

## **Annual Governance Statement**

### **Introduction**

Angus 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. The council also has a statutory duty of Best Value under the Local Government in Scotland Act 2003 to make arrangements to secure continuous improvement and performance, while maintaining an appropriate balance between quality and cost; and in making these arrangements and securing that balance, to have regard to economy, efficiency and effectiveness.

In discharging this overall responsibility, members and senior officers are responsible for putting in place proper arrangements for the governance of Angus Council's affairs and facilitating the exercise of its functions. This includes setting the strategic direction, vision, culture and values of the council, effective operation of corporate systems, processes and internal controls, engaging with communities, monitoring whether strategic objectives have been achieved and services delivered cost effectively and ensuring that appropriate arrangements are in place for the management of risk.

To this end, the council has approved and adopted a Code of Corporate Governance which is consistent with the principles and recommendations of the CIPFA/SOLACE framework Delivering Good Governance in Local Government and the supporting guidance notes for Scottish authorities. A copy of our Local Code of Corporate Governance is available on the Council's website at [www.angus.gov.uk](http://www.angus.gov.uk).

This annual governance statement explains how the council has complied with the terms of the local code for the year ended 31 March 2015. It also meets the requirements of the Local Authority Accounts (Scotland) Regulations 2014, which require all relevant bodies to prepare an annual governance statement. The statement covers relevant governance issues as they affect those entities included as part of the Council's Group Accounts, reliance having been based on their respective governance statements.

### **The Governance Framework**

The Council's Local Code of Corporate Governance provides the framework against which compliance is measured. This Code sets out the key principles which require to be complied with to demonstrate effective governance. The key elements of the council's governance arrangements as set out in the local code include:

- The council's vision is incorporated within the Community Plan and Single Outcome Agreement and Council Plan, all of which have been widely published and are available on the Council's website. Performance on the Single Outcome Agreement is reported through the Angus Community Planning Partnership and through the council's performance reporting mechanisms.
- The council seeks community views on a wide range of issues and undertakes regular consultation with citizens and service users.

- The council reports publicly on its performance and has a corporate public performance reporting framework which guides our performance reporting arrangements.
- The council responds to findings and recommendations of Audit Scotland, other statutory inspectorates and its own internal audit section.
- The roles and responsibilities of elected members and officers are defined in our standing orders and scheme of delegation and in our financial regulations.
- The council's standing orders, scheme of delegation and financial regulations are subject to regular review and revised where appropriate.
- The council's chief executive is responsible and accountable for all aspects of executive management.
- The roles of senior officers are defined in agreed job descriptions. Staff performance is reviewed on an annual basis in accordance with our personal appraisal and development scheme.
- The Head of Corporate Improvement & Finance is responsible for ensuring appropriate advice is given to the council on all financial matters, keeping proper financial records of accounts and maintaining an effective system of internal financial control under the terms of the financial regulations.
- The Head of Legal & Democratic Services is responsible for ensuring that agreed procedures are followed and that all applicable statutes, regulations and statements of good practice are complied with.
- The scheme of councillors' salaries and expenses sets out the terms of councillors' remuneration. Details of all councillors' expenses and remuneration are published on an annual basis.
- The council's performance management arrangements enable progress against the council's priorities to be monitored.
- The council fosters relationships and partnerships with other public, private and voluntary organisations in delivering services that meet the needs of the local community.
- The remit of the Scrutiny and Audit Committee is laid down in Standing Orders. The committee is integral to our performance management and monitoring arrangements. The committee's convenor is not a member of the political administration. The committee conducts an annual programme of scrutiny reviews.
- The council has a risk management strategy. The main priorities within this strategy are the identification, evaluation and control of risks which threaten the council's ability to deliver objectives. Directorates have business continuity

arrangements which set out the framework within which the council aims to continue to deliver critical services in the event of an emergency.

- The council has implemented the Scottish Public Services Ombudsman's complaints handling procedure and publishes an annual complaints monitoring report.
- The council's Medium Term Financial Strategy is updated annually as part of the financial planning arrangements. The strategy sets out the financial context within which the council is expecting to operate over the next four years. It identifies the projected funding shortfall for each of the four years and seeks to identify a strategy to bridge the funding gap.
- Elected members have personal development plans which are regularly reviewed. These are periodically supplemented by additional training and briefing sessions on specific topics. Members on Scrutiny and Audit, the Civic Licensing Committee, Development Standards and Licensing Board have also received specific training related to the responsibilities on these committees.
- Counter-fraud and corruption measures include: the anti-fraud and corruption strategy; fraud guidelines and response plan; anti-money laundering policy; and anti-bribery policy.
- Whistleblowing policies provide for the direct reporting of problems to senior managers without fear of recrimination.
- Codes of conduct are in place for, and define the standards of behaviour expected from, elected members and officers.
- A range of systems and procedures are in place to ensure that elected members and employees are not influenced by prejudice or conflicts of interest in discharging their duties. A register of members' interests is maintained and is available for inspection by members of the public.
- The Local Code of Corporate Governance is also applicable in general terms to elected members and officers on external bodies.

The Transforming Angus programme is a major development initiative for the Council, which seeks to deliver significant change to Council services that will result in improved customer experience and business processes with a view to also addressing the funding gap of the Council in future years. The Transforming Angus Board was created in early 2014 to oversee the programme. On a day to day basis, the programme is led by the Executive Management Team and coordinated by Service Manager-Transforming Angus. A key focus of the role is to establish and then maintain robust project and programme management arrangements which underpin good governance. The council has appointed EY as a strategic partner to support and add value to the Transforming Angus change programme.

The Council operates an internal audit service, situated in the Chief Executive's Unit, which operates in accordance with the Public Sector Internal Audit Standards. The

service undertakes an annual programme of work approved by the Scrutiny & Audit Committee based on a formal risk assessment process which is updated on an ongoing basis to reflect evolving risks and changes within the council.

The Audit Manager reports on a contract management basis to the Service Manager - Governance & Consultancy, with open access to elected members and the Chief Executive. The Audit Manager reports on a functional basis to the Scrutiny & Audit Committee. The Audit Manager reports in their own name, retains final edit rights over all audit reports and provides to members an annual report on governance, risk and internal control, which specifically includes internal financial controls, in support of the Head of Corporate Improvement & Finance's statutory responsibilities for the proper administration of the council's financial affairs.

Within the council's overall governance framework specific arrangements are in place as part of the system of internal financial control. This system is intended to ensure that reasonable assurance can be given that assets are safeguarded, transactions are authorised and properly recorded and material errors or irregularities are either prevented or would be detected within a timely period.

The council's system of internal financial control is based on a framework of financial regulations, regular management information, administrative procedures (including segregation of duties), management supervision and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers within the council.

In relation to the Systems of Financial Control of the council's associated companies reliance is placed on the Governance Statement prepared by the officers responsible for the proper administration of the financial affairs of those associated companies.

The Council's financial management arrangements do not fully comply with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010) because the Head of Corporate Improvement & Finance, as Chief Financial Officer for the Council, does not report directly to the Chief Executive. The Council's arrangements do however achieve the same impact and, with the exception of management reporting lines, comply in all material respects with the CIPFA Statement on the Role of the Chief Financial Officer. The Head of Corporate Improvement & Finance is a member of the Council Management Team, is the Council's most senior adviser on all financial matters, is involved in the development of all strategic and financial policy matters and has direct access to the Chief Executive and all elected members. For the year under review the Head of Corporate Improvement & Finance was able to fulfil the requirements of the Chief Financial Officer's role through the arrangements which existed.

The council's governance framework has been in place for the year ended 31 March 2015 and up to the date of approval of the Council's Annual Accounts.

### **Review of Framework**

The council conducts an annual review of the effectiveness of its overall governance framework.

The review is informed by the work of an officer working group on corporate governance. This group has responsibility for monitoring compliance with the local code and making recommendations for additions and/or improvements to the code to reflect any changes in the way the council does business and any new legislation affecting the council's governance arrangements.

The group undertakes an annual self-assessment against the Local Code of Corporate Governance. That self-assessment is in turn informed by: assurances from strategic directors who have responsibility for the development and maintenance of the governance environment within their directorate and who in turn identify actions to improve governance at a directorate level; the Audit Manager's annual review of corporate governance; and by comments made by external auditors and other scrutiny bodies and inspectorates.

The conclusion from the review activity outlined above is that in 2014/15 the council continued to demonstrate that the governance arrangements and framework within which the council operates are sound and operating effectively.

In particular the review noted the following:

- The Local Authority Accounts (Scotland) Regulations 2014 introduced a requirement for the Annual Accounts to be approved for signature no later than 30 September. The 2014/15 Annual Accounts will be submitted for approval to the Scrutiny and Audit committee on 29 September 2015. Training will be provided for elected members, to discuss the requirements of the Regulations.
- A new risk management strategy was approved by the Policy & Resources Committee in March 2014. Risk management training has been delivered to elected members and officers and revised corporate and directorate risk registers have been developed, in line with the new strategy. Further development of the risk management framework will be overseen by the Risk, Resilience and Safety Group.
- A new Health and Safety policy statement was signed by the Chief Executive on 1 April 2014 and a revised health and safety management framework introduced. The policy statement is reviewed and amended as necessary and work is ongoing to ensure that the new framework is embedded across the council. New fire safety management guidance has also been issued and training has commenced in the area of highest fire risk, our residential care settings. This training will roll out to our theatres, halls and leisure centres over 2015/16.
- A three day business continuity testing exercise took place in October 2014, facilitated by external consultants. The aim of the exercise was to validate the council's business continuity action plans and to ensure that relevant staff are familiar with the plan and how a major business continuity incident would be managed. The consultants' recommendations have been included in the 2015/16 Business Continuity Action Plan.

- A communications strategy for the Transforming Angus Programme has been agreed by the Transforming Angus Board.
- The Council approved the Angus Health and Social Care Draft Integration Scheme in March 2015. The Shadow Joint Integration Board has been established, with three elected member representatives from Angus Council. A new Chief Officer for the Angus Health and Social Care Integration Partnership has been appointed to lead the integration arrangements over the next 12 months. The aim is for the Joint Integration Board to be live from 1 April 2016.
- An External Quality Assessment of the Council's internal audit service was conducted by CIPFA during August and September 2014. The assessment confirmed that the service is fully in compliance with the Public Sector Internal Audit Standards.
- In February 2015, Council approved the Outline Business Case for the transfer of culture and leisure services to a charitable trust which will operate as an autonomous body, managed by an independent board. The trust will be commissioned to provide a specified range and quality of services on behalf of the council. A shadow board has been established for the trust to allow work to proceed on the transfer of services and staff to the new organisation on the target date of 1 December 2015.
- The Local Scrutiny Plan 2015/16 for Angus is based on a shared risk assessment undertaken by the Local Area Network (LAN), which comprises representatives of all of the scrutiny bodies who engage with the council. The LAN concluded that Best Value follow-up work should be undertaken in 2015/16 to assess the management restructuring and its impact on the delivery of council priorities and service performance.
- Responsibility for the investigation of Housing Benefit Fraud transferred to the DWP's Single Fraud Investigation Service on 1 May 2015. As part of the 2015/16 budget-setting process, Council took the decision to retain the Benefits Fraud team as a Corporate Counter-Fraud Team within Internal Audit.
- During 2015/16, we will review our counter-fraud framework by carrying out a self-assessment against CIPFA's *Code of Practice on Managing the Risks of Fraud & Corruption*.
- Internal Audit undertook a consultancy exercise to assess the extent to which the Council's existing workforce planning arrangements support the implementation of the Council Plan 2014-17 and the achievement of the Community Plan and Single Outcome Agreement. The report recommended the agreement of an action plan with defined timescales for developing a workforce strategy. A workforce strategy has now been developed and will be submitted for Members' approval after the 2015 recess.
- During 2015/16, we will introduce a grading framework and policy for posts on the Chief Officer scale below Executive director level.

- A review of the Local Code of Corporate Governance and the annual assurance process will be undertaken during 2015/16. The review had originally been planned for 2014/15 but has been delayed pending publication of revised guidance by CIPFA/SOLACE, which is expected later this year.
- The Policy & Budget Strategy Group has self-assessed the current budget arrangements and identified areas where the budget process could be improved. Work will continue in 2015/16 to develop a priority based approach to the allocation of scarce budget resources, which focuses on the outcomes that investment achieves.
- A review of the committee reporting arrangements was undertaken between January and March 2015 and will be reported to Council in June 2015. During 2015/16, Standing Orders and Financial Regulations will be reviewed to ensure they properly reflect any changes in the reporting framework.
- An Internal Audit review of Transforming Angus Governance made a number of recommendations around governance of the programme and identified that programme management arrangements for the Transforming Angus programme need further development to ensure they are effective. The Transforming Angus Programme Board has agreed to develop a project governance model, which will ensure a consistent approach to project management, project governance, management information and benefits realisation. This will be progressed by a short term 'Project Governance Working Group', including representation from various services, with the aim of aligning good practice across the council.
- Information on complaints is reported regularly to the Council Management Team and directorate management teams. During 2015/16 we will review our reporting to ensure that there is adequate analysis of complaints to identify any potential trends. We will also review ways in which services demonstrate the lessons learned and improvements made in response to complaints.
- There has been significant slippage in addressing the recommendations from an internal audit review of the Council's compliance with the Equality Act 2010. The outstanding recommendations relate mainly to the processes for carrying out and publishing equality impact assessments. In December 2014, the Equality and Human Rights Commission provided positive feedback in relation to the examination of our equality outcomes set in 2013. The Commission found that our equality outcomes were clear, 'intended to address inequality to the centre of the outcome' and offered positive feedback on our equality outcomes which are 'very clearly defined and specific'. On the Council's criteria for measuring progress, the Commission concluded 'I am confident that (Angus Council) has a set of good quality outcomes that have the potential to deliver meaningful change to the communities of Angus'.
- The Information Governance Steering Group approved a new Information Governance Strategy and Management Framework in January 2015. Work will continue in 2015/16 to embed the framework throughout the Council and deliver the Information Governance Improvement Plan. Quarterly information

governance updates will be submitted to the Executive Management Team and to the Transforming Angus Programme Board.

- A small number of data security breaches have been reported to the Information Commissioner's Office. These have not resulted in any action being taken by the Commissioner.
- It is currently accepted that the performance management arrangements in place could be more pertinent to outcomes and could be better reported. Less detailed more focussed reports would help us improve current arrangements. A review by Heads of Service of performance management arrangements is due to be completed by 30 June 2015.
- Following the leak of two exempt council reports and coverage of sensitive information from these reports in the local press, external audit has been requested to carry out an independent assurance review of the council's administrative procedures for distribution of exempt papers. An update will be available before the AGS is finalised.

Strategic Directors have identified improvements to governance arrangements within their own directorates but these are not considered material enough to affect the overall assessment of the Council being generally compliant with the requirements of our Local Code of Corporate Governance.

### **Certification**

It is our opinion that reasonable assurance can be placed upon the adequacy and effectiveness of Angus Council's systems of governance and that the annual review demonstrates compliance with the council's Code of Corporate Governance.

Richard Stiff		Councillor Iain Gaul
Chief Executive		Leader of the Council