

APPENDIX 4 TO REPORT NO 254/16

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.

This annual governance statement explains how the council has complied with the terms of the local code for the year ended 31 March 2016. 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 Local Code of Corporate Governance is also applicable in general terms to elected members and officers on external bodies.

The governing body of Angus Council is the full Council. Some functions, including setting the annual budget and council tax, can only be discharged by the full Council. The following Standing Committees were in place during 2015/16:

- Children and Learning
- Civic Licensing
- Communities
- Development and Enterprise (abolished June 2015)

- Development Standards
- Policy and Resources
- Scrutiny and Audit
- Social Work and Health

The processes which govern the conduct of the council's business and the roles and responsibilities of elected members and officers are defined in [standing orders and related documents](#) and in [financial regulations](#). These are reviewed regularly and revised where appropriate.

The council's chief executive is responsible and accountable for all aspects of executive management. The corporate management structure is led by the Executive Management Team (EMT) and the Council Management Team (CMT). During 2015/16, the EMT comprised the Chief Executive, three Strategic Directors and the Chief Officer Integration. The EMT members plus ten Heads of Service formed the CMT.

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 his 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.

Further details of the council's governance framework can be found in the 2015/16 self-assessment report, which can be accessed from the council's website. The framework has been in place for the year ended 31 March 2016 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; assurances from the S95 Officer, Monitoring Officer and Chief Social Work Officer; 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 2015/16 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:

- From June 2015, the remit of the Development & Enterprise committee transferred to the Policy & Resources committee. The remit of the Police and Fire & Rescue sub-committee of the Policy & Resources committee transferred to the Scrutiny & Audit committee.
- From 1 April 2016, adult social work services are delivered under the direction of the new Angus Health & Social Care Partnership, established under the provisions of the Public Bodies (Joint Working) (Scotland) Act 2014. The work of the partnership is overseen by the Integration Joint Board (IJB), which was established with effect from 3 October 2015. The internal audit teams of Angus

Council and NHS Tayside jointly reviewed the due diligence processes undertaken by the Council and the Health Board and concluded that the processes comprehensively covered the requirements of the national financial assurance guidance.

- A report on governance arrangements in respect of the IJB post integration was considered by the Council on 12 May 2016. Agendas, reports and minutes of the IJB will be published on the Council website from 1 April 2016.
- The council's Chief Social Work Officer (CSWO) has a responsibility to ensure the provision of effective professional advice to elected members and officers in the authority's provision of statutory social work duties and to provide professional governance and leadership in the delivery of social work and social care services. The CSWO's annual report details the arrangements that are in place within Angus to allow the CSWO to fulfil this role and provides assurance to elected members as to the governance of statutory social work services in Angus. The 2015/16 annual report will be submitted to the Scrutiny & Audit committee after the summer recess. The 2016/17 annual report will be submitted to the committee in June 2017, so that it can be considered at the same meeting as other governance assurances. The CSWO assurances cover all social work services, including those that come under the responsibility of the IJB.
- Revised Standing Orders, Order of Reference of Committees and Scheme of Delegation to Officers were approved by Council in September 2015. Further changes will be made during 2016/17 to reflect the recently agreed governance arrangements for the Integration Joint Board.
- The Community Empowerment (Scotland) Act 2015 introduced Local Outcome Improvement Plans, which will replace Single Outcome Agreements. A new Local Outcome Improvement Plan for Angus will be finalised by the end of September 2017; this will focus on long term aspirations to address inequality gaps across Angus communities. Design charrettes, which are intended to improve community engagement and consultation, have been undertaken in five of the main Angus towns. Charrettes are planned for the remaining three towns and one rural area by March 2017.
- On 1 December 2015, culture and leisure services were transferred to Angus Alive, a charitable trust. The Angus Alive Board comprises four elected members from Angus Council and five independent board members. The planned governance arrangements were reviewed by Internal Audit in 2015 and a further review has been included in the 2016/17 Internal Audit Plan.
- The Local Scrutiny Plan 2016/17 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 2016 risk assessment did not identify any new scrutiny risks. The LAN had previously concluded that Best Value work should be undertaken in 2015/16. The fieldwork was carried out in March 2016 and the report is scheduled for publication in September 2016.

- On 1 May 2015 the responsibility for investigating allegations of Housing Benefit fraud in Angus transferred to the Department for Work and Pensions Single Fraud Investigation Service. All other corporate fraud work remains the responsibility of the council. Staff from the former Benefits Fraud team have been retained as a corporate counter-fraud team.
- During 2015/16, we reviewed our counter-fraud framework. This included a self-assessment against CIPFA's *Code of Practice on Managing the Risks of Fraud & Corruption*. Work continues to finalise and publicise the revised policies and procedures and ensure that they are embedded throughout the council.
- The Council's workforce strategy was approved by the Policy and Resources Committee on 1 September 2015.
- The review of the Local Code of Corporate Governance planned for 2015/16 was delayed pending publication of revised guidance by CIPFA/SOLACE, which was issued in April 2016.
- Work continues to embed the information governance framework throughout the Council. The Information Governance Improvement Plan 2016-18 was approved by the Information Governance Steering Group in April 2016. Progress will be monitored by the Steering Group, which in turn reports 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.
- During the period 1 April 2015 to 31 March 2016, Angus councillors were referred to the Standards Commission for investigation on six separate occasions. One councillor was found to be in breach of the Code of Conduct and was suspended from the Council, Committees and Sub-Committees for a period of two months. No action was taken in respect of two complaints and three complaints are still under investigation.
- In the period leading up to local government elections in May 2017, it is important that respectful relationships between elected members are maintained, with a focus on making decisions that deliver lasting outcomes in the face of mounting budget challenges.

The 2015/16 review identified a number of areas where improvements could be made to strengthen the council's corporate governance framework. These are included in the Annual Governance Statement action plan, submitted to the Scrutiny & Audit committee in June 2016. Progress will be monitored through the Covalent performance management system and reported to the Scrutiny & Audit committee. An update on the improvement actions identified in the 2014/15 Annual Governance Statement was also submitted to the Scrutiny & Audit Committee in June 2016.

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