

Committee: **Governance Committee**

**Appendix A**

Date: **17 July 2018**

Title of report: **Assessment of the Corporate Governance Framework for 2017-18**

By: **Assistant Chief Executive**

Purpose of report: **To (1) provide information on compliance with the Council's code of corporate governance and any changes to it that may be necessary to maintain it and ensure its effectiveness in practice; and (2) gain approval of the Council's Annual Governance Statement in compliance with the requirements of the Accounts and Audit Regulations 2015.**

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**RECOMMENDATIONS: The Governance Committee is recommended to:**

- **approve the action plan for the next year;**
  - **note that items identified to enhance governance arrangements are reflected in Business Plans and that implementation will be monitored through the year;**
  - **confirm that Members are satisfied with the level of assurance provided to them through this report and the Council's governance framework and processes;**
  - **consider any comments from the Audit Committee;**
  - **identify any significant governance issues that should be included in the Council's Annual Governance Statement; and**
  - **approve the Annual Governance Statement for signature by the Leader and the Chief Executive and publication within the Statement of Accounts**
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## **1. Supporting Information**

1.1 The Corporate Governance framework reflects both legislative and regulatory change and is based on revised guidance from the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Chief Executives and Senior Managers (SOLACE).

1.2 The Accounts and Audit Regulations 2015 require the Council to ensure that it has in place a sound system of internal control which facilitates the effective exercise of its functions and which includes arrangements for risk management. The Council is required to conduct an annual review of the effectiveness of its system of internal control and to prepare an annual governance statement in accordance with proper practices in relation to internal control to accompany its Statement of Accounts.

1.3 The production of an Annual Governance Statement is the final stage of an ongoing process of review of our governance arrangements including risk management and internal control. In summary, the process must involve an organisation reviewing the adequacy of its governance arrangements, developing an action plan for improving those arrangements and communicating the framework to users and stakeholders.

1.4 The report is to be considered by the Audit Committee on 13 July prior to the Governance Committee on 17 July. Any comments arising from the Audit Committee will be reported to the Governance Committee at its meeting.

## **2. Assessment of the Corporate Governance Framework for 2017-18**

2.1 The Council's corporate governance framework is underpinned by a number of key documents and processes. These are summarised in section 4 of the Annual Governance Statement (Appendix 3).

2.2 The main policies and strategies that make up the Council's corporate governance framework are set out in the Local Code of Corporate Governance and are summarised in Appendix 1 to this report. The Local Code of Corporate Governance was updated to reflect the revised CIPFA/SOLACE Framework that was published during 2016 and was agreed by the Governance Committee in March 2017.

2.3 A review of the Council's governance arrangements for 2017/18 has been undertaken. This review process is summarised in Appendix 2. Each document or process in the framework has been assessed and named officers have been required to provide an assurance as to whether the document is being complied with, the level of awareness of the document amongst staff and stakeholders, whether it reflects Council policy and best practice, and arrangements for reviewing it. Where further improvements are identified these are set out within the Annual Governance Statement and form part of departmental business plans for the year ahead.

2.4 In addition, all Chief Officers have signed their own Directorate Assurance Statement confirming that proper governance arrangements, effective risk management and a sound system of internal control are in place within their department. They are also asked to identify any exceptions and any actions being taken to address them. Similarly, these issues will be monitored through the relevant Business Plans. The Chief Finance Officer has signed an Assurance Statement regarding the Council's governance arrangements

2.5 The overall Corporate Governance assessment and review of effectiveness has also been informed by the sources of assurance set out in section 3 of the Annual Governance Statement (Appendix 3). As part of the assurance gathering process, the CIPFA/SOLACE guidance on corporate governance was taken into account and is reflected in the Local Code.

2.6 Evidence shows that the Council continues to have in place good arrangements for corporate governance and that they are working effectively.

### **3. Annual Governance Statement**

3.1 An Annual Governance Statement from the Leader of the Council and the Chief Executive is included at Appendix 3. It includes the mandatory disclosure of any significant governance issues identified through the Council's governance and internal control arrangements.

3.2 Sound corporate governance is crucial if the Council is to continue to provide leadership, direction and control. It is important that members are aware of the documents and activities that work together to provide assurances about the Council's governance measures in place. The Annual Governance Statement provides an opportunity for the Council to assess and report transparently to the public how it ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

3.3 Since the abolition of the Comprehensive Area Assessment our external auditors are no longer required to formally assess and make scored judgements on our governance arrangements. However, they do review the Annual Governance Statement and in their most recent Annual Audit Letter concluded that it was consistent with their understanding and did not identify any issues.

PHILIP BAKER  
Assistant Chief Executive

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Local Member: All

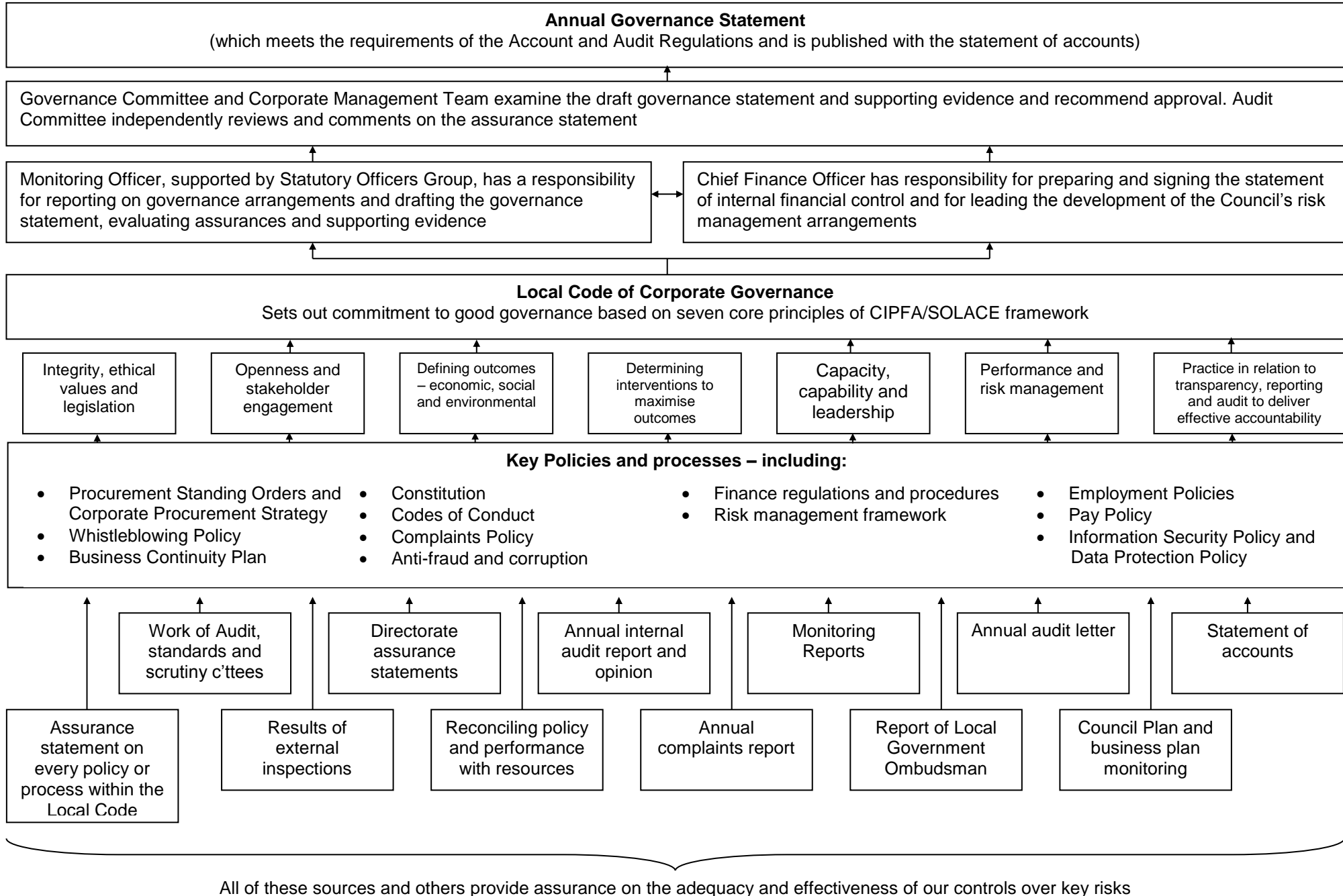
**BACKGROUND DOCUMENTS:** Pro formas returned by document "owners" setting out whether the various codes, policies and strategies are being complied with.

**Local Code of Corporate Governance – key policies and processes**

Policy or process	Integrity, ethical values and legislation	Openness and stakeholder engagement	Defining outcomes – economic, social and environmental benefits	Determining interventions to maximise outcomes	Capacity, capability and leadership	Performance and risk management	Practice in relation to transparency, reporting and audit to deliver effective accountability
Reconciling Policy, Performance and Resources	✓	✓	✓	✓		✓	✓
Council Plan	✓		✓			✓	✓
Council Monitoring		✓		✓	✓	✓	✓
Procurement Standing Orders and Corporate Procurement Strategy	✓		✓	✓		✓	✓
Risk Management Framework			✓	✓		✓	
Corporate Complaints Policy	✓	✓				✓	✓
Constitution	✓	✓		✓		✓	✓
Business Continuity Plan						✓	
Employment Policies	✓				✓		
Pay Policy	✓	✓			✓		✓
Scheme of Delegation	✓				✓		✓
Code on Officer / Member relations	✓			✓			
Member Training and Development					✓		✓
Guidance to members on outside organisations	✓		✓				
Code of Conduct for Employees	✓						✓
Code of Conduct for Members	✓						✓

Policy or process	Integrity, ethical values and legislation	Openness and stakeholder engagement	Defining outcomes – economic, social and environmental benefits	Determining interventions to maximise outcomes	Capacity, capability and leadership	Performance and risk management	Practice in relation to transparency, reporting and audit to deliver effective accountability
Anti Fraud & Corruption Strategy	✓						✓
Confidential Reporting (Whistle-blowing) Policy	✓	✓				✓	✓
Anti Money Laundering Policy	✓						✓
Financial Regulations & Standard Financial Procedures	✓		✓	✓		✓	✓
Medium Term Financial Plan	✓		✓	✓			
Communication/ engagement with residents and partners		✓					✓
Health and Safety Policies & Procedures	✓						
Information Security Policy (including Data in Transit) and Data Protection Policy	✓						
Freedom of Information Policy		✓				✓	✓

**ESCC Framework for the Annual Governance Statement**



**East Sussex County Council****Annual Governance Statement for the year ended 31 March 2018****1. Scope of responsibility**

East Sussex County 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 County 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. In discharging this overall responsibility, members and senior officers are responsible for putting in place proper arrangements for the governance of the County Council's affairs, the effective exercise of its functions, the management of risk and the stewardship of the resources at its disposal. To this end, East Sussex County Council has approved and adopted a Local 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 Local Code is on our website at [www.eastsussexcc.gov.uk](http://www.eastsussexcc.gov.uk) or can be obtained from the Council's Monitoring Officer. This statement also sets out how the County Council has complied with its Local Code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

**2. Purpose of the governance framework**

Good governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Our governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. Through effective governance the Council is accountable to, engages with and, where appropriate, leads the community.

The code of corporate governance can provide only reasonable and not absolute assurance that the Council achieves its aim of good governance. Equally the County Council's system of internal control is designed to identify and prioritise the risks to the achievement our policies, aims and objectives, to evaluate the likelihood and impact of those risks being realised and to manage those risks efficiently, effectively and economically. It cannot eliminate all risk of failure; it can therefore only provide reasonable and not absolute assurance that our policies, aims and objectives are achieved.

The Local Code of Corporate Governance and the system of internal control have been in place at East Sussex County Council for the year ended 31 March 2018 and up to the date of the approval of the statement of accounts.

**3. Review of effectiveness**

East Sussex County Council reviews the effectiveness of its governance arrangements, including its system of internal control, on an ongoing basis. This review of effectiveness is informed by:

- the work of Members through the Cabinet, Committees including Governance Committee, Standards Committee, Audit Committee, Scrutiny Committees generally and the full Council;
- the work of Chief Officers and managers within the Council, who have primary responsibility for the development and maintenance of the internal control environment;
- the work of the Chief Operating Officer and the Chief Finance Officer;
- the work of the Monitoring Officer and the Statutory Officers' Group ;
- the risk management arrangements, including the maintenance and regular review of strategic risks by Chief Officers and departmental risks by management teams;
- the work of the internal audit service including their quarterly progress reports, on-going action tracking arrangements and overall annual report and opinion;
- the external auditors in their audit annual letter and annual governance report;

- the judgements of a range of external inspection and other statutory bodies including the Local Government Ombudsman, the Care Quality Commission and the Office for Standards in Education

#### **4. Key elements of the governance and internal control environments**

The key elements that comprise the Council's governance arrangements are set out in the Local Code and they include:

- a Council Plan that sets out our vision for the community and the outcomes we intend to achieve;
- an established medium term planning process including the process for reconciling policy priorities with financial resources, which takes account of performance and the need to improve both customer focus and efficiency;
- a business planning and performance management framework which includes setting clear objectives and targets, both financial and otherwise;
- regular reporting of performance against the Council's key objectives, as set out in the Council Plan, to officers and Members;
- established budgeting systems, clear budget management guidance and regular reporting of financial performance against budget forecasts to officers and Members;
- financial management structures which promote ownership of financial issues within service departments;
- compliance with the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Finance Officer;
- the Council's constitution which sets out clear arrangements for decision making, scrutiny, communication and the delegation of powers to officers and Members;
- codes of conduct for Members and employees which set out clear expectations for standards of behaviour;
- a clear framework for financial governance based on Procurement Standing Orders, Financial Regulations and Standard Financial Procedures;
- a risk management framework, which takes account of both strategic and operational risks and ensures that they are appropriately managed and controlled;
- Member committees with clear responsibilities for governance, audit and standards;
- established arrangements for dealing with complaints and whistle-blowing, and combating fraud and corruption;
- schemes for identifying the development needs of Members and officers, supported by appropriate training;
- strategies for communication and consultation with the people of East Sussex and our key stakeholders;
- clear guidance that promotes good governance in our partnership working;
- a range of policies and processes designed to ensure best practice and legal compliance for personnel matters, ICT security, access to information, data protection and project management.

#### **5. Assurance and Significant Governance Issues**

No assurance can ever be absolute; however this statement seeks to provide a reasonable assurance that there are no significant weaknesses in the County Council's governance arrangements. On the basis of the review of the sources of assurance set out in this statement, we are satisfied that the County Council has in place satisfactory governance arrangements, including a satisfactory system of internal control, both of which are operating effectively.

As part of our review, we have not identified any gaps in assurance over key risks or significant governance issues.

The Council will continue to regularly monitor issues that may seriously prejudice or prevent achievement of its key objectives through its strategic risk review process

Both governance and internal control arrangements must be kept under review to ensure that they continue to operate effectively and meet changing legislative needs, reflect best practice and our intention to achieve excellence in all our activities. The Council, through the Directorate Assurance

Statements and the Chief Finance Officer's Assurance Statement, has identified a number of areas where it wishes to enhance its governance arrangements. These are set out on the attached annex A together with the department responsible for them.

The Council Plan identifies a number of areas that have governance implications and these will be monitored through the Council Plan. The areas outlined in the attached annex A will be monitored through departmental business plans.

The Council has also identified a need to develop its approach to transparency and to respond to the Government's open data agenda which will be monitored and managed.

Actions plans are in place to address these issues, and their implementation will be monitored and reviewed during the year.

Councillor Glazier, Leader  
Becky Shaw, Chief Executive  
17 July 2018



## Annex A

The following actions will be taken to strengthen governance, risk management and internal control environment during the current year. The actions are shown for each department and will be monitored through departmental business plans

### **Business Services (BSD)**

- Embed the Contract Management Framework and monitor the performance of contract managers to ensure contracts are managed in a consistent way, which will help minimise potential risks and maximise opportunities.
- The BSD risk logs will continue to be monitored by DMT
- In order to provide an early warning system of potential Supplier risk of failure, Procurement have built the S.C.A.P.E system (Supply Chain Alert of Potential Exposure). This monitors the Council's most critical suppliers against a range of lead indicators, i.e. profit warning, stock market transactions etc. These are monitored daily and escalated where appropriate to Senior Leadership Team members of Procurement.
- With the Access pool going live on 1 April 2018 we will continue to work with partners to ensure the pool operates within the governance structure established, e.g. supporting the Access Pool Joint Committee and with Section 151 Officers meeting on a regular basis.
- In response to the requirements of the General Data Protection Regulations (GDPR) coming into force on 25/05/18, the statutory role of Data Protection Officer will be appointed to, sharing the role with the Orbis partner authorities and continuing to implement the GDPR action plan.
- Retaining corporate compliance with government / partner accreditations to protect business information and allow the Council to share securely with its partners. Noting that Public Service Network (PSN) and Information Governance (IG) Toolkit requirements are undergoing national change.
- Implementing a number of initiatives that enhance the security of the organisation, strengthening its position against the risk of cyber attack; both through enhanced technical control and increased user awareness.
- Develop a Data Management Strategy, explore the use of artificial intelligence and use of robotic process automation.
- Develop a new 3 year Inter Authority Agreement (2019/20 – 2021/22) for Orbis to provide appropriate governance around the partnership

### **Children's Services**

- The Children's Services risk logs will continue to be monitored by DMT
- Continue to put in place training, systems and policies to ensure GDPR compliance.
- Prepare for inspection and implementation of the Woods Review in relation to the Local Safeguarding Children's Board.
- Work towards the implementation of the second phase of the schools national funding formula
- Implement any actions emerging from the ISOS review of the three demand led budgets, social care, Inclusion, Special Educational Needs and Disability and Home to School Transport

### **Communities, Economy and Transport**

- The Community, Economy and Transport risk logs will continue to be monitored by DMT
- Implementation of powers of entry audit
- Undertake a review of emergency planning
- Conduct an audit review of Veolia's tonnage record keeping
- Undertake a review of The Record Centre premises at Ropemaker Park, Hailsham

- Undertake a review of, and make any necessary changes to, The Keep Memorandum of Understanding
- Progress the development of the Sub-national Transport Body towards statutory status

### **Adult Social Care and Health**

- The Adult Social Care and Public Health risk logs will continue to be monitored by DMT.
- The East Sussex Better Together (ESBT) Integrated Strategic Investment Plan sets out the intentions of the Clinical Commissioning Groups and County Council in terms of patterns of investment and expected outcomes. This will require ongoing review against actual delivery, expenditure and performance, with in-year adjustments made as required to mitigate risks and reflect changing circumstances. As ESBT develops the Alliance Agreement will continue to be reviewed and amended as required.
- In High Weald Lewes and Havens the ambition is to develop effective Communities of Practice (CoPs) as a recognised place to plan, deliver and monitor the effectiveness of integrated care delivery. The C4Y Operational Planning and Delivery group brings together senior executive, operational and clinical lead representatives from the C4Y partner members and is a formal sub-group of the C4Y Programme Board (C4YPB). A summary of its key purpose is to:
  - Establish governance and collectively drive the development of effective Communities of Practice (CoP)
  - Ensure that the commissioned health and social care services meet the needs of the local CoP populations, are efficient, sustainable and delivered within available resources
  - Oversee the operational delivery and implementation of the C4Y programme plans at a high level and ensure service changes and improvements deliver the required shift to out of hospital service provision in the CoP settings, in line with the C4Y objectives.
  - Drive the development of new approaches and models of care, strategies and quality frameworks for the continued development and transformation of CoPs and services
  - Enable front line managers across the health and social care system to deliver performance improvement through the identification and removal of organisational barriers and resolution of underlying system, process or capacity issues that negatively impact on the provision of optimal care delivery.

### **Governance Services**

- Provide a comprehensive training programme for councillors
- The Governance Services Department risk logs will continue to be monitored by DMT
- Implement and review the new scrutiny committee and Audit Committee structure agreed by the County Council
- Review the online declaration of interest and gifts/hospitality system as required
- Undertake a review of the Health and Wellbeing Board
- Ensure that councillors receive information in relation to compliance with the General Data Protection Regulations
- Ensure appropriate governance arrangements are developed and maintained in relation to the establishment of Orbis Public Law