

North Tyneside Council Report to Audit Committee Date: 25 November 2015

ITEM 6

Title: Annual Governance
Statement Update

Report from Service: Finance

Report Author: Janice Gillespie, Head of Finance (Tel: 643 5701)

Wards affected: All

PART 1

1.1 Executive Summary:

- 1.1.1 The Annual Governance Statement (AGS) explains how the Authority delivers good governance and reviews the effectiveness of these arrangements. It also meets the requirements of regulation 4(6) of the Accounts & Audit Regulations 2015 which require the Authority to publish an AGS.
- 1.1.2 The purpose of this report is to advise the Audit Committee of the outcome of the mid-year review of the action plan agreed as part of the 2014-15 AGS.
- 1.1.3 The report will also outline the proposed method for compiling the evidence for the 2015-16 AGS.

1.2 Recommendation(s):

- 1.2.1 It is recommended that the:
 - (a) Audit Committee note the outcome of the mid-year review of the Authority's action plan agreed as part of the 2014-15 AGS; and
 - (b) Audit Committee note the proposed method for compiling the evidence for the 2015-16 AGS.

1.3 Forward plan:

- 1.3.1 This report is included within the annual workplan for the Audit Committee.

1.4 Council plan and policy framework:

- 1.4.1 The AGS covers all the service responsibilities as identified within the Council Plan.

1.5 Information:

- 1.5.1 Regulation 4(6) of the Accounts and Audit Regulations 2015 requires audited bodies to conduct a review at least once a year of the effectiveness of its internal controls and produce an AGS.
- 1.5.2 Good governance is fundamental to the proper running of the Authority. It enables an Authority to pursue its vision effectively as well as underpinning that vision with control and management of risk. The arrangements in place must be proportionate to the risks and are acknowledged as being the responsibility of each authority in its area of operation.
- 1.5.3 The process of preparing the AGS should add value to the effectiveness of the corporate governance and internal control framework.
- 1.5.4 The AGS is an integral part of the Annual Financial Statement and is audited by external audit as part of the annual audit of the accounts. The external auditor considers whether the AGS reflects compliance with 'Delivering Good Governance in Local Government – A Framework' published by the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) in June 2007. The external auditor reports on compliance with proper practices specified by CIPFA/SOLACE. In its Audit Completion Report 2014-15, the external auditor issued an unqualified opinion on all financial statements including the AGS.
- 1.5.5 At the meeting of the Audit Committee on 27 May 2015 it was noted that no significant governance issues had been identified and that the governance arrangements in place within the Council were considered adequate by the Senior Leadership Team (SLT).
- 1.5.6 Areas were highlighted within the 2014-15 AGS as requiring continuous monitoring to ensure that they do not become significant governance issues in the future. These were identified as:
 - (a) The Our North Tyneside Plan 2014-2018 identifies the priorities that the Council and partners will address over the next 4 years. To enable the objectives laid down in the Plan to be supported and met the Creating a Brighter Future Programme has been established. The Creating a Brighter Future Programme has been rolled out across the Authority and represents a new plan for delivery in addition to major culture change and new ways of working. To enable the objectives of the Programme to be met it is important that the current monitoring processes, that are in place, will enable robust financial and service challenges to continue during the year.
 - (b) As part of the Creating a Brighter Future programme a workforce development programme is being established to look at: reviewing the Individual Performance Review Process, moving towards competency based job descriptions, reviewing employee and management competencies, linking services to the CBF programme and working towards fewer layers/tiers/more generic roles to allow greater flexibility. To ensure that the Authority is able to deliver its statutory responsibilities and continue to be a fit for purpose organisation it is important that the workforce development programme is fully developed.
 - (c) The Better Care Fund (BCF) created pooled budgets from April 2015 in each Health and Wellbeing Board area. It aims to support the integration and transformation of health and social care services to ensure that local people receive better care.

Ongoing risk management of the BCF needs to be carried out in accordance with the Authority's risk management strategy. This involves regular reviews of the risk register by the Partnership Board to ensure that objectives are met and appropriate governance arrangements are in place, including reporting to the Health & Wellbeing Board and Cabinet as required. Alongside this the Authority will need to keep under consideration the wider health economy, the on-going financial pressures in commissioning services for health and any consequences of the introduction of the new emergency care facility at Cramlington.

- (d) Following a Peer Review of the Health & Wellbeing Board (HWB) in February 2015 by the LGA, a number of recommendations were made which range from clarifying in consultation with partners the purpose, role, remit and scope of the HWB, to putting in place robust programme management capacity with a clearly identified lead officer that is jointly owned and resourced. To meet the recommendations of the Peer Review Panel it is important that an action plan is developed and key milestones set out to enable the changes to be made.
- (e) During 2014-15 the Local Government Association (LGA) carried out a Peer Challenge to help improve the Adult Safeguarding service. The review identified "many positive and creative services and support to safeguard adults at risk in the borough". The feedback from the review is being used to identify where further improvements can be achieved. An action plan is being developed alongside the Safeguarding Adults Board to ensure that all partners implement the changes in their organisation's planning and practices. It is important that this action plan is developed to build on the existing safeguarding arrangements.
- (f) The Authority needs to continue to embed and review governance arrangements that are in place in respect of all partnerships to ensure required services are delivered satisfactorily, whilst also achieving and sustaining value for money. In addition the Authority needs to ensure that boundaries and responsibilities remain clear and are robustly managed, recognising that operations and staffing in both partner organisations and the Authority change over time.
- (g) Continue to embed the new health and safety framework and gain assurance that the framework is being followed across the Council.

1.5.7 **Appendix A** outlines the progress made to date on each of the above issues. It should be noted that none of these issues are felt to be giving rise to governance concerns.

2015-16 Approach

- 1.5.8 The 2015-16 AGS will be compiled in a similar way to that used in 2014-15. Meetings will be held with each Head of Service regarding the governance arrangements in place within their service. This information will be collated into an overall Assurance Statement and signed off by the Chief Executive.
- 1.5.9 The Assurance Statement forms one part of the process undertaken to complete the AGS. **Appendix B** sets out the overall process, and evidence that will be reviewed, to ensure that there are appropriate governance arrangements in place within the Authority.
- 1.5.10 The completed AGS will be presented to the Audit Committee in May 2016 for their consideration and approval prior to publication, by 30 June 2016, in the Annual Financial Report for 2015-16.

1.6 Decision options:

The options available are:

- (a) To accept the recommendations made in section 1.2.1; or
- (b) To reject the recommendations made within this report.

1.7 Reasons for recommended option:

The production of the Annual Governance Statement is a requirement of the Accounts and Audit Regulations 2015.

1.8 Appendices:

Appendix A – Review of 2014-15 AGS Action Plan
Appendix B – Process for Completing the 2015-16 AGS

1.9 Contact officers:

Janice Gillespie – Head of Finance - Tel: 643 5701

1.10 Background information:

The following background papers and reports have been used in the compilation of this report and are available for inspection at the offices of the author:

- (a) Annual Governance Statement 2014-15 (P)
- (b) CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government June 2007 (P)
- (c) Application Note to Delivering Good Governance in Local Government: A Framework March 2010 (CIPFA/SOLACE)
- (d) The Role of the Chief Finance Officer (CIPFA)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and other resources

There are no financial implications as a result of the recommendations within this report.

2.2 Legal

The Annual Governance Statement is produced annually in accordance with the Accounts and Audit Regulations 2015.

2.3 Consultation / community engagement

Consultation has taken place with members of the Senior Leadership Team.

2.4 Human rights

There are no Human Rights implications as a result of the recommendations in this report.

2.5 Equalities and diversity

There are no Equalities and Diversity implications as a result of the recommendations in this report.

2.6 Risk management

The annual review of the systems of internal control will cover all controls, including the arrangements in place for Risk Management within the Authority.

2.7 Crime and disorder

There are no crime and disorder implications as a result of the recommendations in this report.

2.8 Environment and sustainability

There are no environment and sustainability implications as a result of the recommendations in this report.