THURROCK COUNCIL
Annual Governance Statement 2011/12

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1.0 Scope of responsibility

Thurrock 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, and used economically, efficiently and effectively.

The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Council approved and adopted a local code of corporate governance. This local code of governance is consistent with "Delivering Good Governance in Local Government" publication produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE), which was published in July 2007.

This statement explains how Thurrock Borough Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 and 2011 in relation to the publication of a statement on internal control.

Our website at:
http://www.thurrock.gov.uk/democracy/pdf/governance_code_2010.pdf has a copy of the local code of corporate governance.

2.0 The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the

impact should they be realised, and to manage them efficiently, effectively and economically.

The Council has had the governance framework described below in place for the year ended 31 March 2012 and up to the date of approval of the statement of accounts.

3.0   The governance framework

The purpose of the governance framework is to do the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

Full Council is responsible for directing and controlling the organisation in this manner. Full Council's responsibilities include agreeing the Constitution (except in so far as this function has been delegated to the Monitoring Officer) and key governance documents, the policy framework and key strategies including the Community Strategy (which sets out the community vision and priorities for the next ten years in Thurrock) and agreeing the budget.

Thurrock Council has executive and scrutiny arrangements in place consisting of a Strong Leader/Cabinet and various Overview and Scrutiny Committees. A new Corporate Parenting Committee was created on 29th February 2012 whose terms of reference are as follows:

*"**To ensure that all elements of the Council work together to ensure that the children looked after by Thurrock get the best possible service that can be offered. The Committee will promote the role of all councillors as corporate parents and provide the robust vehicle for their mandate to be exercised on behalf of young people"**.*

Cabinet is responsible for proposing the policy framework and key strategies, proposing the budget and implementing the policy framework and key strategies as set out in the Constitution. The scrutiny function allows a committee to question and challenge the policy and performance of the executive and promote public debate.

The Chief Executive advises councillors on policy and procedures to drive the aims and objectives of the authority. As head of the officer staff, the Chief Executive implements the resolutions made by the General Services Committee who under their terms of reference oversee the employment and conditions of staff that are not dealt with by Officers under delegated powers.

The Chief Executive leads a management team (Directors' Board) which includes the Directors (and Monitoring Officer on occasions). The Board is supported by:

- various Council wide strategic Boards, all of which are sponsored by a Director. The list of the Strategic Boards is shown in Appendix 3.

- a Leadership Group which is a wider group of senior managers including Heads of Service across the Council responsible for providing leadership to the services and ensuring consistency in the cross cutting strategies and policies of the Council.

- a group of senior managers that meet at the Managers' Conference which is held on the 5th Tuesday in a yearly calendar.

The Chief Finance Officer, the Monitoring Officer and Heads of Service are responsible for advising the executive, Council and scrutiny committees on legislative, financial and other policy considerations to achieve Thurrock Borough Council's objectives and are responsible for implementing councillors' decisions.

The Council also operates a Corporate Governance Group which meets monthly – comprising a number of the key statutory roles to ensure that the Council is in full compliance with its legal and statutory requirements.

The Council's management structure is at appendix 1 to this document. **[NB: The structure is being reviewed at the time of writing.]**

This year's Annual Governance Statement has been prepared in a very different environment compared to that prevailing at the time of the Council's last review of its governance arrangements in 2011. There have been some significant national policy changes such as the Localism Act 2011, the abolition of Comprehensive Area Assessments, NHS reforms and the abolition of some Urban Development Corporations, one of which was the Thurrock Thames Gateway Development Corporation. These changes have a direct impact on governance arrangement and the Council is actively working through the practicalities of some of these actions.

Our Corporate Plan and Medium Term Financial Strategy sets out the council's strategic objectives and corporate priorities, which are as follows:

- Improve the education and skills of local people
- Encourage and promote job creation and economic prosperity
- Ensure a safe and clean environment
- Provide and commission high quality and accessible services that meet, wherever possible, individual needs
- Build pride, respect and responsibility in Thurrock's communities and its residents

The Council also adopted an Organisational Development Strategy in December 2010 which sets out the Council's values as follows:

- **Leadership** – we interpret our complex environment and inspire through clear direction, support and behaviour

- **Passionate** – energetic and positive about what we do

- **High Performing** – innovative and change orientated, we take personal responsibility for improvement

- **Confident** – we are clear about our priorities and our ability to deliver

- **Fair** – we are fair and unbiased as a service provider and employer, promoting dignity, equality and respect for all

- **Integrity** – we conduct our business openly and honestly, engaging people to generate trust and advocacy

The objectives contained within the Organisational Development Strategy is implemented through a delivery plan, which is further transposed into an annual work plan which is refreshed at the start of each financial year and aligns with Human Resources Service Plans.

The Council has established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. This is underpinned in the Community Engagement Strategy 2011 – 2016 (adopted by Full Council on 30th March 2011), the objectives of which are:

- Develop and support communities and local people to get involved
- Support Councillors to be leaders for their communities
- Establish a coordinated, efficient and value for money partnership approach to community engagement

Thurrock Borough Council ensures that clear opportunities are provided to inform, consult and involve residents and community groups across the borough whether it is regarding a routine council function or is one of significant decision. The Communications Officer has fostered a good working relationship with the local press and works closely with them to communicate with the community.

THE STRATEGIC PLANNING FRAMEWORK

To ensure we do the right things, in the right way, for the right people, in a timely, inclusive, open, honest, cost-effective and accountable manner, our strategic planning framework incorporates residents' and service-providers' views as well as national and local priorities.

The Community Strategy articulates the Council's overarching vision for Thurrock which is "**to be the dynamic heart of the Thames Gateway, a place of ambition, enterprise and opportunity, where communities and businesses flourish.**" The Council has adopted five strategic priorities and objectives to deliver the vision. The Corporate Plan and Medium Term Financial Strategy 2012-15 cascades the Community Strategy into the Council's corporate strategic planning process.

The strategy was developed in partnership with public, voluntary, community and private sector organisations. The Council has adopted five strategic priorities and objectives to deliver the vision. The Council cascades the Community Strategy into its business planning framework through the Corporate Plan and Medium Term Financial Strategy which is kept under review and was updated and approved by Full Council in February 2012.

The Councils approach to managing its finance and the objectives and priorities set out have been used as the main drivers for determining the allocation of resources over the medium term. The financial plan has been developed to ensure that the key targets are met and the maintenance of adequate contingencies and balances, and the aim to keep Thurrocks Council Tax increases as low as possible. The Medium Term Finance Strategy is based on an analysis of the key influences on the Council's financial position and an assessment of the main financial risks facing the Council.
The Council has a strong record of delivering services within budget and over the past 2 years the Council has increased its balances to £8m by improving efficiency and making cost savings and restructuring the debt portfolio.

The Council has also approved a new Policy Framework arrangement which will ensure that key strategies are reviewed and aligned to the Council's strategic priorities. The Strategy Board set up in July 2011 will coordinate and enable the preparation of statutory and key strategies of the Council. The Board will advise officers responsible for writing key strategies to ensure that all strategies are aligned to the Council's vision, values and strategic priorities, and integrated where necessary. The Strategy Board will ensure consistency of key strategies by developing guidance templates and offering support.

Our planning framework which incorporates the Local Development Framework, a set of planning policy documents, (most notably the Core Strategy, which was adopted on 21st December 2011) and sets out how we will use land, has been the basis to achieve both our partners' and our wider objectives. We also carry out regular consultation with residents and service-users to identify their priorities for service improvement and how satisfied they are with our services.

The Council has in the financial year 2011/12 adopted other strategies including:

- **Housing Strategy**

  This strategy will assess the current and future housing market to achieve a supply of homes that meet the housing needs of communities in Thurrock and the Borough's ambitions for growth. It links to the community strategy to reflect the role that housing growth can play in the regeneration of Thurrock. It also links and integrates with other council and partnership strategies. These include the delivery of affordable housing, preventing and tackling homelessness, meeting the needs of vulnerable and older people and improving the quality of our housing stock and the lives of our residents.

- **Asset Management Plan**

  The Council has agreed a new Asset Management Delivery Plan (AMDP), focusing its high level strategy to a more detailed level. This included the principle of a phased disposal programme of operational and commercial property.

  Work has also begun on other key areas of the AMDP:

  - Rationalising the commercial and operational property portfolio, reducing running costs and using the proceeds to finance property transformation and contribute to the savings requirements of the Medium Term Financial Strategy

  - Concentrating administrative activities in a revitalised Civic Office building in Grays, supported by a small number of new, "community hubs" for local service delivery.

  - Establishing a centralised asset management team to manage both the transformation and the revised portfolio – with all property thenceforth regarded as a corporate asset rather than departmental.

  This strategy is being supported by improving the quality of the information kept on the Council's land and property assets, with details of value, costs, income and operational importance. The vision being pursued is of a Council property portfolio which is smaller than currently, and takes full account of the council's priorities and plans for regeneration, delivering operational requirements, supporting communities and maximising value.

- **ICT Strategy 2011 – 14**

  The strategy sets out the agenda and framework for the management and investment in ICT for the next 3 years. The aim of the strategy is to provide a context and vision by which Thurrock Council will utilise and implement ICT to improve the lives of Residents, staff and cost base of the Council.

  The strategy will be regularly monitored by CISD to ensure it is on target, identify changes and to learn from mistakes. The strategy will be reviewed on an annual basis to ensure it is still relevant to Directorates and any significant changes will need to go through Directors Board.

  The Strategy is deliberately intended to be more than a Strategy document. It seeks to communicate the context and history for ICT within the Council and, from this, develop a future sustainable ICT Platform for delivering the Councils requirements and needs. This is to be refreshed on an annual basis.

PERFORMANCE MANAGEMENT FRAMEWORK

The Council has a Performance Management Framework through which the achievement of objectives, quality of service and use of resources is measured. The Performance Management Framework, which works on the "Plan-Do-Review-Revise" cycle and covers all areas of performance management including the balanced scorecard process, corporate planning cycle, risk and opportunity management, use of statistical evidence and data quality.
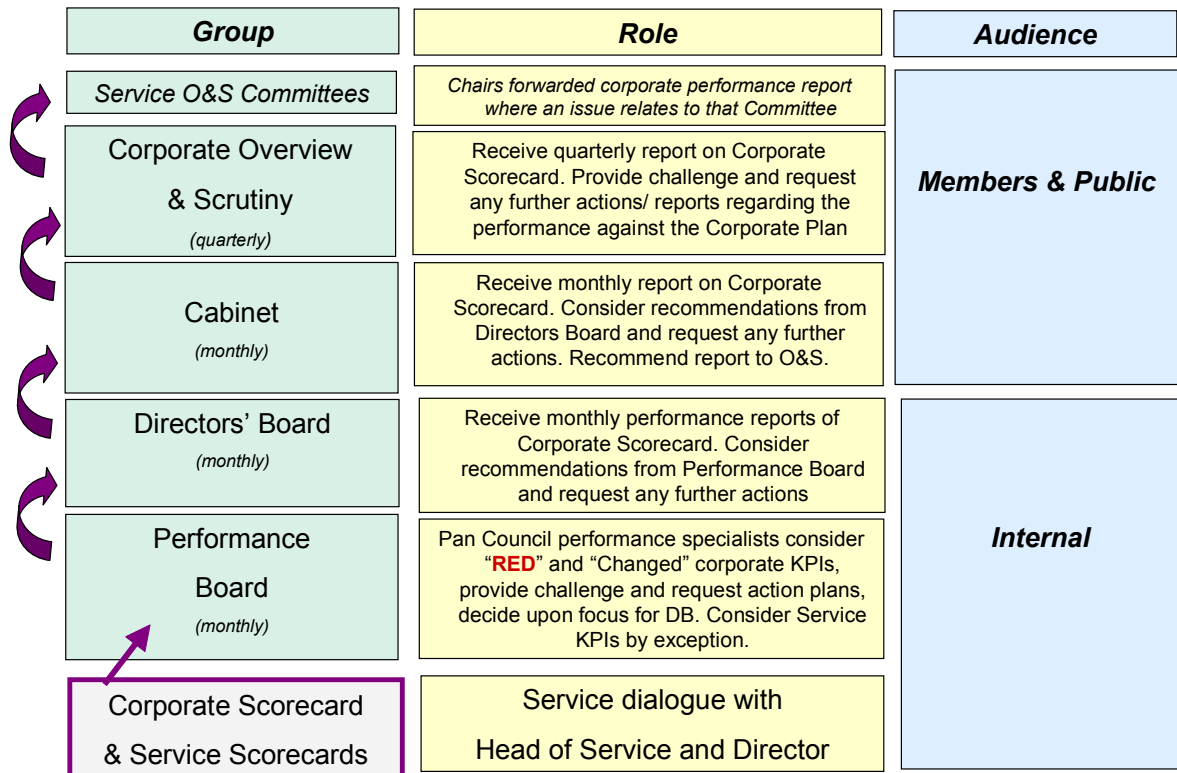
The Corporate scorecard monitors the key performance indicators relating to progress against key strategic objectives within the Corporate Plan/MTFS. This is monitored by the Performance Board on a monthly basis and is formally reported to the Corporate Overview and Scrutiny Committee (quarterly) and Cabinet (monthly) and also by way of an Annual Performance Report. The Performance Board is a cross council group of performance experts tasked with ensuring that the Council's Performance and Risk & Opportunity Management Frameworks are embedded and support the improvement of the Council's service. The Board provides assurance that the Council is delivering against its priorities. In the event of underperformance the Board makes recommendations to Directors' Board to commission recovering planning. Furthermore, the Performance Board acts on behalf of the Directors' Board in providing overview and scrutiny over service based performance on an exception basis.

The performance management framework flows through the authority, down to an individual employee level. Each employee has a one to one performance development review, part of this process being to identify development needs.

The key performance indicators are reported through the Council's centralised corporate performance management system, Inphase Performance Plus.

The Performance Management Framework is due for the next review in 2012.

How the Corporate Scorecard is reported and monitored

Group	Role	Audience
Service O&S Committees	*Chairs forwarded corporate performance report where an issue relates to that Committee*	Members & Public
Corporate Overview & Scrutiny (quarterly)	Receive quarterly report on Corporate Scorecard. Provide challenge and request any further actions/ reports regarding the performance against the Corporate Plan	
Cabinet (monthly)	Receive monthly report on Corporate Scorecard. Consider recommendations from Directors Board and request any further actions. Recommend report to O&S.	
Directors' Board (monthly)	Receive monthly performance reports of Corporate Scorecard. Consider recommendations from Performance Board and request any further actions	Internal
Performance Board (monthly)	Pan Council performance specialists consider "RED" and "Changed" corporate KPIs, provide challenge and request action plans, decide upon focus for DB. Consider Service KPIs by exception.	
Corporate Scorecard & Service Scorecards	Service dialogue with Head of Service and Director	

The terms of reference for the Performance Board (subject to changes in 2012/13) is shown in appendix 2.

The Council also works with its partners in delivering services and operates the following governance arrangement:

- The Council delivers a significant proportion of its services through its strategic service partnership contract with Vertex (which has now been taken over by SERCO Public Services Ltd – a wholly owned subsidiary of SERCO Group Plc). The strategic direction of the partnership is governed through the Strategic Partnership Board and key risks are reviewed annually by Business Development Managers (client side) and representatives of SPSL. The Commercial governance and operational performance issues are managed through the Partnership Operations Board. Reports are also provided to meetings of the Corporate Overview and Scrutiny Committee

- The Council delivers its housing responsive repairs and voids services via a term contract with Morrison Facilities Services. This runs for 5 years from August 2010 with an option for the Council to extend.

LEGAL FRAMEWORK

Roles and responsibilities for Cabinet, Council, Overview and Scrutiny and all Committees of the Council, along with officer functions are defined and documented, with clear delegation arrangement and protocols for effective communication within the Council's Constitution. The Constitution is regularly

reviewed and updated, with amendments discussed with the Constitution Working Group (which consists of 7 members) and thereafter agreed periodically at the Annual Council meeting.

All decisions are made in accordance with the requirements of the Constitution and the scheme of delegation, which forms part of the Constitution. The monitoring officer will report to Full Council or to Cabinet if it is considered that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration.

In the role of Monitoring Officer, the Head of Legal and Democratic Services contributes to the promotion and maintenance of high standards of conduct through support to the Standards Committee.

The Constitution includes our code of conduct for councillors which all Members sign up to upon election to the Council. This is a national code, approved by Parliament, and was revised in 2007. The Council adopted the revised code and training is provided to Members periodically to ensure that they are fully aware of their responsibilities. (The national Code of Conduct will cease to apply at the end of June 2012 and work is in progress to enable the Council to adopt a new code of conduct.). Employees are also subjected to a Code of Conduct and a number of specific policies set out in the Human Resources Framework. All new members of staff receive one to one induction training with their line manager and attend an induction training session.

The Localism Act came into force on 15th November 2011 which includes five key measures that underpin the Government's approach to decentralisation:

- Community rights

- Neighbourhood planning

- Housing

- General power of competence

- Empowering cities and other local areas

The Council is already taking action to meet with the requirements under the Act and will further monitor the implication of the Act over the course of 2012/13. This is being coordinated through the Strategy Board led by the Assistant Chief Executive.

FINANCIAL FRAMEWORK

The section 151 officer is responsible for the overall management of the financial affairs of the Council. The section 151 officer determines all financial systems, procedures and supporting records of the Council, after consultation with heads of service. Any new or amended financial systems, procedures or practices are agreed with the section 151 officer before implementation.

The Full Council is responsible for approving the following:

CORPORATE PLAN AND MEDIUM TERM FINANCIAL STRATEGY

The medium term financial strategy sets a stable financial framework within which the Council operates, and it is reviewed annually. It guides the medium term financial plan that is reported to councillors during the budget setting process.

TREASURY MANAGEMENT STRATEGY

The treasury management strategy governs the operation of the Council's treasury function, and is reviewed at least annually. This strategy includes parameters for lending and borrowing, and identifies the risks of treasury activity.

REVENUE AND CAPITAL BUDGET SETTING

Both revenue and capital budgets are set by Full Council. Revenue budget setting includes both the calculation of the council tax base and the surplus or deficit arising from the collection fund.

Cabinet has overall responsibility for the implementation of the Council's financial strategies and spending plans, and is authorised to make financial decisions subject to these being consistent with the budget and policy framework and the Constitution.

Heads of service are responsible for ensuring the proper maintenance of financial procedures and records, and the security of assets, property, records and data within their service area.

The Chief Executive, strategic directors and heads of service consult with the Head of Corporate Finance and the Head of Legal and Democratic Services on the financial and legal implications of any report that they are proposing to submit to the Full Council, a committee (or sub-committee), or Cabinet.

RISK MANAGEMENT FRAMEWORK

Risk management is important to the successful delivery of our objectives. An effective risk management system identifies and assesses risks, decides on appropriate responses and provides assurance that the chosen responses are effective. Our risk management approach has been in effect for a number of years and was built on in 2008 to incorporate opportunity management. The overall responsibility for effective risk and opportunity management in the Council lies with the Chief Executive supported by the Director of Transformation and the Corporate Performance team. We use a standard risk and opportunity management methodology which encompasses the identification, analysis, prioritisation, management and monitoring of risks and opportunities.

Councillors have a responsibility to understand the strategic risks and opportunities that the Council faces, and are made aware of how these issues are being managed through regular reports to the Audit Committee.

The Performance Board with some consultancy from the Corporate Performance Team work with services to regularly review and update the Strategic/Corporate Risk and Opportunity Register.

The Council have mainstreamed and integrated the refresh of service risk/opportunity registers with the annual service planning cycle, so that management response arrangements for risk and opportunities can be included in service plans.

Service risk and opportunity registers are in place for each service area and all heads of service are responsible for ensuring that risks and opportunities are identified, prioritised and entered onto the risk/opportunity register. Service risk and opportunity registers are reviewed and updated each quarter under the risk and opportunity framework.

All line managers are responsible for implementing strategies at team level by ensuring adequate communication, training and the assessment and monitoring of risks and opportunities. All officers are responsible for considering risk and opportunity as part of everyday activities and provide input to the risk and opportunity management process.

All services have a plan relating to business continuity to ensure that priority services can continue to be delivered to our customers in the event of an unforeseen disruption.

The Audit Committee undertakes the core functions of an audit committee in accordance with the terms of reference set out in the Constitution.

Information Governance Assurance

The Council's arrangements for information governance have historically been strong although a serious privacy breach can take place at anytime and by any member of staff or Member. Serious privacy breaches could expose the Council to Information Commissioner Office (ICO) intervention and/or financial penalties.

There are a range of data sets the Council could publish as part of the *"Code of Recommended Practice for Local Authorities on Data Transparency"*. This is currently not a mandatory requirement, however Ministers have stated that they may in the future make the code a legally binding requirement to ensure authorities can be held fully accountable to the local people they serve. This work will be delivered.

On the 23 January 2012, the ICO and Department for Communities and Local Government (DCLG) sent a joint letter to all local authority Chief Executives,

emphasising the importance of good information governance in ensuring transparency, providing people with confidence that their personal information is being handled properly, and in protecting the vulnerable.

The letter reminded the local authority community, that back in April 2010 the ICO were given powers to issue fines of up to £500k, for serious breaches of the data protection principles. It should also be noted that the ICO have had to use these powers in relation to a number of local authorities.

The DCLG and ICO have outlined some actions that all local authorities can and should take to reduce the likelihood of fines being imposed on them. They are of the view that all council's should:

- Have identified a trained Board level individual to act as the SIRO

- Continuously make staff aware of the existing information governance polices, emphasising the importance of adhering to such polices and that a breach of policy will be regarded as a disciplinary matter.

- Ensure that all staff undertake regular and relevant information governance training

4.0   Review of effectiveness of the governance framework

The 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 the managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

The following highlights our review of our governance framework and sets out the assurances of committees, officers and external organisations.

REVIEW OF OBJECTIVES

To ensure that we are doing the right things in the right way and for the right people, in 2011/12 Thurrock Borough Council undertook a major review of the Corporate Plan and adopted the Corporate Plan and Medium Term Financial Strategy 2012/15.

The Corporate Plan and MTFS sets out the strategic direction of the Council, and how it contributes to the delivery of the Community Strategy. In addition, it also addresses how the Council will meet the financial challenges in delivering the priorities.

The Corporate Plan / MTFS cascades the Community Strategy into the Council's corporate strategic planning process and informs the key service plans and objectives. The plan sets out the Council's strategic objectives for 2015 and how it will achieve those objectives.

The Council will update and review the Plan annually to ensure that it remains current in the years leading up to the next redrafting of the plan.

The Council also approved a Policy Framework arrangement in February 2012 which will ensure that key strategies are reviewed and aligned to the Council's strategic priorities.

The Strategy Board set up in July 2011 will coordinate and enable the preparation of statutory and key strategies of the Council. The Board will advise officers responsible for writing key strategies to ensure that all strategies are aligned to the Council's vision, values and strategic priorities, and integrated where necessary. The Strategy Board will ensure consistency of key strategies by developing guidance templates and offering support.

Action:

Ensure that the strategies and plans subject to annual reviews are undertaken and reported to Cabinet and Full Council.

PERFORMANCE MANAGEMENT AND SERVICE PLANNING

In recent years, we have looked to improve the consistency of performance management throughout the Council. To do this, we published a performance management framework, and promoted its uptake via an interactive intranet site.

Performance Board receive quarterly summary reports on service performance across the Council. An example of such is the performance of the Council's Development Management Service on the processing of planning applications. In 2011 -12, performance not only exceeded target but placed Thurrock in the top 2% of authorities in the whole country. This is a key element of the wider regeneration agenda and ensuring excellent customer service.

The Service Planning guidance was also updated in December 2011 and embedded directly into the service planning templates, which is available on the intranet

Thurrock Council also undertook a Peer Review in early December 2011. The Review focussed on key corporate governance areas of leadership, finance and capacity together with key priorities of educational attainment and regeneration. The Review was carried out by a team of members and managers that were sourced from across the local government sector. The

Review Team has submitted its final report to the Council which has identified a number of strengths and areas for improvement.

The recommended improvement areas are around the following themes:

1. Capacity
2. Budget
3. Stability
4. People

An improvement plan has been prepared to address these issues and will b monitored through Cabinet and Overview and Scrutiny Committee.

The combination of the approaches listed above is that the Council has a strong focus on delivering priorities, managing performance against targets, and progressing actions.

Inspections undertaken during the 2011/12 financial year include the following:

Children's Services

1. An OFSTED inspection of the Council's adoption service concluded that the overall quality rating is good.

2. The Annual Performance Assessment conducted by Ofsted concluded that Children's services in Thurrock Council perform adequately, as in 2010. The report highlighted areas for further improvements which are being undertaken in the course of 2012/13.

In relation to the Morrison contract for the housing responsive repairs, the Council has strengthened its governance of the partnership by resourcing monthly audits of costs submitted from April 2012 as well as undertaking a retrospective audit of the outturn costs for 2011/12. Performance measurement based on contract Key PIs is monitored at monthly contract forums and this is to be enhanced by the commissioning of an independent customer satisfaction survey sampling the full range of repairs services from July. It is also intended in the July-September quarter, to table proposals to review the way Morrison is paid, linking this to an audit plan to be agreed with internal auditors, addressing the comments in the latest responsive repairs internal audit report and incentivising performance.

LEGAL FRAMEWORK

At its meeting on 8th June 2011, Cabinet approved proposed changes to the Senior Management Structure, the aim of which was to ensure that the Council becomes and remains more focussed on service outcomes and on delivering quality services to all of the communities in Thurrock. The changes centred on the following:

- The creation of the Chief Executive Delivery Unit

- Creation of a new post of "Director of Planning and Transportation"

- Creation of a new post of Director of Housing

- A new and broad Director role titled "Director of People Services"

- Creation of a new post of "Director of Environmental Services"

At its meeting on 18th February 2011, Cabinet agreed a pilot, under which the London Borough of Barking and Dagenham (LBBD) would second from Thurrock, for the period 1 April 2011 to 31 March 2012, the Head of Legal Services to jointly fulfil the role as head of service and Monitoring Officer for both authorities on a shared basis. A review of the sharing arrangement was undertaken and on 22nd February 2012, the Council agreed that the current shared arrangements are progressed to Phase Two, which will see joined up legal teams between Thurrock and LBBD.

Section 113 of the Local Government Act 1972 allows a local authority to enter into an agreement with another local authority to place its officers at the disposal of another authority. Staff who are made available under such an arrangement are able to take binding decisions on behalf of the Council at whose disposal they are placed, although they remain an employee of their original authority for employment and superannuation purposes. This legislation therefore allows officers to be shared between the two councils.

The Constitution was reviewed twice during the year to ensure it is up to date. The "consequential amendments" have covered:

- changes in the law;
- changes to portfolios held by Cabinet Members;
- decisions taken by the Council in respect of Members' Allowances and Outside Bodies;
- changes to the Officer Structure;
- changes to Officer Scheme of Delegation; and
- minor formatting and typographical errors.

The monitoring officer did not need to use any statutory powers during the year.

The Legal Services team was awarded Lexcel in April 2009. This accreditation is a quality mark which the Law Society has developed and which is only awarded to legal practices that undergo rigorous independent assessment each year to ensure they meet the required standards of excellence in areas such as customer care, case management and risk management.

The Government announced in September 2010 that the Thurrock Thames

Gateway Development Corporation (TTGDC) would cease at the end of March2012 and that its functions, including its assets and liabilities, would be transferred to Thurrock Council. The transfer was enabled by the making of an Order by the Secretary of State conferred by section 165B of the Local Government, Planning and Land Act 1980.

The Order is set out in three Statutory Instruments prepared by Government which are:

- The Thurrock Development Corporation (Transfer of Property, Rights and Liabilities) Order 2012
- The Urban Development Corporations (Planning Functions) Order 2012
- The Thurrock Development Corporation (Dissolution) Order 2012

The governance of the overall process was managed by the Thurrock Localisation Board. Council officers undertook a considerable amount of due diligence on the information provided on contracts and assets to be transferred from TTGDC to the Council. The due diligence work was done to allow the Council to reach a view about the risks associated with the assets and liabilities being transferred. As well as ensuring the Council becomes aware of what it is inheriting the due diligence process has informed the financial negotiations with DCLG. The functions, liabilities and asset of the Development Corporation became absorbed into the Council on 31st March 2012.

The Health and Social Care Act 2012 places new responsibilities onto local authorities and will result in new commissioning arrangements within the NHS that have significant implications for local authorities in general and Thurrock in particular. Specifically:

- Primary Care Trusts will be abolished from 1st April 2013;
- NHS Commissioning responsibilities will pass over to locally based Clinical Commissioning Groups (CCGs);
- Local authorities will have a statutory duty to establish Health and Well-being Boards as local partnership, system leaders;
- Certain Public Health functions will pass over to the local authority from 1st April 2013;
- The local authority will have a duty to commission Healthwatch which will replace the Local Involvement Network (LINk).

These changes offer significant risks but also significant opportunities for the local authority both in terms of developing joint services with health partners but also in the new responsibilities that will be passing over to local government.

To respond to these challenges Thurrock has put in place the following:

- Established a Public Health Transition Board chaired by the Chief Executive to oversee the transfer of Public Health responsibilities to the Council;
- Seconded over a senior member of staff from the PCT as Health Transition Manager to oversee the commissioning changes;
- Established a Healthwatch steering group chaired by our Head of Commissioning;
- Reached agreement to have a single CCG for Thurrock which will have a Thurrock Council representative on its Board and its Executive Team. Also we will be establishing some joint commissioning posts with Thurrock CCG and basing their officer team within the Civic Offices in Grays.
- Established a Shadow Health and Well-Being Board chaired by the Portfolio holder for Health – Cllr Barbara Rice – which is overseeing all the various changes.

Action(s):

To further review the Constitution to meet:

- **the requirements of good governance arising from the joint working arrangements with London Borough of Barking and Dagenham.**

- **Legislative changes arising from the Localism Act and other relevant legislative requirements**

FINANCIAL FRAMEWORK

FINANCIAL REPORTING

Formal budget monitoring information for both revenue and capital income and expenditure was produced every month from June onwards during the financial year. These were sourced from the financial management system and sets out the budgets, which are profiled along with actual transactions and was sent to heads of service and managers every month. Additionally real time information is provided through the General Ledger and associated systems.

Every month, heads of service are required to submit a return to accountancy, which provides reasons for current variances, and forecasts the end of year outturn position.

Corporate Finance collate the heads of services' returns into a budget monitoring report which is considered by Directors Board every month and Cabinet every quarter.

These reports highlight the key variances being reported by each service, allowing management and Cabinet to focus on them.

The Cabinet budget monitoring reports include details of any virements considered necessary within the quarterly budget monitoring reports. By making budget transfers in-year, we are able to realign resources to ensure that overspends do not impact on our ability to deliver other services.

For all committee reports for which a decision is required, a "financial implications" section is included which details the actual, and potential, financial consequences of the decision being taken. We ensure that this information is accurate and relevant by ensuring that it is verified by a member of the Financial Team.

Officers keep up to date with the latest developments in accounting, which enable them to be prepared for the changes in accounting practice that affect the preparation and presentation of the financial statements. Accountants that attend training courses report back to the rest of the accountancy team on the content of the course. In 2010/11 the team undertook formal training provided by CIPFA.

Each year's accounts and annual audit letter are available to the public and are published on the Council's web site. We can make them available in accessible formats. To assist the public in understanding the accounts, we have included an explanatory foreword in the financial statements that explains the purpose of the accounts and summarises the key messages arising from them. We have included a glossary of terms within the accounts to aid understanding.

BUDGET MONITORING

Accountants meet with all service heads or their staff monthly during the financial year to discuss performance against budget and to highlight areas of potentially significant over or under spend. We use this information to prepare the quarterly budget monitoring reports presented to Cabinet, and to substantiate any in-year budget transfers or supplementary estimates required to meet changing circumstances. The in-year monitoring of budgets enables the budget setting process to be based on the very latest estimates of income and expenditure.

Every year the Council sets a comprehensive and balanced budget, which is proved to provide adequate resources by the absence of overspends against total budget in recent years.

The Council's budget planning cycle is well established. We complete the annual budget for consideration by Cabinet by February, before it is discussed and approved at Full Council later that month. Scrutiny Committee reviewed the budget during October to February.

When the budget is set, the monitoring of income and expenditure against budget continues throughout the financial year by the Chief Finance Officer. Cabinet formally receives budget monitoring reports every quarter, culminating in an outturn report that reflects on the overall performance against budget for the previous year. These are based on returns provided by the heads of service.

TREASURY MANAGEMENT STRATEGY

The Council's treasury management strategy, which Council agrees annually, sets out the Council's policy on managing its investments, which ensures that it has sufficient cash to meet its needs, and that returns are maximised whilst maintaining the security of the Council's assets. The strategy has regard to the Code of Practice for Treasury Management, and the CIPFA Prudential Code.

We report performance against the strategy to Cabinet half yearly.

Cabinet take responsibility for ensuring effective scrutiny of the treasury management strategy, policies and performance in accordance with the CIPFA Prudential code and CIPFA Treasury management code, which were revised in December 2009.

All the arrangements detailed above demonstrate that the Cabinet and the Chief Financial Officer's team exercise collective responsibility for financial matters. The Chief Financial Officer takes responsibility for the stewardship of use of resources and financial accountability.

ORACLE

The Council agreed to upgrade the Oracle financial system and this went live in 2012/13. One of the key improvements that this upgrade will bring is improved reporting and information for each budget manager, including an improved ability for managers to interrogate the system themselves. The Council has also taken the opportunity to improve its Chart of Accounts that, going forward, will improve both financial reporting and the completion of the accounts.

CHANGES IN FINAL ACCOUNTS PROCESS FOR 2011/12 OVER 2010/11

The Council received an unqualified External Audit Opinion, in April 2012 for its 2010/11 accounts some six months after the statutory date. There were a number of issues that led to this and they have been widely reported to the Audit Committee and Full Council. This led to a section 11 report from the District Auditor requiring the Council to strengthen its processes. The section 151 officer has implemented a number of improvements and has reported this to each Audit Committee.

In drawing up its accounts for 2011/12 the following factors have had to be taken into account:

a)   <u>Introduction of a hierarchy of referral in drawing up appropriate accounting policies</u>

In drawing up accounting policies Thurrock has, with the overriding objective of clarity to the users of accounts draw upon, in order of influence

1. UK Statute and EU Law, as the prime driver

2. The Chartered Institute of Public Finance and Accountancy Statement of Recommended Practice (CIPFA SORP),

3. Other policies of other UK organisations, such as Government (IFReM), NHS and private sector, where the CIPFA SORP is silent or allows judgement

4. Best International Practice, from other countries with several years of municipal IFRS accounting

5. The International Accounting Standards Board framework and standards

b)   <u>Changes in the regulatory framework as encapsulated in the CIPFA SORP</u>

In response to both International Financial Reporting Standard and operational imperatives, CIPFA have recommended the following changes to English municipal reporting requirements:

1) Inclusion of Heritage Assets. In 2010/11 the presence of these assets needed to be assessed and their existence noted. For 2011/12 there are distinct reporting and disclosure requirements. The definition of a Heritage asset includes the concept that it is held for its contribution to knowledge and culture. CIPFA makes no requirement for valuation other than that which benefits the users of accounts.

2) There are new disclosure requirements for exit packages.

3) Reintroduction of a note on the number and nature of trust funds held by the Authority, at present 2two environmental and one personal

4) Additional disclosures for financial instruments

c)   <u>New impacts relating to the scope of the Councils business activities</u>

With effect from 30th March 2012 Thurrock will acquire the assets and liabilities of the Thurrock Thames Gateway Development Corporation.

Thurrock staff are working closely with colleagues from the TTGDC on budgets, asset valuation and annual financial statement closure to ensure as smooth a transition as possible.

Of course this dynamic environment is made even more intricate by the 2012/13 addition of a new valuation method for the Authorities highway assets. Currently valued at historic cost they will be revalued at depreciated replacement cost. Thus the 2011/12 accounts with the heritage and TTGDC issues will be further changed in 2012/13.

It is necessary therefore to add a stage to the 2011/12 closedown process that produces a simplified and clarified version of the accounts after statutory production to the Audit Committee on 28th June 2012.

d)   Improvements to the Councils internal processes in response to cost, management, oversight and Audit drivers in 2011/12 and 2012/13

Producing the Annual Financial Statements can be viewed as an end in itself but does present opportunities for valuable inputs into the financial cycle of the Council, such as prior year expenditure, recording the volatility of its non current asset base and stating the financial position which is especially relevant at times such as this. A major objective of current investment activity in the financial system is the long term goal of interim balance sheets, cash flow and asset management information.[i]

In 2011/12 closedown activity is being formally project managed for the first time. Staff resources both financial and departmental are being mapped into distinct time frames with quality control systems to deliver outputs on time on budget. The system being used will provide costing information to drive future efficiencies.

Thurrock is entering a period of accounting transition and expansion with the addition of development corporation assets and liabilities, improved highways accounting and recognition of heritage assets. Such fundamental changes in the balance sheet financial position, does question the validity of traditional ratio analysis in a period of rapid change.

Within best International practice the determination of financial resilience is an iterative process that can be summarised down to 12 factors. The sequence of factors is deliberate covering solvency to sustainability. Initial factors focus on cash fundamentals, then factors relating to collection rates and revenue growth and finally factors relating to revenue protection and overall financial outcome measures.

Given that our process is an iterative process if there is a problem with one factor it means that there must be an adjustment in financial strategy to correct the Authority's financial position

The selection of indicators applied can be deduced from budgets, prudential indicators and Annual Financial Statements to ensure ease of calculation and degrees of verification by external stakeholders.

Action:

- **To build on the Oracle system upgrade to further improve financial management and reporting.**

- **To undertake a review of skills and competencies of finance staff to target level of investment to improve capacity, capability and better performance within an appropriate competency framework.**

- **Finance team to undertake in 2012/13 the CIPFA Public Accounting examination to assess capability and identify areas for improvement and development.**

- **To establish a virtual network with other municipalities at home and internationally on financial matters.**

- **To develop the range of indicators and integrate them into the monitoring regime.**

- **To put in place and thereafter monitor during 2012/13 the required processes to restate the transferred assets and liabilities within Thurrock's accounting policies.**

- **To keep the number of financial resilience factors to the optimum level that can provide the Council and other stakeholders with compliance confidence without becoming overly unwieldy and complex, although it is accepted that a range of other factors also could be included. Once budgets have been compiled this analysis can be produced as a simple by product that can be monitored monthly.**

COMMENT ON THE ROLE OF THE CHIEF FINANCE OFFICER

The section 151 officer, or chief financial officer, has a responsibility to ensure that an effective internal audit function is resourced and maintained. The Council's outsourced internal audit function is provided by RSM Tenon and led by a Director of RSM Tenon who acts as Head of Internal Audit. There is a permanent on-site team led by a Client Audit Manager.

The Council requires internal audit to provide an effective service in accordance with professional standards, and internal audit officers must abide by the Institute of Internal Auditors Code of Ethics and receive suitable training and development to maintain the appropriate skills, experience and

competence. The performance of internal audit is subject to annual review through an annual report by the Audit Committee that also considers key issues from specific audit reports.

COUNCILLORS' DEVELOPMENT

We offer councillors a comprehensive induction programme. Soon after the last election, councillors were invited to an induction evening to sign their declarations of acceptance of office and to sign up to the code of conduct. At the induction session, councillors met the Chief Executive and Monitoring Officer and also indicated their training needs. Training sessions on planning have been undertaken with Members and licensing and other trainings have also been scheduled with needs assessment taking place in order to provide further relevant training.

AUDIT (INTERNAL/EXTERNAL) AND THE HEAD OF INTERNAL AUDIT

Internal audit is an independent assurance function that primarily operates in accordance with best practice professional standards and guidelines. It review on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's objectives, and contributes to the proper, economic, efficient and effective use of resources

Internal audit reports are presented to the Audit Committee on a quarterly basis and at the July meeting through the Head of Internal Audit's annual assurance opinion on the overall internal control and governance environment. Any individual internal audit review judged "red" or "red/amber" is subject to timely action plan and follow up audit.

The Head of Internal Audit's overall opinion in the Annual Audit Report 2011/12, to be submitted to Audit Committee in July 2012 is that the overall control environment was amber. This is a positive assurance opinion but indicates that there were some areas where control weaknesses were indentified.

The External Auditor concluded that for 2010/11, the arrangements for producing the Council's account and supporting working papers were inadequate. The main issues identified resulted from errors in the restatement of the 2009/10 accounts and opening balance sheet to meet international financial reporting standards (IFRS). However, there were also many instances where figures within the accounts did not agree to supporting working papers and also where working papers included errors. To ensure the Council takes appropriate action to address the significant issues identified during this year's audit, the Auditors made recommendations to the Council under Section 11 of the Audit Commission Act 1998.

Action:
• **The Council has already taken significant steps to improving the project management, capacity and capability relating to the**

> **production and publication of financial information. This will be reviewed at the close of the audit and further improvements made as necessary.**
>
> - **Council will put in measures to ensure that areas of weakness highlighted in the individual Audit Reports are addressed as a high priority. This will improve the Council's overall control environment.**

RISK MANAGEMENT

An annual review of Risk and Opportunity Management is undertaken using the ALARM/CIPFA Risk Management Benchmarking Model. This model is designed to test and compare the Council's performance against:

- The major risk management standards.
- The criteria that informs the risk management element of the Annual Governance Statement.
- Other public services organisation arrangements.

The results of the review and the plans to remodel the Council's Risk and Opportunity Management arrangements were reported to Audit Committee 7 December 2011. The report showed that the Council had attained level 3 (Working) out of 5 levels (where 5 is best).

The benchmarking exercise revealed that with some further work the Council's Risk and Opportunity Management arrangements could be enhanced to meet a higher standard. The Performance Board developed and implemented a set of outline responsibilities to ensure the effective delivery of Risk and opportunity Management across the Council.

The Corporate Performance Team in conjunction with the Performance Board had developed the revised Risk and Opportunity Framework and this had been agreed at the Performance Board on 2 December 2011.

A review has also been undertaken of the Strategic/Corporate and Opportunity Register and the outcome of the review was reported to Directors Board on the 10 January 2012.

> Action:
>
> **Performance Board to focus on how the Council can move away from a practice of risk and opportunity reporting/management to an embedded culture of Risk and opportunity Management across the whole Council.**

ANTI-FRAUD AND CORRUPTION, WHISTLEBLOWING AND MONEY LAUNDERING

The Council currently has an Anti Fraud and Corruption Strategy adopted in March 2007. This document is deemed to be out of date and in need of revision. Arrangements are currently being progressed to create a Corporate Fraud team tasked with promoting and bringing into effect a new strategic approach to the Council's objectives in dealing with fraud and corruption issues. Their role will also encompass the review of all money laundering policies.

The Council has a Whistleblowing Policy and Procedure which was effective from 29th January 2010 and has further raised the profile of the whistleblowing policies by increasing their visibility through inclusion on the Council's website. On 1st April 2012, a whistleblowing Policy flowchart has also been published and made accessible on the Council's intranet.

Actions:

During 2012/13 the new Corporate Fraud team will review anti-fraud and money laundering procedures and arrange training for relevant staff.

The Bribery Act came into force on 1 July 2011. The Council will incorporate the requirements of the Bribery Act 2010 within the anti-fraud and corruption policy and raise awareness of the Act amongst councillors and staff.

BUSINESS CONTINUITY

The Council has in place a Business Continuity Plan corporately and for individual directorates. They have been reviewed annually, but are due to be reviewed this year still. The last exercise was 8th Dec 2011 "Exercise Phoenix" which made recommendations and which was cascaded through to the Service Heads of the relevant teams.

The Emergency Planning Team which also has responsibility for Business Continuity is made up of three people. Recently, two members of the team have left the Council so internal transfer of staff (by way of secondments) has been implemented to ensure continuity on the provision of the Emergency Planning and Business Continuity functions

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Action:

Continued work is undertaken in 2012/13 to fill the permanent posts in the Emergency Planning Team to ensure that emergency planning and business continuity function is maintained and delivered adequately.

The Council has scheduled a Business Continuity exercise with Legal Services on the 31st July 2012.

> **Review of a number of plans will be completed by March 2013 and the team will continue to work on the remaining plans as resources allow.**
>
> **The recommendations of all plan reviews and exercises will be cascaded to the relevant Heads of Service and staff involved to ensure plans are effective and relevant.**

INFORMATION GOVERNANCE

The Audit Committee considered a report on Information Governance on 28th March 2012. As a result the following have now been set:

- The Senior Information Risk Owner (SIRO) should be an Executive Director or Senior Management Board Member who will take act as a champion for information risk on the Board. The SIRO must understand how the strategic business goals of the Council work, and how those risks may be managed. The SIRO implements and leads the Information Governance (IG) risk assessment and management processes within the Council. The Director of Finance and Corporate Governance is currently responsible for Information Management/Governance at Thurrock; and it was agreed at Directors Board on the 28 February that this Director will inherit the responsibilities of the SIRO. SIRO training for the Director of Finance and Corporate Governance will take place on the 20th June 2012.

Historically performance at Thurrock in responding to Subject Access Request's has been strong; however performance has dipped during 2011/12 due to a combination of factors. The Information Management Team (IMT) is undertaking the following actions due the dip in performance:

- A shared post has been created working across the IMT
- IMT continue to advise applicants during the early stages of their request that the deadline may not be met.
- IMT are prioritising requests based on date order. A deviation from this may apply if the applicant has threatened to complain to the ICO or due to threat of legal action.
- IMT follow up with a second update letter during the timeframe, before their SAR closes explaining that there will be a delay (if relevant).
- IMT agree wherever possible to make a staged disclosure to the applicant - so that they are not waiting months to get *anything* and can at least start reading some of their files. This is dependant on the circumstances of a request and whether or not the person consents to this.
- The processing of SAR's has been raised as a performance indicator to be monitored as part of the corporate scorecard process.

Action:
Continued work to be undertaken to ensure that the Council is meeting its obligations under the Data Protection Act, to avoid financial penalties or potential reputational damage or harm to individuals and/or the Council.

AUDIT COMMITTEE

Our Audit Committee undertakes the core functions of an audit committee by providing independent assurance that the Authority's financial and risk management is adequate and effective and that there is a sound system of internal control that facilitates the effective exercise of its functions, including:

- keeping under review the Authority's own audit standards and whether they are relevant and represent best practice;

- considering or reviewing the following and the action taken on them and advising the Council and/or the Cabinet, as appropriate:

  (a) internal and external audit plans and progress against plans

  (b) summaries of external and internal audit reports and progress against recommendations made in audit reports

  (c) the annual report of the internal auditor and the Annual Governance Statement

  (d) approving the annual statement of accounts and whether appropriate accounting policies have been followed

  (e) reports from inspection agencies, including the external auditor's Annual Management letter and report to those charged with governance issues

  (f) keeping under review the Authority's control environment and anti fraud and anticorruption arrangements, including compliance with the Financial and Contracts Procedure Rules

  (g) keeping under review the relationships between external and internal audit and other inspection agencies.

- reviewing the performance of the Council's appointed Internal Audit provider.

Action:
Ensure that effective training is provided to the Audit Committee Members.

THE SCRUTINY COMMITTEE

The Council reviews at its meeting the Annual Report of the Scrutiny Committee (see Council meeting agenda 20th June 2012) which details the work of its committees and their main achievements for that municipal year. The aim of this is to improve the effectiveness of the scrutiny function. These committees continues to help develop council policy, reviews performance in meeting council objectives and satisfies themselves that there are robust governance arrangements in place.

The Council currently operates 5 scrutiny committees as follows:

- Corporate Overview and Scrutiny Committee;
- Children's Services Overview and Scrutiny Committee;
- Health and Well being Overview and Scrutiny Committee;
- Cleaner, Greener and Safer Overview and Scrutiny Committee;
- Planning, Transport, Regeneration Overview and Scrutiny Committee;

The terms of reference for each of the five committees mentioned above are set out in the Constitution and are reviewed and agreed annually by Full Council.

STANDARDS COMMITTEE

The Council is currently working on adopting a new code of conduct in 2012. As the need arises, officers will deliver training on the code of conduct to councillors.

The Standards Committee submits an Annual Report to Council which addresses the work of the Standards Committee over the last 12 months and looks forward to its Work Plan for the current year.

The Chair of the Committee has continued to play an active role in the forum of Essex Chairs of Standard Committees and to report back on areas of local good practices.

Highlights undertaken during the year are as follows:

- reviewed proposed amendments to the Corporate Policy on the Regulation of Investigatory Powers Act 2000 – looking at the number of investigations undertaken, the robustness of the statutory safeguards and requesting that Corporate Overview and Scrutiny Committee consider looking at the effectiveness of the policy and practice in comparison with other Local Authorities.

- analysing the Annual Compliments, Complaints and Enquiries Report 2010/2011 and highlighted the need to identify common trends and themes with complaints in order to address the root cause clearly demonstrating the authority was learning from its monitoring activities.

- reviewed and made suggestions on the Members' Induction Programme, Access to Records Report 2010/11, the Anti Fraud Strategy, and the Ethical Governance Audit Action Plan and in particular encouraged training for Members as to how to get involved in the Voluntary and Community Sector.

During the 2011/12 municipal year, a total of four complaints were received by the Monitoring Officer, and submitted for consideration by the Standards Initial Assessment Sub-Committee. There were no complaints received by the Monitoring Officer that were not able to be passed for consideration due to them falling outside the Sub-Committee's remit, although there were three enquiries about making complaints but these were not followed up by the potential complainants. .

Of the four complaints received, one was a self referral from the Member themselves, one from a voluntary organisation and two from members of the public. The complaints related to three different Members.

The committee continues to carry out the local assessment of code of conduct complaints. In addition to formal scheduled training sessions, briefing notes on relevant topics are brought to the Committee for approval and subsequent distribution to officers and members. These have included updated advice on predetermination and bias, the Localism Bill and the future of standards.

EXTERNAL SOURCES OF ASSURANCE ON THE GOVERNANCE FRAMEWORK

Issues raised by our external auditor, the Audit Commission, and other external inspectors are used to identify improvement areas in our governance arrangements.

In March 2011 the Audit Committee considered the Audit Commission's certification of annual claims and returns and action plan. The significant finds in the report were:

1. The Council provided good quality working papers to support some claims, in particular the teachers' pension and the housing claims. However, the quality of working papers was variable.

2. Although the Audit Commission again qualified the housing benefit claim, the number of errors has continued to fall.

3. The quality of working papers to support the sure start and single programme claims is not as good as for other returns. In addition, both schemes require all goods and services claimed in the year to have been received before the year end. Both returns included accrued spending, and were therefore not completed in line with the scheme instructions. These claims are prepared by non-accountancy staff.

4. The fee for completing the audit of the housing benefit claim fell by

29 per cent in 2009/10 compared to 2008/09. This was because the Council completed all the additional 40+ testing instead of the auditor.

5. General improvements in working papers meant the fees charged for most claims fell compared to 2008/09, except for the non-domestic rates return and teachers' pension return. The fee increased for the teachers' pension return because the Council had addressed the qualification issue from the previous year and gained assurance over the accuracy of returns from schools, which we then had to audit. The fee for the non-domestic rates return increased because of problems with working papers and the schedule of payments arrears.

An action plan has been developed to ensure that the Council meets the conditions relating to grants.

LOCAL GOVERNMENT OMBUDSMAN

The Local Government Ombudsman (LGO) provides summary information on complaints about Thurrock Council to enable the Council to incorporate any feedback into service improvement.

The Council's aim to be a top performing Council for responding to complaints from the LGO is showing good progress as evidenced within the LGO's Annual Review Letter where the LGO stated that "*I am pleased to say that I have no concerns about your authority's response times and there are no issues arising from the complaints that I want to bring to your attention*". The LGO set the Council a deadline of 28 days to respond to their first enquiries, however Thurrock have implemented a 21 day deadline due to a dip in performance during 2006-2009.

Below is Thurrock's average response time over the past 6 years, and the figures in brackets represent number of enquires that were received from the LGO investigation team.

- 2006/07 - 26.8 days (19)
- 2007/08 - 31.2 days (31)
- 2008/09 - 35 days (24)
- 2009/10 - 23.6 days (28)
- 2010/11 - 20.5 days (20)
- 2011/12 – 15.4 days (33)

The Council continues to improve in responding to LGO complaints/enquiries as during 2011/12 our average response time was 15.4 days. The management of all LGO complaints transferred to the Corporate Complaints Team in April 2011 and there is a dedicated officer in this team who ensures that timeframes are maintained.

Enquiries and complaints received by the LGO are shown in the table below. Previous year's information has also been shown as a comparison. Figures in

brackets represent premature complaints. In most cases the LGO will not investigate premature complaints/enquiries, as these have not gone through our internal complaints process. Premature enquiries will be directed back to the Council to look into.

LGO Service Area Classification	2010/11	2011/12
Adult Social care	7 (1)	7 (1)
Benefits and Tax	37 (17)	19(11)
Corporate and other Services	4 (0)	6 (37)
Education/Children	12 (4)	12(3)
Environment Services/Public Protection/Regulation	16 (7)	14 (4)
Highways transport	3 (0)	6 (2)
Housing	22 (11)	38 (16)
Planning and Development	4 (1)	5 (1)
Total	**105**	**107**

Of the 108 enquiries received in 2011/12, the LGO looked into 52 complaints. (during 2010/11 43 cases were looked into).

Formal published reports are issued by the LGO, if they consider the actions or lack of actions by the Council in processing complaints have resulted in some form of maladministration on the part of the Council. During 2011/12 the LGO did not issue any formal reports against the Council.

5.0   Significant governance issues

We propose over the coming year to take steps to address the matters set out in the action boxes above to further enhance our governance arrangements.

We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.
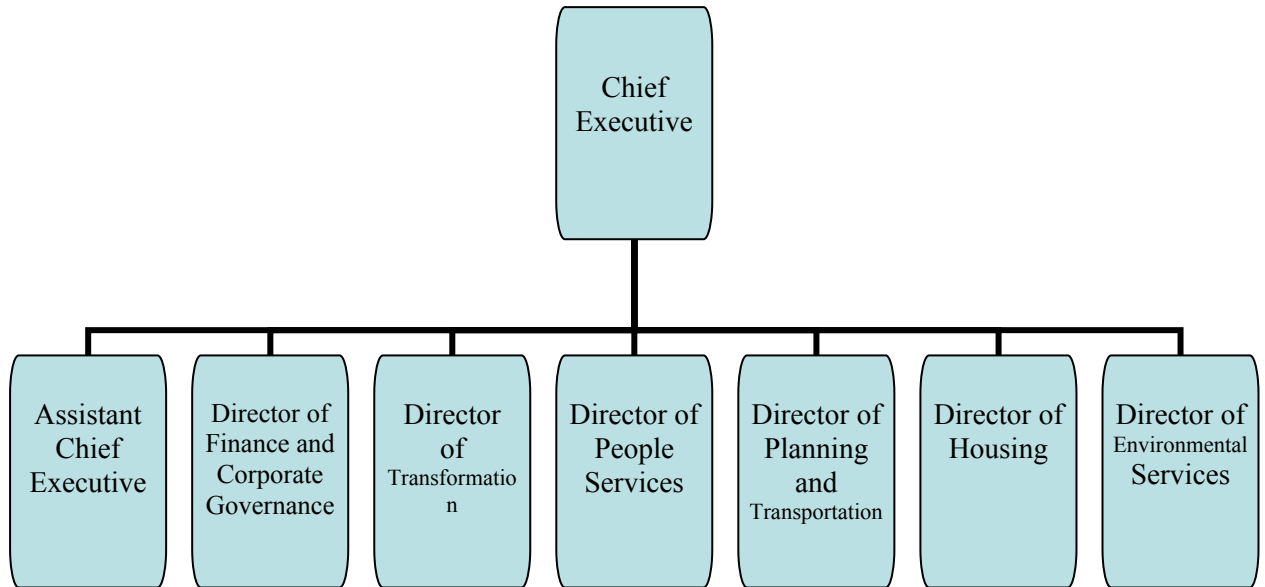
Signature

Date

Graham Farrant, Chief Executive

Signature

Date

Cllr John Kent, Leader of the Council

Appendix 1: Thurrock Borough Council management structure

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                          ┌──────────────┐
                          │    Chief     │
                          │  Executive   │
                          └──────┬───────┘
    ┌─────────┬─────────┬────────┼────────┬─────────┬─────────┐
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│Assistant│ │Director│ │Director│ │Director│ │Director│ │Director│ │Director│
│ Chief  │ │of      │ │of      │ │of      │ │of      │ │of      │ │of      │
│Executive│ │Finance │ │Transfor│ │People  │ │Planning│ │Housing │ │Environ-│
│        │ │and Corp│ │mation  │ │Services│ │and     │ │        │ │mental  │
│        │ │Govern. │ │        │ │        │ │Transp. │ │        │ │Services│
└────────┘ └────────┘ └────────┘ └────────┘ └────────┘ └────────┘ └────────┘
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Title	Broad Areas of Responsibilities
Chief Executive	Head of Paid Services
Assistant Chief Executive	Chief Executive's Delivery Unit Community Development Corporate Communications Equality and Diversity Policy and Strategy Regeneration
Director of People Services	Children's Social Care Children, Youth and Family Services Schools Provision Strategic Commissioning & Resources Libraries and Cultural Services Transformation and Independence for Adults Environmental Services Public Protection Licensing
Director of Housing	Strategic Housing Services Landlord and Tenant Services Housing/Building maintenance Housing Strategy and Regeneration Management
Director of Planning and Transportation	Development Management Building Control Strategic Planning Transportation and Highways Major Projects
Director of Finance and Corporate Governance	Finance Services Section 151 Officer Legal Services

	Assets
Director of Transformation	Transformation Programme Vertex Contract Performance Management Human Resources/Organisational Development
Director of Environmental Services	Street Cleansing Refuse Collection Grounds maintenance Highways Repairs

Performance Board

Overall Purpose

- **To oversee the performance of specific services within the Council and report to Directors Board, Audit/Overview and Scrutiny Committee(s) and Cabinet on the Council's overall performance.**

Scope

Performance Management Framework including Data Quality, Risk & Opportunity Management, Regulation and audit activity.

A cross-council and partnership approach to the Performance Management Framework encapsulating performance, improvement, risk management, service planning, data quality, research and intelligence, and regulation linking in with related engagement and other organisational development issues.

Terms of Reference

- To promote and oversee the implementation of the Performance Management Framework
- To monitor and review the Council's performance against the corporate scorecard and other key indicators and escalating issues as necessary
- To promote data quality, encouraging good practice with a consistent approach, using mutually agreed data and definitions, thereby minimising duplication and ensuring understanding and ownership across the council and partners of data
- To share and discuss good practice, ideas, issues, expertise and concerns about performance, data and intelligence across all services/partners and use as learning and business solutions tools
- To oversee the implementation of the Risk & Opportunity process which sets out a formal framework for the identification, assessment and management of strategic, operational and projects risks
- To maintain and review a Corporate Risk & Opportunity Register
- To co-ordinate responses to cross cutting self assessments/inspections
- To develop and establish links with other Corporate Groups

Powers

- the authority to commission sub groups to undertake time-bound projects to address issues raised to report back to this group
- a reporting line with Directors Board to ensure accountability and influence within the Council

- the power to investigate and challenge issues of under or poor performance and non-compliance with corporate performance & risk/opportunity frameworks and to escalate as appropriate
- the authority to invite expertise from within the authority/partners or from external sources (i.e PCT, police, fire service) to join/present to the group, as and when required

Frequency of Meeting

Monthly

Accountability

The Group is responsible to Directors Board through the Director of Transformation (Sponsor).

Membership (as at December 2011) [substitutes in brackets]

Sponsor
- **Richard Waterhouse** - *Director of Transformation*

Chair
- **Roger Harris** - *Head of Commissioning, People Services*

Directorate Representatives

People Services
- **Rhodri Rowlands** [Mandy Moore] - *Service Manager, Performance, Quality and Information, Adult Social Care*
- **Alison Jacobs** [Damon Last]- *Principal Inspection & Review Officer*

Sustainable Communities
- **Marcelle Puttergill** - *Business Improvement Officer,*
- **Geoff Gladwin** - *Business Services Manager*

Housing
- **Linda Sinclair** [Carol Gregory]– *Interim Head of Housing*

Transformation
- **Chris Stephenson** - *Corporate Performance Manager*
- **Sarah Welton** - *Performance & Risk Officer*
- **Andy Owen** - *Performance and Risk Officer*

Finance & Corporate Governance

- **Mike Jones** [TBC] - *Group Finance Manager, Corporate Finance*

CEX Delivery Unit
- **Samson DeAlyn [TBC] –** *Corporate Diversity Manager*

Vertex

- **Sam Harvey** [TBC] - *Change Manager, Vertex*

Appendix 3

Supporting Strategic Boards

1. **Strategy Board** – to ensure consistency between strategies and to carry out horizon scanning to ensure the Council is aware of future opportunities and threats.

2. **Regeneration Board** to oversee the delivery of specific significant regeneration projects.

3. **Resources and Finance Board** – overseeing the management of the finances of the Council.

4. **Corporate Information and Systems Development Board** – managing the overall performance and investment in ICT and IT infrastructure across the Council.

5. **Performance Board** – overseeing the performance of specific services within the Council and reporting to DB, Overview and Scrutiny Committee and Cabinet on the Council's overall performance.

6. **Corporate HR, Equalities and Cultural Change Board** – overseeing the Council's corporate HR policies, strategy and performance.

7. **Corporate Health and Safety Board**

8. **Procurement and Efficiency Board** – overseeing and managing significant procurement and procurement policy.

9. **Strategic Property -** To provide proactive leadership of the Council's management of its property assets, including the development of asset management and capital strategies. To support the Council's Improvement Programme through delivering a radical transformation in the way the Council's land and property resources are managed and governed.

Note: **All the Strategic Boards mentioned above have a Director Sponsor**