .
- considered a report on the progress made on the redesign process to deliver the web based Joint Strategic Needs Assessment (JSNA).

There are also three Scrutiny Panels in addition to the Overview and Scrutiny Committee which focus on the different aspects of the council’s work – Health, Neighbourhoods and Community Services and Education and Children’s Services

The Council also has other committees (planning, licensing etc), but these are not concerned directly with governance arrangements so are not listed here.

- **Policies**

The following table lists the Council’s main documents, policies and procedures; we refer to and follow these, to make sure we do things in the right and consistent way. All these policies have been approved by your elected Councillors where required.

Title	Last updated
Constitution (including Financial Procedure Rules)	May 2013 ¹
Corporate Procurement Strategy	March 2012
Corporate Plan	2013
Risk Management Strategy	2013
ICT Strategy	2012
Slough Joint Wellbeing Strategy	2013
Anti Fraud & Corruption Policy	2013

¹ Further revised in April 2014

Asset Management Plan and Capital Strategy	2014
Whistleblowing Policy	May 2013
Statement of Accounts	October 2013

- Service Plans are a key document to enable the Council to identify how it will deliver its corporate objectives and plan within each service area. The following service plans were in place for 2013/14:
 - Adult Social Care & Commissioning
 - Chief Executive
 - Community and Skills
 - Corporate Procurement
 - Customer Service/Registration/Crematorium
 - Enforcement & Regulatory Services
 - Finance & Audit
 - Housing & Environment
 - IT
 - Professional Services
 - Regeneration & Estate
 - School Improvement

The only service plan for 2013/14 not completed was Children’s Services. As of May 2014 almost all service plans for 2014/15 had been completed, however a Children’s Services plan had not been submitted.

VISION, AIMS, APPROACHES AND ACTIONS

In the introduction to this document, the second thing we said we needed was the right plan of action. The Council agreed the following **Vision** for itself:

“Our vision is of a council that can continue to adapt to and lead change, through new ways of working and commissioning services”

Every year we agree a **Corporate Plan**, showing how we will work towards this Vision. We have chosen to express this in terms of objectives supported by aims/ approaches/actions that will assist us in delivering our plan, because we believe that a clear, simple, transparent set of statements provides the best way of establishing and then achieving them, and of being able to monitor performance – all of which is good governance.

The 2013/2014 Corporate Plan had six strategic **objectives**:

1. Improve customer experience.
2. Deliver high quality services to meet local needs.
3. Develop new ways of working.
4. Deliver local and national change.
5. Develop a skilled and capable workforce.
6. Achieve value for money.

REPORTING

In the Introduction, we said that we needed the right way of operating (including openly, honestly, efficiently, etc) so that, as outputs, we deliver the right services, to the right people, at the right price, and the right time. We also mentioned above that “it is standard practice to ‘work backwards’ and assess the results and performance, and infer that, if these outputs are good, that is a sign that the underlying governance is also working properly. This section reviews how we reported on the results.

Regular reporting

Within our Corporate Plan we have established a number of key performance indicators which we use to measure the performance of the performance of the Council during the year. These are reported in the form of a balanced scorecard. The following regular reports are received at our Cabinet meetings:

- **Corporate Plan**
- **Finance and Performance Report:** quarterly reporting on progress against the targets in the Corporate Plan and delivery of performance targets. We also publish detailed revenue and capital expenditure reports each quarter, and include financial forecasts.
- **Balanced Scorecard:** quarterly performance against the Council’s key performance indicators
- **Council’s Gold Projects Updates:** we publish quarterly performance in respect of the delivery of the Council’s Gold projects, which are our key strategic projects.
- **Financial and Performance Outturn Report:** we will publish a report following the year end detailing how we performed against our targets for 2013/14

We publish, annually:

- The **Audit of Accounts:** The format of these is set by accounting regulations. The council’s accounts are subject to external audit by BDO. Members of the public and local government electors have certain rights in the audit process.
- An **Annual Audit Letter:** Every year the council’s external auditors, currently BDO, produce an [Annual Audit Letter](#). This letter is a high level summary of the auditors’ findings from their work during the previous financial year.

Auditing and monitoring

The Council was subject to auditing and monitoring processes, which were intended to be objective and (where necessary) critical:

- **Internal audit:** we appointed Baker Tilly to carry out audits on a number of specific areas that we asked them to review. For each area of review, internal audit would typically provide assurance on the policies and procedures in place and the governance arrangements in operation to monitor the performance in that area. For each area a report was issued concluding with an assurance opinion that utilised a ‘traffic light’ system (red, amber, green) as to how they think each area was doing; and to make recommendations for changes to our procedures and governance arrangements. We then accepted or rejected each of their recommendations. Baker Tilly have provided an Annual Report in which it includes all the areas they investigated; what ‘traffic light’ they gave; how many [high/medium/low] recommendations they made and which were accepted.

The Head of Internal Audit Opinion for 2013/14 provided a positive opinion on our Risk Management, Governance and Control Framework. Positive assurance opinions were provided in 37 of the 46 audit reports issued in 2013/14 (excluding follow up and advisory reviews). Of the nine red assurance opinions issued, five of these related to our audits of schools. Whilst our overall opinion of the internal control environment is positive, we have identified significant weaknesses in four areas and appropriate commentary in respect of actions proposed to address these weaknesses is included in the improvements section below.

External audit: In 2012/13 the Council's external auditors provided an unqualified opinion on the financial statements and on the delivery of value for money. This opinion was delivered late due to a level of additional work completed by BDO. BDO also qualified two of the grant claims, Housing and Council Tax Benefits subsidy 2012-13, and NNDR 2012-13. the Council has put in place a workstream to improve the compilation and presentation of the financial statements for 2013-14 with the aim of providing the financial statements to BDO in an improved quality thus enabling the accounts to audited in line with statutory deadlines.

Other external assurance sources: Sometimes we are reviewed by external bodies that look at certain services such as OFSTED on Safeguarding, which was an area for inspection in December 2013. This inspection was followed up and an Ofsted inspection report of services for children in need of help and protection, children looked after children and care leavers was published in February 2014 with an 'inadequate' rating. This resulted in the Parliamentary Under Secretary of State for Children and Families using intervention powers under section 497A of the Education Act 1996 with respect to the Council's exercise of its children's social services functions.

- *Other external inspections included* Customer Service Excellence, Investors in People or Health and Safety.
- **Corporate Risk Register:** We document our corporate risks within this register which enables the Council to monitor how risks are being managed through regular review at the Risk Management Group and CMT. The Corporate Risk Register describes and rates each risk in terms of likelihood and consequence. It also lists controls mechanisms in place to manage those risks stated and actions to be undertaken to reduce the risks.
- **Audit recommendation tracker:** In 2013/14 we introduced a process of recommendation tracking to ensure that recommendations made by our Internal Auditors are implemented in a timely manner. We report on the progress in recommendation implementation to the Risk Management Group each meeting.

REVIEW OF EFFECTIVENESS

Slough 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 work of all managers within Slough Borough Council who have responsibility for the development and maintenance of the governance environment.

The following process has been applied in maintaining and reviewing the effectiveness of the governance framework, and includes:

- The work of the Risk Management Group and the Risk Management Strategy
- The annual assurance statements produced by all Heads of Service
- The work of the Audit and Risk Committee
- The work of the Standards Sub-Committee
- The work of Internal Audit
- The work of the Overview and Scrutiny Committee.
- Directors complete an annual assurance statement that is supported by a governance self-assessment completed by each Assistant Director; these are available on request.

We have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Audit and Risk Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

ANNUAL ASSURANCE STATEMENTS

As detailed above, in order to provide confirmation that each Directorate within the Council has a sound system of internal control in operation, which in turn helps to manage and control business risk, each Director has been required to complete, certify and return a statement of their Directorate's current position.

Each Director and Assistant Director has been provided with a model format for completion and, in completing the statement, has facilitated the involvement of their Direct Reports to ensure that sufficient input has been obtained to provide a clear and coherent statement of all risk and control issues within any given area. These statements are held by Internal Audit.

IMPROVEMENTS

In the Annual Governance Statement for 2012/13 we identified a number of areas for improvement. The table below lists them, and comments how we did in addressing them in 2013/14.

<i>Issues reported in 2012/13 AGS</i>	<i>2013/14 action taken</i>
Safeguarding services and Safeguarding outcomes for children and young people.	Items remain on the corporate risk register; risk remains in Children's Social Care following Ofsted inspection in December 2013.
Continued Economic Instability and Turbulence at a national level.	Remains on the Risk Register for 2013-14 and beyond. Council has delivered majority of savings for identified for 2013-14 with a break even outturn position and has set a balanced budget for 2014-15. MTFS contains sensitivity analysis of the key risks Regular monitoring of collection rates and anticipated income
Managing a mixed economy workforce.	During the year, further work has been completed to transfer staff to Cambridge Education (in respect of education and children's centres) and to arvato in respect of ICT and Customer Services. The Council continues to monitor performance through metrics to ensure outcomes are met. Internal audit review of the monitoring arrangements in place for the transactional services contract saw a positive opinion.
Partnership and Governance arrangements	This in part relates to the above risk, though we need to continue to improve partnership governance arrangements in light of the Ofsted report and ensuring close working with partners into the future.
Risk Management	We have continued to develop our risk management arrangements during 2013/14, working towards implementing the recommendations made in this area by Internal Audit. Whilst we acknowledge that there is further work to be completed in this area, improvements have been made in the processes in place,

	particularly with regards to developing the role of the Risk Management Group.
Procurement	During 2013/14 we commissioned a further audit of our procurement arrangements from our Internal Auditors, which provided reasonable assurance (positive opinion) over the effectiveness of controls in place. The introduction of a procurement contracts register will help to further enhance these controls.
Safeguarding (Risk Assessments)	No further work was completed on this area during 2013-14 due to the inspection by Ofsted on Children's safeguarding. The outcomes from this will be taken forward, and this will remain a key part of our improvement activity and our risk register going forward.
Asset Register	During 2013/14 we requested our Internal Auditors undertake a further review of the controls in place around our asset register, and to identify improvements made from the previous year. Whilst this review concluded with a positive audit opinion it noted that a number of further improvements were still required.
Schools Environment	We continued to commission an extensive programme of Internal Audit reviews around the management of our schools, including re-auditing a number of schools where critical opinions were provided in the previous year. Further audits of schools will take place within 2014/15 to continue to drive forward improvements in internal controls, and to engage further with schools over improving safeguarding arrangements. The Council needs to maximise its progress in respect of school improvement in an increasingly disparate education provision environment.

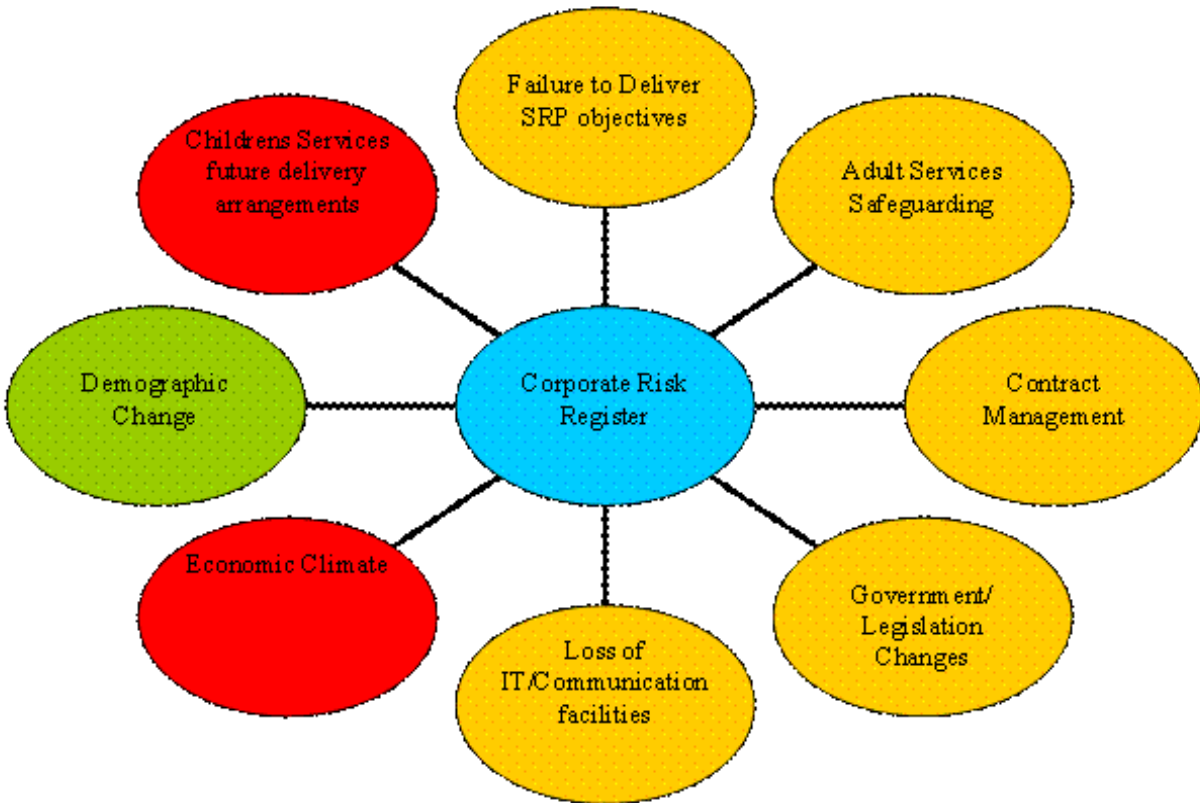
The following significant issues were identified during the year in addition to those above, together with the actions already taken or those that will be taken by the Council in 2014/15 in addressing these.

Issues	2013/14 action taken
Contract Management	This remains a key risk for the Council and continues to be managed via the Strategic Risk Register. Internal Audit have undertaken two audits on large value contracts and provided RED assurance opinions in both cases. We have developed action plans in response to these, together with commissioning further Internal Audit reviews as endeavour to improve our control framework during 2014/15.

Rent Accounts	Internal Audit undertook an audit on rent accounts, and provided a red assurance opinion, the main issues being that weekly charges were found to be understated in a number of instances and the lack of review of reports identifying rent arrears. We have developed an action plan in response to the audit and are actively working to ensure implementation of the recommendations made.
E-Learning: Training and Development	Internal Audit undertook an audit on e-learning, and provided a red assurance opinion, the main issues being the lack of development of the e-learning system and attendance at mandatory training courses during 2013/14. We have developed an action plan in response to the audit and are actively working to ensure implementation of the recommendations made.

Risk Register

The following risks have been highlighted on the Corporate Risk register, together with the associated risk rating:



We, the Leader and Chief Executive, undertake over the coming year to continue to monitor our governance arrangements to ensure they remain fit for purpose. We are satisfied that they were effective in 2013/14, and will reflect and report on their operation and effectiveness as part of our next annual review.

Signed

Date:

Leader

Signed

Date:

Chief Executive

CONCLUSION

The Council’s Audit & Risk Committee is responsible for providing independent assurance of the adequacy of the risk management framework and the associated control environment and ensuring that appropriate action is taken with respect the issues raised on the control environment (for which the Annual Governance Statement forms a key element).

The Committee believes that it has discharged that responsibility, and that this report is evidence of that.