THURROCK COUNCIL
Annual Governance Statement 2013/14

CONTENTS

1.0   Scope of responsibility

Thurrock Council is responsible for ensuring its business is conducted in accordance with the law and proper standards and public money is safeguarded, 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 duty, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions which includes 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 suggested requirements of the "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).

This statement explains how the Council has complied with the code and has met 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.

The Council's financial management arrangement conforms with the governance requirement of the CIPFA *Statement on the Role of the Chief Financial Officer in Local Government (2010)* as set out in the application note to *Delivering Good Governance in Local Government: Framework.*

2.0   The purpose of the governance framework

The governance framework comprises the systems, processes, and culture and values, supporting the direction and control of activities of the Council. These enable it to engage with and be accountable to the community. It also supports the Council in monitoring the achievement of 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 this 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. It enables the evaluation of the likelihood of those risks being

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

The Council had the governance framework described below in place for the year ended 31 March 2014 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 enable the Council to do the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

The Council is responsible for directing and controlling the organisation in this manner. The Council's responsibilities include agreeing the Constitution, key governance documents, the policy framework, key strategies and agreeing the budget.

The Council has executive and scrutiny arrangements in place consisting of a Leader/Cabinet model and Overview and Scrutiny Committees which consider specific areas of the Council's business. 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, Assistant Chief Executive, Monitoring Officer, Head of Corporate Finance (Section 151 Officer) and Head of HR and Organisational Development. The Board is supported by:

- various Council wide strategic boards, all of which are sponsored by a Director;
- 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; and
- a group of senior managers that meet at the managers' conference which is held four times a year.

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 the Council's objectives and are responsible for implementing councillors' decisions.

The Council has supported the principle of sharing services with other local authorities. In terms of governance, the Council shares the Chief Executive and Monitoring Officer roles with the London Borough of Barking and Dagenham and Director of Public Health role with Southend Council.

The Corporate Plan sets out the Council's strategic objectives and corporate priorities, which are as follows:

- Create a great place for learning and opportunity;
- Encourage and promote job creation and economic prosperity;
- Build pride, responsibility and respect to create safer communities;
- Improve health and wellbeing; and
- Protect and promote our clean and green environment.

This is supported by the Medium Term Financial Strategy which sets out the financial impact of the achievement of these priorities.

The Council has adopted an Organisational Development Strategy which sets out the Council's aspirations as an employer and its 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; and
- **Integrity** - we conduct our business openly and honestly, engaging people to generate trust and advocacy.

The OD Strategy is delivered through the HR/OD Annual Service Plan and Work-plan. Priorities are agreed by the Council's Corporate HR Equality and Cultural Change Board.

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 Council on 30 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; and
- Establish a coordinated, efficient partnership approach to community engagement with a focus on value for money.

The Council ensures clear opportunities are provided to inform, consult and involve residents and community groups across the borough. This applies to all Council business from significant decisions to more routine Council business. 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

The Council has implemented a 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. The framework incorporates residents' and service-providers' views as well as national and local priorities.

The Community Strategy articulates the Council's overarching vision for the borough which is "***Thurrock*: A place of opportunity, enterprise and excellence, where individuals, communities and businesses flourish.**" The Council adopted five strategic priorities and objectives to deliver the vision. The Corporate Plan and the Medium Term Financial Strategy 2013-16 cascade 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. The delivery plan for year 2 of the Corporate Plan was approved by Cabinet on 19th March 2014.

The Council's approach to managing its finance is based on the objectives and priorities set out for determining the allocation of resources over the medium term. The financial plan has been developed to ensure the key targets are met and adequate contingencies and balances maintained. The Medium Term Financial 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 has increased and retained its balances at £8m by improving efficiency, making cost savings and restructuring the debt portfolio whilst also identifying further reserves to deliver the Council's priorities and objectives.

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

The planning framework incorporates the Local Development Framework and a set of planning policy documents. This 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 consultations with residents and service-users to identify their priorities for service improvement and how satisfied they are with our services.

The Council has adopted and/or implemented other strategies in the financial year 2013/14 including:

Private Sector Housing Strategy

The new private sector housing strategy is intended to improve the quality of existing homes and neighbourhoods and increase the supply of housing in the borough. Through this, the Council is looking to improve outcomes for residents with regards to health, well-being and lifestyle.

The intention is this is done using less overall resource using partnership working with teams with the same priority (the wellbeing of residents) as the Housing department and, for the first time, focusing on priority geographical areas.

Issues considered included:
- How can the wellbeing of priority residents be supported effectively to enable preventative measures to be taken to minimise reactive spending.
- How neighbourhoods can be improved in the context of an increasing number of private tenancies and demand for houses in multiple occupation HMO's.
- How the Council can support tenants and landlords to know their rights and responsibilities and operate within them.
- How housing supply can be increased.

Health and Wellbeing Strategy

The Health and Social Care Act 2012 transformed health and social care commissioning. It introduced new systems, organisations, and arrangements as well as new duties. The Council now works in partnership with two organisations: Clinical Commissioning Groups (CCG) and Healthwatch. CCGs are GP-led with responsibility for commissioning to meet local health needs, in partnership with the Local Authority and Healthwatch. The Council has a responsibility for public health and has system leadership responsibility for the health and well being of the whole population of Thurrock.

The Health and Well-Being Board (HWBB) brings partners together to lead the integration of health and well-being services across the NHS and local government, to assess the community's assets and needs and develop a Health and Well-Being Strategy (HWBS) to improve the health and well being of the community and to reduce inequalities.

The HWBS sets out the vision, aims, and priorities for achieving the best possible health and well-being for all Thurrock residents. It is linked to and/or delivers through a whole range of existing or new strategies and delivery plans to improve the health and well-being of the people of Thurrock.

Asset Management Plan

In 2012 the Cabinet put in place a new Asset Management Delivery Plan (AMDP), focusing its high level strategy to a more detailed level. This includes the principle of a phased disposal programme of operational and commercial property. Disposals commenced in 2012/13, and to date have realised £2.71m in capital receipts, towards a Medium Term Financial Strategy target of £7m by the end of 2014/15.

A cross party Member Working Group; with a role to examine disposal proposals and make recommendations to Cabinet was established in 2012/13, seeking to make the governance of asset disposal more transparent.

Work is also continuing 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. A key current example is a project to establish a brand new and purpose built Pupil Referral Unit/Pupil Support Service Building in Tilbury. This, together with the ongoing modernisation of the Civic Offices, will free up the Culver Centre, a larger and expensive operational building, for closure and residential development.

- 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.

The vision being pursued is of a Council property portfolio which is smaller and takes full account of the council's priorities and plans for regeneration as well as delivering operational requirements, supporting communities and maximising value.

ICT Strategy

In 2013 the Cabinet agreed a refreshed Information Systems (IS) / Information Technology (IT) Strategy which has, at its core, enabling infrastructure that permits the Council to move to more flexible ways of working.

At the heart of the strategy are drivers to promote connections and mobility amongst:
- Colleagues;
- the Council;
- Communities;
- Citizens; and
- Commerce.

The IS/IT strategy has an ambition that by April 2015 a new IS/IT platform will have been built to make these connections.

The strategy sets out the agenda and framework for the management and investment in ICT which will see applications and their management transferring to Serco, the Council's strategic partner.

The strategy is monitored by Corporate Information and Systems Development (CISD) group to ensure milestones are on track and learning from projects is captured. The strategy is reviewed on an annual basis to ensure it is still relevant to Directorates and any significant changes have 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, build a sustainable ICT Platform for delivering the Council's current and future business requirements and needs.

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 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). In addition, every 6 months a wider ranging report covering the progress against the deliverables within the Corporate Plan as well as associated corporate scorecard indicators is presented to Cabinet and Corporate Overview and Scrutiny Committee.

The Performance Board is a cross council group of performance experts tasked with ensuring the Council's Performance and Risk & Opportunity Management Frameworks are embedded and support the improvement of the Council's service. The Board provides assurance 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.

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 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 Serco. 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;
- Serco sub-contracted the Highways & Engineering and Property Services elements to Europa. After several months of negotiations around performance, in August 2013 this contract was cancelled and the services were brought back into the Council.

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 and thereafter agreed periodically at Council meetings.

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 Council or to Cabinet if it is considered any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration.

The Localism Act 2011 has had a significant impact on the Council. Because of the changes to the Standards regime we replaced the statutory Standards Committee with the Standards and Audit Committee. The role and functions of the committee include:

Standards functions determined by the Council:

- promoting and maintaining high standards of conduct by Members and Co-Opted Members of the authority;
- receiving periodic reports from the Monitoring Officer on dispensations granted / refused, complaints received against Members, complaints resolved informally, complaints resolved after an investigation and a Members Advisory Panel Hearing and assessing the operation and effectiveness of the Members' Code of Conduct;
- advising on training or arranging to train Members and Co-Opted Members on matters relating to the Members' Code of Conduct;
- assisting Councillors and co-opted Members to observe the Members' Code of Conduct;
- to receive referrals from the Monitoring Officer into allegations of misconduct in accordance with the authority's assessment criteria;
- advising the Council upon the contents of and requirements for codes/protocols/other procedures relating to standards of conduct throughout the Council;
- maintaining oversight of the Council's arrangements for dealing with complaints;
- informing Council and the Chief Executive of relevant issues arising from the determination of Code of Conduct complaints;
- appointment of Members' Advisory Panel (a Working Group of the Committee) to hear and make recommendations to the Monitoring Officer concerning complaints about Members and Co-Opted Members referred to it by the Monitoring Officer;
- on referral by the Monitoring Officer to grant dispensations after consultation with the Independent Person pursuant to S33(2) (b), (c) and (e) of the Localism Act 2011; and
- hear and determine appeals against refusal to grant dispensations by the Monitoring Officer pursuant to S33(2)(a) and (d) of the Localism Act 2011.

Audit functions determined by the Council:

- providing independent assurance the Authority's financial and risk management is adequate and effective and 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; and
- 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 Audit letter and report to those charged with governance issues;

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

(g) keeping under review the relationships between external and internal audit and other inspection agencies and reviewing the performance of the Council's appointed Internal Audit provider.

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 and Audit Committee.

The Constitution includes our code of conduct for councillors which all Members sign up to upon election to the Council as well as voting Co-Opted Members. The Council adopted the revised local code pursuant to the changes made by the Localism Act 2011 and training is provided to Members periodically to ensure they are fully aware of their responsibilities. 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.

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 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 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, directors and heads of service consult with the Head of Corporate Finance and the Joint Head of Legal and Democratic Services on the financial and legal implications of any report they are proposing to submit to the 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 the chosen responses are effective. The Risk and Opportunity Management Framework was reviewed 2013 and agreed by Cabinet in March 2014. The overall responsibility for effective risk and opportunity management in the Council lies with the Chief Executive supported by the Head of Corporate Finance and Corporate Risk and Insurance Team. We use a standard risk and opportunity management methodology which encompasses the identification, evaluation, management and review of risks and opportunities.

Councillors have a responsibility to understand the strategic/corporate risks and opportunities the Council faces, and are made aware of how these issues

are being managed through regular reports to the Standards & Audit Committee.

The Corporate Risk and Insurance Team and Performance Board 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 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 risks and opportunities are identified, prioritised and entered onto the risk/opportunity register. Service risk and opportunity registers are reviewed and updated on a regular basis 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 priority services can continue to be delivered to our customers in the event of an unforeseen disruption.

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

INFORMATION GOVERNANCE

Data Protection:

The Data Protection Act gives individuals the right to be told what 'personal data' an organisation is processing about them and, unless an exemption applies, to receive a copy of that information. They do this by making a data Subject Access Request (SAR), which must be in writing. The request can be broad such as, "give me a copy of all the information the council hold on me", or it can be precise "give me a copy of my social care files".

During 2013/14 the Council received 29 requests where the fee was paid and the full SAR process implemented. Of the 29 requests, 90% of requests were processed within the statutory timeframe (40 calendar days from the date all necessary information and payment are received).

During 2013/14 the council received 4 Data Protection complaints from the ICO, however only one related to a SAR. A summary of the 4 data protection complaints is shown below:

- In three cases, the council had disclosed personal information to a third party in error. In all three cases, sensitive information was not disclosed in error.
- One case, related to delays in processing an individual's subject access request

Due to the council's good record regarding data protection, no further action was taken by the ICO in all cases reported.

<u>Freedom of Information</u>

During 2013/14, the council processed 98% of Freedom of Information (FOI) requests within the legal timeframe.

The council refuse requests where it is estimated the time taken to process the request exceeds 18 hours. This was a policy change during 2012. During 2013/14, 39 requests were refused due to the 18 hour threshold.

The Information Management Team maintains responsibility for making decisions on the application of Exemptions (to withhold information) under the Act. These are recorded and evidenced to support the approach taken, and to demonstrate how the Public Interest Test has been applied for Qualified Exemptions. This part of the process is vital to prevent and respond to complaints about FOI responses where data has been withheld, either partially or in full.

The Information Management Team monitor and respond to complaints received regarding FOI responses. During 2013/2014 there were 2 FOI complaints that were escalated to the Information Commissioner's Office (ICO). A summary of these complaints is detailed below:

- The council originally withheld information in relation to a FOI request, however following a complaint to the ICO this information was released due to the passage of time. This request also contained police data.
- The council had refused to provide information in response to a FOI follow up enquiry. This information was then released to the requestor.

<u>Information Security</u>

The Council are a Public Sector Network (PSN) complaint organisation.

A laptop survey has been undertaken via Meta Compliance (our policy compliance software tool) to identify laptops that have not been encrypted. This has identified a number of laptops that require encryption. This project is on the Council's corporate risk register and actions are on-going to mitigate any risks.

The Information Governance Team have also carried out the following during 2013/14:

- Designed and implemented security and ICT policies;
- Provided specialist advice on a number of IT projects/system implementations e.g. government connect, remote and home working and EDRMS;
- Delivered corporate wide training on Information Security;
- Provided detailed policy advice in the investigation of security breaches;
- Improved corporate wide information security arrangements;
- Provided tailored, reliable and accurate written advice to services on a range of topics such as Protective Marking, Government Connect Assessments and ensuring new arrangements with suppliers are PSN compliant.

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.

<u>**REVIEW OF OBJECTIVES**</u>

To ensure we are doing the right things in the right way and for the right people, in 2011/12 the Council undertook a major review of the Corporate Plan and adopted the Corporate Plan and Medium Term Financial Strategy (MTFS) 2012/15. An updated version for 2013/16 was agreed in February 2013. This is now updated annually and Cabinet reviewed the year 2 delivery plan at its meeting on 19th March 2014. The MTFS is updated annually as part of the budget setting process.

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 2016 and how it will achieve those objectives.

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

The Strategy Board coordinates and enables the preparation of statutory and key strategies of the Council. The Board advises officers responsible for writing key strategies to ensure all strategies are aligned to the Council's vision, values and strategic priorities, and integrated where necessary. The Strategy Board ensures consistency of key strategies by developing guidance templates and offering support.

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 have reviewed and published a performance management framework, and promoted and embedded this through the Performance Board.

Performance Board monitor corporate KPIs on a monthly basis, and service representatives have the opportunity to raise any performance issues from their service areas, particularly where the issue could have a more cross cutting impact.

The Service Planning guidance is reviewed annually and embedded directly into the service planning templates.

The combination of the arrangements for the Performance Management Framework, Corporate and Service Scorecards and Service Plans is the Council has a strong focus on delivering priorities, managing performance against targets, and progressing actions.

Inspections undertaken during 2013/14 included the following:

Adults' Services

Collins House

A CQC inspection of the Council's Residential Care home - Collins House took place on 11th September 2013. The following standards were inspected:

- Respecting & involving people who use services;
- Meeting nutritional needs;
- Management of medicines;
- Staffing; and
- Complaints.

All the above standards were met.

Hathaway Road

A CQC inspection of the Hathaway Road Short Break Respite Service took place on 12th September 2013. The following standards were inspected:

- Consent to care and treatment;
- Care & welfare of people who use services;
- Management of medicines;
- Supporting workers; and
- Complaints.

All the above standards were met.

Homecare Reablement Team

A CQC inspection of the Homecare Reablement Team took place on 16th September 2013. The following standards were inspected:

- Care & welfare of people who use services;
- Safeguarding people who use the service from abuse;
- Management of medicines;
- Safety and suitability of premises;
- Staffing
- Supporting workers;
- Assessing and monitoring the quality of the service provision; and
- Complaints

All the above standards were met.

LEGAL FRAMEWORK

The authority has approved changes to the Senior Management Structure which aims to ensure the Council becomes and remains more focussed on service outcomes and on delivering quality services to all of the communities in Thurrock.

The authority continues to share its Head of Legal and Monitoring Officer with the London Borough of Barking and Dagenham by way of a section 113 secondment under the Local Government Act 1972. The legal services of both authorities continue to work together under a Memorandum of Understanding ensuring effective collaboration that includes protocols for joint management, data sharing and conflict of interest protocols.

The Constitution has been regularly reviewed during the year by the Constitution Working Group of Members to ensure it was up to date and it appropriately addressed legislative changes such as the new Access to Information Regulations 2012   Consequential amendments" have included changes to portfolios held by Cabinet Members; and minor formatting and typographical errors.

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

In Autumn 2013, the authority's Legal Services Team was awarded Lexcel accreditation across its shared legal service with the London Borough of Barking & Dagenham and has established a single office manual and case

work system. This accreditation is a quality mark which the Law Society has developed and 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 Health and Social Care Act 2012 placed new responsibilities onto local authorities and new commissioning arrangements within the NHS that have significant implications for local authorities in general and Thurrock in particular. Specifically:

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

These changes offered 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 have passed over to local government.

The authority has responded fully to these challenges including providing training and support for its new Health and Wellbeing Committee.

FINANCIAL FRAMEWORK

FINANCIAL REPORTING

Formal budget monitoring for both revenue and capital income and expenditure took place every month during the financial year.

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 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 detailing the actual, and potential, financial consequences of the decision being taken. We ensure this information is accurate and relevant by ensuring it is verified by a member of the Financial Team.

A motion was unanimously supported by Council in 2012 that also required a financial section to be added to Portfolio Holder reports.

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. Following on from the training provided by CIPFA in advance of the 2011/12 accounts, a bespoke course was commissioned from Ernst and Young, the Council's external auditors, that effectively put accounting requirements into a Thurrock context for 2012/13. This was followed up in preparation for the 2013/14 accounts with several officers attending the Ernst and Young training day and/or various CIPFA workshops.

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 and 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 has been shown 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 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 it has sufficient cash to meet its needs, and 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 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 implement organisational development management modules to go live in 2012/13.

The financial system is now largely stable but there are still significant problems with the quality and extent of reporting. The system is currently being reviewed by Oracle Insight and officers are waiting on an action plan to resolve this.

COMMENT ON THE ROLE OF THE CHIEF FINANCE OFFICER

The section 151 officer, or chief financial officer, has a responsibility to ensure an effective internal audit function is resourced and maintained. The Council's outsourced internal audit function is provided by Baker Tilly and led by a Partner of Baker Tilly who acts as Head of Internal Audit. There is a permanent on-site team led by an 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 to the Standards & Audit Committee who also consider key issues from specific audit reports.

COUNCILLORS' DEVELOPMENT

The municipal year of 2013-14 did not see any elections for the Council, other than a by-election in Stifford Clays and therefore, there was no member training schedule produced. Mandatory training for Members moving onto quasi-judicial committees was provided at the beginning of the year. No optional training courses were offered.

A very small number of Members pursued external training courses relating to their specific remits within public protection, environment and public speaking and these courses were funded by the Council using appropriate funds. General equalities training was also provided to all Members in early 2014.

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 Standards and Audit Committee on a quarterly basis and at the July meeting through the Internal Audit Annual Report which gives an assurance opinion on the overall internal control, risk management and governance environments. 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 Internal Audit Annual Report for the year ended 31st March 2014 which was submitted to the Standards and Audit Committee in July 2014 was the overall control environment had improved from Amber to Green and corporate governance arrangements remained at Green. However, due to the changes in risk management, including the sharing of the Corporate Risk Officer post with the London Borough of Barking and Dagenham and a total refresh of the Risk & Opportunity Management Framework, Internal Audit were unable to provide an assurance opinion for risk management. This will be picked up as part of the Internal Audit Annual Plan 2014/15.

The External Auditor issued an unqualified audit opinion and unqualified value for money statement for 2012/13 and concluded there had been a significant improvement in the standard of accounts and working papers. However, the External Auditor also commented some areas needed to be improved.

RISK AND OPPORTUNITY MANAGEMENT

An annual review of Risk and Opportunity Management (ROM) 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; and
- Other public services organisation arrangements.

The results of the review and the plans to remodel the Council's ROM arrangements were reported to the Audit Committee in November 2013. Out of the 5 levels (where 5 is best) the Council attained:

- Level 4 for the Enabler section, which covers what an organisation does.
- Level 3 (bordering on level 4) for the Results section, which covers what an organisation achieves.

The benchmarking exercise revealed that with some further work the Council's ROM arrangements could be enhanced to meet a higher standard.

A full review of the ROM Policy, Strategy and Framework was undertaken in 2013. The revised ROM Policy, Strategy and Framework were agreed by Cabinet in March 2014. As part of the review a revised approach for the review and reporting of the Strategic/Corporate Risk and Opportunity Register was developed.

Corporate Risk Management has worked with Services, Department Management Teams, Performance Board and Directors Board between March and May 2014 to raise awareness of the revised arrangements for ROM and to refresh the Strategic/Corporate Risk and Opportunity Register.

The refreshed Strategic/Corporate Risk and Opportunity Register is due to be reported to the Standards and Audit Committee in July 2014.

Further actions to address the key improvement opportunities identified by the reviews include:

Actions:

- **Review and improve Service level ROM.**
- **Review and develop Project and Partnership ROM arrangements.**
- **Build skill and capacity and continue to embed ROM across the 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 whistleblowing through inclusion on the Council's website. The Whisleblowing Policy is currently being reviewed by the Fraud and Legal Services due to changes brought about by the introduction of the Enterprise and Regulatory Act 2013.

Actions:

- **Resolve the issue over the future delivery of both Internal Audit and the anti-Fraud functions within the Council; and**
- **Review all relevant polices and update accordingly.**

BUSINESS CONTINUITY

Since the Councils' Corporate Business Continuity Plan was noted by Cabinet on the 8th May 2013, the corporate plan and policy have been updated to reflect the latest guidance from the Business Continuity Institute to comply with the latest best practice from the Business Continuity Institute and legislation change from BS25999 to ISO 22301 for Business Continuity.
A review of all business continuity plans by Directors and Heads of Service was undertaken and a schedule of testing of plans has been arranged. During 2013/14, three table top business continuity exercises for the following service areas were undertaken:

- Street Cleansing and Highways – provision of burial and cemetery services.
- Thurrock Choice Homes - ensuring customers are able to bid including placing bids on behalf of any vulnerable persons on the Thurrock Choice Homes computer system.
- Provider Services – provision of Extra Care Housing.

As a result, actions were identified to improve business continuity in these areas.

Reductions in the risk to the business continuity of the Council have been achieved by joint working, for example the legal partnership between the Council and the London Borough of Barking and Dagenham which has improved capacity to deliver emergency legal work during disruption. This would be significant if, for example, disruption of access to Civic Offices led to a delay in the ability of either Council to apply for interim child protection orders, as this could be administered by the other Council during the recovery period.

Actions:

The Business Continuity Exercise for scheduled desktop testing of plans during 2013/14 and 2014/15 will be completed.
The recommendations of all plan reviews and exercises be cascaded to the relevant Heads of Service and staff involved to ensure plans are effective and relevant.

STANDARDS AND AUDIT COMMITTEE

Our Standards and Audit Committee undertakes the core functions of an audit committee by providing independent assurance the Authority's financial and risk management is adequate and effective and 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; and
- reviewing the performance of the Council's appointed Internal Audit provider.

Our Standards and Audit Committee also undertakes standards functions pursuant to the abolition of the old statutory Standards Committees by the Localism Act 2011.

The authority has also adopted a new local Code of Conduct for Members that reflects the Nolan principles, appointed two Independent Persons and established a complaint procedure for complaints against Members.

The Standards functions include:

- promoting and maintaining high standards of conduct by Members and Co-Opted Members of the authority;
- receiving periodic reports from the Monitoring Officer on dispensations granted / refused, complaints received against Members, complaints resolved informally, complaints resolved after an investigation and a Members Advisory Panel Hearing and assessing the operation and effectiveness of the Members' Code of Conduct;
- advising on training or arranging to train Members and Co-Opted Members on matters relating to the Members' Code of Conduct;

- assisting Councillors and co-opted Members to observe the Members' Code of Conduct;
- to receive referrals from the Monitoring Officer into allegations of misconduct in accordance with the authority's assessment criteria;
- advising the Council upon the contents of and requirements for codes/protocols/other procedures relating to standards of conduct throughout the Council;
- maintaining oversight of the Council's arrangements for dealing with complaints;
- informing Council and the Chief Executive of relevant issues arising from the determination of Code of Conduct complaints;
- appointment of Members' Advisory Panel (a Working Group of the Committee) to hear and make recommendations to the Monitoring Officer concerning complaints about Members and Co-Opted Members referred to it by the Monitoring Officer;
- on referral by the Monitoring Officer to grant dispensations after consultation with the Independent Person pursuant to S33(2) (b), (c) and (e) of the Localism Act 2011; and
- hear and determine appeals against refusal to grant dispensations by the Monitoring Officer pursuant to S33(2)(a) and (d) of the Localism Act 2011.

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

The Monitoring Officer received one complaint during 2013-14 which passed the Council's agreed threshold criteria or was relevant to a Members' official role and duties. This was successfully resolved after constructive and mediated meetings between the parties, their external advisers and the Monitoring Officer.

To assist the Council in complying with the Localism Act 2011, which places a duty on Local Authorities to promote and maintain high standards of conduct amongst their members and co-opted members, the Monitoring Officer presented a report to the Standards & Audit Committee meeting of 19th September 2013. This requested that the Committee establish a Working Group by appointing members to the Members Advisory Panel to serve until the next local elections in May 2014. Two elected and two independent members were duly appointed.

THE SCRUTINY COMMITTEES

The Council reviews at its meeting the Annual Report of the Scrutiny Committees 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 continue to help develop Council policy, review performance in meeting Council objectives and satisfy themselves there are robust governance arrangements in place.

The Council currently operates 6 scrutiny committees as follows:

- Corporate Overview and Scrutiny Committee;
- Children's Services (including Education) 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; and
- Housing Overview and Scrutiny Committee.

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

EXTERNAL SOURCES OF ASSURANCE ON THE GOVERNANCE FRAMEWORK

The main assurance on the Council's governance framework comes from the External Auditor through the Annual Audit Letter and Certification of Claims report. The Annual Audit Letter was reported to the Standards and Audit Committee in November 2013 and reported:

- That the Council was issued an unqualified Audit Opinion, whilst commenting on the significant improvement in the quality of the accounts and working papers. There were no errors identified that impacted on the Council's financial position or level of useable reserves.
- An unqualified Value for Money assessment with no specific issues identified; and
- There were no identified areas of concern with respect to the Annual Governance Statement.

The Certification of Claims report was reported to the Standards and Audit Committee in February 2014 and reported:

- The need to continue to improve the overall control environment to support the completion of claims and returns.
- Specific recommendations relating to the housing benefits claim and the national non-domestic rates return to improve the quality of the data.

LOCAL GOVERNMENT OMBUDSMAN

The LGO set the Council a deadline of 28 days to respond to their first enquiries, however the Council have implemented a 21 day deadline in order to maintain an effective level of performance.

Below is the Council's average response time over the past 4 years, and the figures in brackets represent number of enquires that were received from the LGO investigation team.

- 2010/11 - 20.5 days (20)
- 2011/12 – 15.4 days (33)
- 2012/13 – 15 days (27)
- 2013/14 – 21 days (19)

Due to the increase in our average response time for 2013/14, the Complaints Team will bring forward its timeline to ensure our average response for 2014/15 shows an improvement.

All LGO complaints are managed by the Corporate Complaints Team. For those cases which were formally concluded by the LGO, the findings are as follows:

- Maladministration causing an injustice: The LGO determined 3 cases under this category; 1 for Housing Services, 1 for Children's Services and 1 for Adult Social Care. The case for Adult Social Care resulting in a public report being issued.
- Local settlement: The LGO determined 11 cases under this category; 6 for Housing Services, 2 for Children's Services, 2 for Serco and 1 for Adult Social Care.

As a direct result of these cases, the council issued financial compensation totalling £6,556.

Housing Ombudsman (HO)

On 1st April 2013 the new Housing Ombudsman Service was launched with an extended jurisdiction covering all housing associations and local housing authorities. During the reporting year there was 1 complaint received from the Housing Ombudsman. This was responded to within 15 days.

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 these steps will address the need for improvements 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