

Annual Governance Statement 2016/17

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, elected 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 Local Code of Corporate Governance (the Local Code) 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. The Local Code sets out the core principles of good governance and the key policies, procedures and structures which demonstrate Angus Council's compliance. It is also applicable in general terms to elected members and officers on external bodies.

The Local Code was reviewed and updated in 2017 to ensure that it remains up to date and that it complies with the revised Delivering Good Governance Framework and Scottish Guidance Notes published in 2016. 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 2017. 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 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 2016/17:

- Children and Learning
- Civic Licensing
- Communities
- Development Standards
- Policy and Resources
- Scrutiny and Audit

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 2016/17, the EMT comprised the Chief Executive, three Strategic Directors and the Chief Officer Integration. The EMT members plus nine Heads of Service formed the CMT.

In February 2017, the council appointed a new Chief Executive, Margo Williamson, who took up her new post on 1 June 2017 following the retirement of Richard Stiff. From 1 June 2017, the number of Strategic Directors has been reduced from three to two and membership of the EMT has been expanded to include the statutory officers.

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 risk-based programme of work approved by the Scrutiny & Audit Committee.

The Audit Manager has open access to elected members and the Chief Executive. The Audit Manager reports on a functional basis to the Scrutiny & Audit Committee and on a contract management basis to the Service Manager - Governance & Consultancy. 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.

The Counter-Fraud Team is a specialist resource within the Governance Unit. The team has overall responsibility for assessing and investigating allegations of

fraud and corruption and for reporting findings. None of the investigations concluded in 2016/17 had a material impact on the council's financial standing.

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 (2016) 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 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.

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. Agendas, reports and minutes of the IJB are published on the Council website.

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 role of CSWO complies with revised guidance issued by Scottish Ministers in July 2016. 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 CSWO assurances cover all social work services, including those that come under the responsibility of the IJB.

Further details of the governance framework, including developments which have taken place during the current year, can be found in the Local Code of Corporate Governance 2017, which can be accessed from the council website. The governance framework has been in place for the year ended 31 March 2017 and up to the date of approval of the Council's Annual Accounts.

Annual Review of the Governance Framework

The council conducts an annual review of the effectiveness of its overall governance framework. The review is undertaken on behalf of the Chief Executive by the Corporate Governance Officers Group. This group has responsibility for monitoring compliance with the principles of good governance and making recommendations for additions and/or improvements to the governance framework to reflect any changes in the way the council does business and any new legislation affecting the council's governance arrangements.

The annual review of the governance framework is informed by:

- annual 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
- annual assurances from the S95 Officer, Monitoring Officer and Chief Social Work Officer
- the Audit Manager's independent review of the Council's risk management processes, systems of internal control and corporate governance processes
- consideration of governance issues by the Scrutiny & Audit committee, including internal and external audit reports, counter-fraud updates, corporate risk register updates and complaints summary reports
- reports from other scrutiny bodies and inspectorates.

The conclusion from the review activity outlined above is that in 2016/17 the council continued to demonstrate that the governance arrangements and framework within which the council operates are sound and operating effectively.

Improvement Areas

The review process identified the following areas where further improvements can be made to enhance the council's governance framework. These are included in the Annual Governance Statement action plan, submitted to the Scrutiny & Audit committee in June 2017. Progress will be monitored through the Covalent performance management system and reported to the Scrutiny & Audit committee.

- 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 is monitored by the Steering Group. During 2017/18, additional work will be undertaken to ensure the council is able to meet the requirements of the General Data Protection Regulation, which comes into effect in May 2018. (2017/18 Action Plan 1)
- Work continues to ensure that governance, scrutiny and performance management arrangements in respect of Angus Health & Social Care Partnership and AngusAlive are fully embedded and effective. (2017/18 Action Plan 2)
- Work is in progress to review management structures and remuneration to reflect a leaner, clearer organisational structure. The review will include the identification of a single but appropriate and consistent approach to remuneration for Heads of Service and Chief Officer graded Service Manager posts. (2017/18 Action Plan 3)
- An internal audit review of Staff Appraisal and Development concluded that the management of the current scheme is not adequate. In many cases, staff appraisals had not been completed and there was no process in place to monitor the completion of appraisal meetings. The report included five level 1 (highest priority) recommendations. Improvement actions were agreed with management and Internal Audit also noted that the new approach to appraisals, currently being piloted, is expected to address the concerns raised in the report. (2017/18 Action Plan 4)
- The [report on the 2016 Best Value audit of Angus Council](#) was published in October 2016. The report's findings were discussed at Council meetings in [September](#) and [October](#) 2016. The findings will be taken in to account as the new Council Plan is developed. (2017/18 Action Plan 5).
Action has already been taken to address the need for increased pace and scale of change. Changes to the Transforming Angus programme were discussed at the Council meeting in [November](#) 2016. Further information on Transforming Angus governance arrangements and an update on the

change programme and projects were reported to the Council meeting in [March](#) 2017.

An update on the improvement actions identified in the 2015/16 Annual Governance Statement was reported to the Scrutiny & Audit Committee in June 2017.

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 core principles of good governance.

Margo Williamson		Councillor Bob Myles
Chief Executive		Leader of the Council