

HIGH PEAK BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT 2013-14

SCOPE OF RESPONSIBILITY

High Peak Borough 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. High Peak Borough 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, High Peak Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

High Peak Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at www.highpeak.gov.uk or can be obtained from the Executive Director & Monitoring Officer. This statement explains how High Peak Borough Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4 (3), which requires all relevant bodies to prepare an annual governance statement.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

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 High Peak Borough Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at High Peak Borough Council for the year ended 31 March 2014 and up to the date of approval of the Statement of Accounts.

THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's governance arrangements are:

- **identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users;**
 - The Council's vision, aims and objectives and priority outcomes for citizens and service users are outlined in the Corporate Plan 2011 – 2015.

- **reviewing the authority's vision and its implications for the authority's governance arrangements;**
 - The Council's Corporate Plan outlining its vision, aims and objectives and priority outcomes is reviewed annually.
 - The Council's governance arrangements are reviewed regularly to give effect to the priorities within the Council's Corporate Plan.

- **Translating the vision into objectives for the authority and its partnerships;**
 - The Corporate Plan outlining the vision, aims and objectives and priority outcomes is communicated externally to stakeholders and internally via Service Plans and the employee appraisal process. Service targets and performance indicators are established and monitored closely on a regular basis by Heads of Service and Service Managers and corporately via the performance management framework.

- **measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money;**
 - Management review of services, processes and procedures to ensure the economical, effective and efficient use of resources, combined with target setting and monitoring via a comprehensive performance management framework including regular reporting to senior officers and councillors, designed to secure continuous improvement in the way in which its services are delivered, having regard to a combination of economy, efficiency and effectiveness;
 - The Council continuously assesses the value for money offered to citizens through its Efficiency and Rationalisation Strategy. An integral part of the strategy is the assessment of value for money which is used to ensure that improvements in the overall effectiveness of services is improved in line with corporate policies.
 - The Council's Procurement Strategy contains a strategic forward plan of procurement reviews for key services. These reviews challenge the way in which services are delivered including market testing where appropriate.
 - The external auditors reflect the Council's arrangements for ensuring the best use of resources and value for money in their annual VFM conclusion, and they were satisfied that in all significant respects the Council put in place proper arrangements to secure financial resilience and economy, efficiency and effectiveness in its use of resources.

- **defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements;**
 - The effective facilitation and operation of policies and decision making processes including the Executive, Select Committees and delegated decision making powers is set out in the Council's Constitution. The Constitution sets out how the Council operates and the procedures which are followed to enable transparent and accountable decisions to be made by the Executive. Select Committees provide the opportunity for independent Member review of Executive decisions and Council services and meetings are open to the public except where confidential matters are being disclosed. In addition, delegated decision making authority is given to senior officers in certain circumstances outlined in the Council's Delegations. The Council publishes a Forward Plan containing details of key decisions to be made by the Council.

- The Council reviews appointments to outside bodies and partnerships annually and periodically conducts a fundamental review of partnership arrangements.
- **developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;**
 - An ethical framework including a local code of corporate governance which describes the set of rules and procedures within which the Council operates in order to ensure the highest possible standards of ethical behaviour and good governance. It sets out the standards of behaviour that the Council expects of its councillors and staff in all areas of their conduct and also clarifies roles and responsibilities for the interaction between councillors and staff. The contents of these key documents are regularly publicised with staff and councillors.
 - The Standards Committee composed in accordance with the Localism Act 2011 requirements and the Audit and Regulatory Committee oversees the ethical framework, providing guidance and leadership for ethical governance matters for both councillors and officers.
- **Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality;**
 - The Constitution containing the Council's procedure rules and scheme of delegation is continually reviewed by Officers and Councillors via the Constitution Sub-Committee and recommendations made to full Council.
- **Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability;**
 - Actively using a formal robust risk management approach via the Council's corporate Risk Management Group, to identify, and take appropriate action to mitigate against or eradicate significant risks to the Council's objectives in line with the requirements of the Council's Risk Management Strategy. This approach has been developed and maintained and embedded through the pro-active participation of all services via the corporate Risk Management Group and all managers have been trained in the assessment, management and monitoring of risks
- **Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained;**
 - The Council has a suite of policies in place to promote a positive anti-fraud and corruption culture and ensure effective reporting and action in the event of suspected malpractice. These include an anti-fraud and corruption policy and response plan, ethical framework, financial procedure rules, money laundering and whistleblowing policies.
 - Senior management are required to ensure that the risks of fraud and corruption are effectively managed at strategic and operational levels, with competent and trained staff working within systems that incorporate effective anti-fraud and corruption controls.
- **Ensuring effective management of change and transformation;**
 - An Organisational Development and Transformation Manager was appointed in the new Council Management structure. There is an established Transformation Board with a robust project management methodology which is applied to all change projects.

- **ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA *Statement on The Role of the Chief Financial Officer in Local Government* (2010) and, where they do not, explain why and how they deliver the same impact;**
 - Through the Financial Planning and Management frameworks, the Chief Financial Officer (CFO) leads the promotion and delivery, by the Council, of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.
 - The CFO leads and directs a finance function that is fully resourced and fit for purpose.
 - The CFO is professionally (CIPFA) qualified and has substantial experience in local government finance and the role of the CFO in particular.
- **Ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA *Statement on the Role of the Head of Internal Audit* (2010) and, explain why and how they deliver the same impact;**
 - The Council maintains an Internal Audit Service, lead by the Head of Internal Audit which is fully resourced and fit for purpose and operates to the standards set out in the 'Public Sector Internal Audit Standards'.
 - The Head of Internal Audit is professionally (FCCA) qualified and has substantial experience in internal audit and the role of the Head of Internal Audit in particular.
- **Ensuring effective arrangements are in place for the discharge of the monitoring officer function;**
 - The Executive Director and Monitoring Officer discharges the monitoring officer function and is a Solicitor of the Supreme Court with substantial experience of the role of the monitoring officer in particular.
- **Ensuring effective arrangements are in place for the discharge of the head of paid service function;**
 - The Chief Executive Officer discharges the head of paid service function and has substantial experience in that role.
- **undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*;**
 - A formally constituted Audit & Regulatory Committee is responsible for providing independent assurance of the adequacy of the risk management framework and the associated control environment. The Committee acts in accordance with the key requirements of the CIPFA guidance on Audit Committees.
- **ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful;**
 - The operation of the statutory officer roles of Head of Paid Service (Chief Executive), Chief Financial Officer (Executive Director and Chief Finance Officer) and Monitoring Officer (Executive Director and Monitoring Officer), having specific responsibility for ensuring compliance with established policies, procedures, laws and regulations. The Monitoring Officer has the authority to report to Council if he considers that any proposal, decision or omission would give rise to unlawfulness or maladministration, thereby stopping the

proposal or decision being implemented until the report has been considered. Legal and financial implications are outlined in all committee reports.

- Effective financial management of the Council is conducted in accordance with the Financial Regulations and Procedure Rules set out in Part 4 of the Constitution and appropriate professional standards, under the responsibility of the Executive Director and Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. This includes comprehensive budget setting processes and budgetary control systems, clearly defined capital expenditure guidelines and regular reporting mechanisms to Services and Councillors including quarterly and annual financial reports which indicate financial performance against forecasts. The Council has in place an annually updated 3 year financial plan to support the medium term aims of the Corporate Plan.
- **whistle-blowing and for receiving and investigating complaints from the public;**
 - The Council has a well publicised Whistle-blowing policy for receiving and investigating alleged illegality or malpractice. This policy allows all staff, councillors, contractors, partners, public and other stakeholders the opportunity to report any concerns regarding malpractice where the interests of others, or of the Council itself, are at risk, safe in the knowledge that they will be protected from suffering any form of retribution as a result. As such, it promotes and supports the requirements of the Public Interest Disclosure Act 1998. The Policy is regularly reviewed and publicised.
 - A customer feedback scheme for the public to make complaints, comments, compliments and constructive criticism about any aspect of the Council's services, which is used to improve these services.
- **identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training;**
 - Services are delivered by suitably trained and experienced staff, all posts having detailed job descriptions and person specifications while training and development needs are identified through a staff appraisal scheme which ensures that objectives and targets are clear and agreed.
 - Training needs of elected councillors are collated via the Councillor Support and Development Group and through political group meetings. The Council was previously awarded the Member Development Charter by the LGA in recognition of its work in this area, led by the Councillor Support and Development Group.
- **establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation;**
 - The Council effectively communicates and consults with the public on a regular basis. The Council previously undertook a larger scale consultation exercise as part of the development of the Corporate Plan. This was integrated with the annual budget consultation process, the results of which informed the Council's new Corporate Plan and Medium Term Financial Plan. This consultation continues as an annual process to inform the Council's priorities.
- **Enhancing the accountability for service delivery and effectiveness of other public service providers;**
 - There is an established structure of select committees charged with the responsibility of reviewing and monitoring the Councils performance, which includes holding the Executive to account. Their role extends to the scrutiny of external public service organisations

operating in the Borough who are periodically called to provide evidence of their activities and to highlight any proposed service changes.

- **incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements;**
 - Appropriate governance arrangements are put in place for each partnership that the Council is involved with. A strategic partnership review of all organisations funded via the Community Fund including the five strategic partnership agreements was carried out and the results of this have been implemented to ensure that those governance arrangements are sufficient and where appropriate strengthened. Progress is monitored and updated and funding arrangements reviewed.

REVIEW OF EFFECTIVENESS

High Peak Borough 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 executive managers within the authority 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 process that has been applied in maintaining and reviewing the effectiveness of the governance framework is ongoing throughout the year and includes:

- **the authority;**
 - The ongoing review of the Council's Constitution by Councillors and Senior Officers of the Council via the Constitution Sub Committee.
 - The ongoing review of existing corporate policies and production and approval of new or revised policies and procedures in accordance with best practice.
 - The Annual Governance Statement process incorporates a review of the local Code of Corporate Governance against CIPFA/SOLACE best practice to ensure that the Council's approach to corporate governance is both adequate and effective in practice.
- **the executive;**
 - The continued operation of clear policy and decision making through the Executive and Regulatory Committees.
- **the audit committee/overview and scrutiny committees/risk management committee;**
 - The Audit & Regulatory Committee's composition and terms of reference are based upon CIPFA guidance and include reviewing the work of the Internal Audit service and any implications arising from their findings and opinion on the adequacy of internal controls and the adequacy of policies and practices to ensure compliance with statutory and other guidance. The Committee are also responsible for overseeing production of the Council's Annual Governance Statement, and to review and recommend/approve its adoption as necessary.

- Formal reporting mechanisms to councillors to review and monitor the work of the Internal Audit Service through quarterly reports to Audit & Regulatory Committee, including an annual report to Audit & Regulatory Committee containing an opinion statement on the overall adequacy and effectiveness of the Council's internal control environment.
 - The continued development and embedding of a risk management culture within the Council driven by the corporate Risk Management Group including reviewing the Council's risk register and associated action plans and ensuring that appropriate management action is taken to minimise / eliminate risk. Risk Management updates are reported to the Audit & Regulatory Committee and the Risk Management Strategy is reviewed annually.
 - The Select Committees review decisions made by the Executive and areas of concern and also fulfil a policy development role. Councillors can "call-in" a decision that has been made by the Executive when they consider the decision is not in accordance with the Council's Constitution.
- **the Standards Committee;**
 - The Committee is responsible for the ethical framework of the Council, working closely with the monitoring officer. The terms of reference include advising councillors on conduct issues and ensuring the promotion and maintenance of the highest standards of conduct by elected and co-opted members of the Council.
- **chief financial officer;**
 - The CFO is a key member of the "Alliance Management Team" (AMT), which is the most senior officer body charged with the leadership of the Council. That role includes helping to develop and implement strategy and to resource and deliver the Council's strategic objectives sustainably and in the public interest.
 - The CFO is actively involved in and able to bring influence to bear on, all material business decisions to ensure the immediate and longer term implications, opportunities and risks are considered, and alignment with the Council's overall financial strategy achieved.
 - High Peak Borough Councils financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- **internal audit;**
 - Internal Audit review services and functions based on a risk assessed audit plan, in order to provide an independent opinion on the adequacy and effectiveness of the system of internal control. Audit reports detailing the findings of each review are issued to Heads of Service, Service Managers, the Executive Director & Chief Finance Officer and where appropriate, the Executive Director & Monitoring Officer and Chief Executive.
 - Audit recommendations for improvements require management agreement, and implementation is monitored and escalated in accordance with formally agreed escalation procedures. Regular updates on` audit recommendation agreement and implementation are reported to the Audit & Regulatory Committee.

- The Authority's internal audit arrangements conform to the requirements of the CIPFA Statement of the Role of the Head of Internal Audit. Internal Audit operates in accordance with the Public Sector Internal Audit Standards. The service is subject to regular review by the Council's External Auditors who place reliance on their work. An annual review of the effectiveness of the system of internal audit is also undertaken and the review for 2013/14 concluded that the system of internal audit is operating effectively and assurance can be taken from the work of Internal Audit service.
- **other explicit review/assurance mechanisms;**
- The Council operates a performance framework which was agreed following a review by the Performance Framework Sub-Committee. The framework measures performance against indicators and actions that are focused on the delivery of corporate objectives.
 - The Executive Director & Chief Finance Officer produces quarterly and annual financial reports which indicate financial performance against forecasts.
 - Directors, Heads of Service and Service Managers complete and sign annual Managers Assurance Statements confirming their arrangements for ensuring data quality and the existence, operation and effectiveness of controls within the service areas for which they are responsible
 - External review of the Council's internal control environment by the Grant Thornton, including a thorough review of internal audit's work.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit & Regulatory Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

SIGNIFICANT GOVERNANCE ISSUES

During the 2013/14 financial year one significant governance issue has been identified. This is detailed in the table below together with the action that was and is being taken to address the issue:

| Governance Issue | Action taken during 2013/14 | Continuing Action |
|--|--|--|
| Development of Strategic Alliance Joint Services | <ul style="list-style-type: none"> • Further development of joint services under the strategic alliance with Staffordshire Moorlands DC. A new senior management structure was introduced and a programme of service reviews scheduled. A further full year of joint service internal audits was completed providing reasonable assurance that the systems of internal control were operating adequately and effectively. | <ul style="list-style-type: none"> • Assurance is required that the Council's systems of internal control continue to operate adequately and effectively. Internal Control is a responsibility of management. |

We propose over the coming year to take steps to address the above matters 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.

Signed:

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Councillor Caitlin Bisknell
Leader

Date

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Simon W Baker B.Ed, MBA, MISPAL
Chief Executive

Date

on behalf of High Peak Borough Council