

APPENDIX A
SOUTH RIBBLE BOROUGH COUNCIL
ANNUAL GOVERNANCE STATEMENT 2017

1. What we are responsible for

South Ribble Borough Council is responsible for ensuring that its business is conducted in accordance with the law and to high standards. Public money must be protected and properly accounted for. We also have a duty under the Local Government Act 1999 to continually review and improve the way we work, while at the same time offering value for money and delivering an efficient and effective service.

To meet this responsibility we have put in place proper arrangements for overseeing what we do (this is what we mean by governance). These arrangements are intended to make sure we do the right things, in the right way, for the right people, in a fair, open, honest and accountable way.

We have approved and adopted a code of corporate governance (referred to as the local code) that is consistent with best practice governance principles for both public services and in particular for local government.¹

This governance statement explains how we have followed our local code² and also met our statutory requirements.³

2. Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which we direct and control our activities including those by which we account to, engage with and lead the community. It enables us to monitor how we are achieving our long-term aims and to demonstrate where this has led to improved services that are delivering value for money.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot remove all risk of failing to achieve our priorities and aims, so it can only offer reasonable protection. It is based on an ongoing process that is designed to:

- Identify and prioritise the risks that could prevent us achieving our aims and objectives
- Assess the likelihood and impact of the risk occurring
- Manage the risks efficiently, effectively and economically.

3. Our Governance Framework

Our Governance Framework which was adopted by full Council at its meeting on the 24th of May 2017 promotes and demonstrates our commitment to the principles of good governance and incorporates the council's values that emphasise how we do things at South Ribble Borough Council.

The principal elements of our governance arrangements in 2016/17 and our commitment to our local code are described below:

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1. The CIPFA / SOLACE (Chartered Institute of Public Finance and Accountancy / Society of Local Authority Chief Executives and Senior Managers) framework "Delivering Good Governance in Local Government".
 2. South Ribble Borough Council has approved and adopted a code of governance that is consistent with the principles of the CIPFA/SOLACE Framework. A copy of the local code is available on line at www.southribble.gov.uk or can be obtained by contacting D Whelan, Interim Monitoring Officer - Civic Centre, West Paddock, Leyland, Lancs, PR25 1DH
 3. Regulation 6(b) of the Accounts and Audit (England) Regulations 2015

3.1 Good governance means behaving with integrity, demonstrating strong commitment to ethical values, and respecting the law

- a) The council has a set of Core Values in place which inform everything we do.
- b) Our values of Integrity, Positive Attitude, Learning Organisation, Teamwork and Excellence are at the core of our business and they influence everything we do. They demonstrate that we are serious not just about what is achieved but also how business is done.
- c) Our Core Values are incorporated into job descriptions for senior managers and embedded into our performance appraisal process.
- d) We have a robust Members' Code of Conduct in place which has recently been reviewed by our Standards Committee.
- e) We have a robust Employee Code of Conduct in place.
- f) We are committed to raising the profile of our Standards Committee – more regular meetings are now scheduled in and a work programme has been developed.
- g) We have strengthened our standards arrangements by appointing a second Independent Person.
- h) The Protocol for the Independent Person has been formalised and is included in the Constitution.
- i) We have an Investigation and Hearing policy which sets out how we deal with complaints against Members.
- j) We have regular Member learning hours as well as tailored training for members on particular committees.
- k) We have a suite of relevant policies in place – i.e. Whistleblowing policy, Antifraud and Corruption Strategy, Fraud Response Plan, Anti Bribery Policy, Anti Money Laundering Policy and Guidance, RIPA.
- l) We have an induction programme for new Officers.
- m) Members regularly receive advice relating to declaration of interests – whether at committee meetings or (where possible) before any such meetings.
- n) Officers and members periodically receive training regarding the declaration of interests.
- o) We have a register of interests in place for officers and members to declare interests.

- p) Members are advised on an annual basis to review their declaration of interest's forms.
- q) Members' interests are published online.
- r) We have Financial Regulations and Contract Procedure Rules in place.
- s) We have commenced the process of reviewing and updating our Constitution.
- t) Contracts and service specifications for the main partnerships are informed by our values.
- u) Formal agreements are embedded for all key partnerships – contracts held by Legal services.

3.2 Good governance means ensuring openness and comprehensive stakeholder engagement

- a) The council's vision and priorities are developed through joint working and consultation with our partners.
- b) Our Corporate Plan provides a focus, sets out the priority objectives, key targets and supporting improvement actions.
- c) Our Corporate Plan is reviewed and updated on an annual basis.
- d) Our Corporate Plan is communicated via Website, Connect, Team Brief and performance appraisal.
- e) Our service area plans are designed to be in harmony with our Corporate Plan.
- f) Significant consultation takes place with voluntary, community and faith sector groups via the South Ribble VCFS Network.
- g) South Ribble Partnership's Sustainable Community Strategy was refreshed in April 2017 and a new action plan developed for 2017-18.
- h) The Sustainable Community Strategy is closely aligned with My Neighbourhood plans and with the South Ribble VCFS Network.
- i) Council representation on South Ribble Partnership includes the Leader (vice chair) and the Chief Executive.
- j) The South Ribble Partnership Manager chairs the VCFS project group which is made up of the Partnership and the VCSF network.
- k) Chorley and South Ribble Disability Forum for disabled residents meets quarterly.

- l) We have in place a Safer Chorley and South Ribble Community Safety Partnership.
- m) My Neighbourhood forums involve local communities shaping and delivering improvements to enrich the lives of local people.
- n) We liaise with Parish and Town councils over the distribution of monies received via the Community Infrastructure Levy
- o) We collaborate closely with Lancashire County Council and Preston City Council over the governance and delivery of City Deal
- p) We have a Staff Panel in place.
- q) Council and Committee agendas and decisions are available to the public except where confidential matters are being disclosed.
- r) Wherever possible exempt reports are made public following a six month period upon request.
- s) Public participation is encouraged at our council and committee meetings – for example at Planning committee the public have greater rights to speak than is found at many councils.
- t) Requirements of the Code of Transparency are being met and in some areas exceeded – the Monitoring Officer is carrying out a further review of this.
- u) The culture in the council is that wherever possible all reports should be open to the public; we minimise the number of exempt reports.
- v) We have a Communication Strategy in place.
- w) The Corporate Plan, financial strategy and governance arrangements are reviewed annually and incorporate the key improvement areas. They ensure that resources are directed towards our priority areas and that our aims are realistic in the context of the funding constraints placed upon us.
- x) The council uses a range of mechanisms to understand the views and needs of its residents and partners. These include: public meetings, partnerships, multi-agency working, community and voluntary groups.
- y) The council is constantly examining its service delivery arrangements based on feedback in order to achieve best value, improve customer service and take corrective action as necessary.
- z) Scrutiny Committee report to every Council meeting – it meets 6 times a year – Scrutiny Committee have clear terms of reference

- aa) All council/committee agendas, reports and minutes are openly available and can be viewed.
- bb) Every two years we have an Employee survey (the last in November 2016).
- cc) Staff are consulted on matters through a Staff Panel, CONNECT, the Core Managers' group and the Leaders' Forum Conference.
- dd) Our People Action Plan is reviewed and progress on performance against the plan reported to Scrutiny – the intention is that the People Plan will be replaced with an Organisational Development Strategy.
- ee) There is monthly Chief Executive/Unison Consultation.

3.3 Good governance means defining outcomes in terms of sustainable economic, social and environmental benefits

- a) The Corporate Plan 2017/2018 was agreed by Council in March 2017 – it reflects the council's priorities.
- b) The South Ribble Partnership's Sustainable Community Strategy is aligned with countrywide priorities and the council's Corporate Plan and priorities of partners are aligned to this.
- c) The council's Local Code of Governance has recently been updated to reflect the latest CIPFA guidance.
- d) There is an annual review process resulting in a Governance improvement action plan.
- e) The South Ribble Partnership is made up of a number of organisations which represent each sector from South Ribble – they lead and influence the strategic vision of the Partnership.
- f) My Neighbourhood Forum areas have scheduled meetings three times a year.
- g) Neighbourhood plans are in place and are available to view via the council website.
- h) Contracts are in place for our major partnerships covering in particular Waste, Leisure, City Deal, Payroll, Shared Services (with Chorley BC).
- i) We have a system of Annual Service Assurance Statements in place.
- j) Half yearly performance reports are produced and presented to Cabinet and Scrutiny.
- k) We have a Complaints procedure in place for public – available on website. This has recently been reviewed and updated.
- l) Our Customer Charter informs Customers of their right to complain.

- m) All identified Internal Audit Management Actions have been implemented.
- n) We are developing a transformation programme that will demonstrate our continued commitment to service improvement and financial savings.
- o) We continue to explore collaborative and partnership working arrangements to increase efficiency and provide value for money.
- p) We have in place a Disaster Recovery Plan, an Emergency Plan and a Business Continuity Plan.

3.4 Good governance means determining the interventions necessary to optimise the achievement of the intended outcomes

- a) The Council's constitution governs the way we conduct our business and is based on the principles of *accountability, transparency, efficiency and openness*.
- b) The Constitution and Scheme of Delegation provide the framework in which interventions can take place.
- c) Scrutiny Committee has a vital role to play in scrutinising and challenging the decisions of cabinet and individual officers.
- d) The Scrutiny Committee supports citizens in highlighting community matters by holding public inquiries into matters of local concern.
- e) Codes of Conduct and protocols help to ensure effective communication between members and Officers.
- f) The Monitoring Officer regularly advises on the correct interpretation of the Scheme of Delegation.
- g) Our delegated decisions are published and are subject to call in.
- h) Wherever possible the Monitoring Officer discourages exempt committee reports.
- i) Records of all delegated decisions and supporting documentation are maintained.
- j) Minutes of Council and Committee minutes are published.
- k) Reports set out alternative courses of action (to what is proposed) in all appropriate circumstances.
- l) We have a Financial Strategy in place backed up with robust budget monitoring.
- m) My Neighbourhood Forums and Neighbourhood plans linked to Corporate Plan.

- n) Working with Penwortham Town Council the Penwortham Neighbourhood Plan has now been introduced
- o) We have a corporate risk register in place.
- p) Contract Procedure Rules and the guidance accompanying them contains advice on the social value dimension of procurement – this is backed up by advice from the council’s legal and procurement officers
- q) Our Key Targets link to the Corporate Plan – Corporate Plan success measures are reported to Scrutiny and Cabinet on a half yearly basis.
- r) Protocols ensure that communication between elected members and officers is both effective and appropriate.

3.5 Good governance means developing the council’s capacity, including the capacity of its leadership and the individuals in it

- a) The council has a strong record of investing in its workforce to develop the culture of the organisation and ensure that current and future strategic priorities are met.
- b) Members and officers work in partnership to deliver the priorities, promote our values and work collaboratively across Lancashire.
- c) Our People plan aligns workforce and organisational objectives with the council’s values and Corporate Plan – we are currently developing an Organisational Development Strategy that will replace that.
- d) Budget alignment with key priority areas provides capacity and investment.
- e) We have a Member Induction and Development Plan which identifies the priority objectives and actions for member development – the intention is that our developing Organisational Development Strategy will supplant this.
- f) Our People plan identifies the priority areas for officer development and monitoring is undertaken by the Senior Management Team and the Scrutiny Committee.
- g) All employees have an annual performance appraisal to ensure that the organisation has a skilled and trained workforce. The appraisal process evaluates skills, performance and application of the council’s values.
- h) Coaching is now offered to all officers as part of the appraisal process.
- i) The performance appraisal scheme is informed by our values – this is an aid to succession planning.

- j) Good practice standards are annually assessed against the CIPFA statements for the roles of the Chief Finance Officer and the Head of Internal Audit.
- k) The Council is committed to increasing its capacity by working in partnership with a wide range of organisations including public, private, voluntary and community groups to build and share resources and deliver locally joined up services.
- l) Private sector partnerships provide investment and enhanced customer service for Leisure and Waste services.
- m) A long term partnership with Chorley BC to deliver Financial and Assurance services both increases capacity and skills whilst delivering efficiency savings.
- n) The role of the three statutory officers are explained in the council's Constitution.
- o) Incorporated in all council reports are comments from both the section 151 officer and the Monitoring Officer.
- p) The section 151 officer is supported in her role by the shared financial services team – this is a service that we share with Chorley Borough Council.
- q) The Monitoring Officer is supported by the council's legal services team.
- r) The Chief Executive is the Head of Paid Service – she is supported by the Senior Management Team.
- s) Each year the Leader looks at the members making up the committees and moves members to committees to which they are best suited. At the first business meeting of the Municipal year in May 2017 a report is produced to full Council which lists all the committees, the membership of each respective committee and the Chair of each committee.
- t) Council business is conducted in accordance with the Constitution which governs and controls its business responsibilities and activities. We have commenced a fundamental review of our Constitution.
- u) The role and responsibilities of all members, senior officers and the Council's committee structure are clearly defined.
- v) The constitution also clearly explains how decisions are made; the extent of delegated powers and includes standing orders, contract procedure rules and financial regulations.
- w) Each Cabinet Member has portfolio responsibilities for leading strategic matters and for championing specific services and initiatives.
- x) There are appropriate protocols within the Constitution.

- y) Governance arrangements have been established to oversee the City Deal in which we play a key part.
- z) Scrutiny identifies areas to review as part of their work programme.
- aa) Pay and conditions policies and practices for employees are reviewed regularly – the Pay Policy is reviewed and approved annually by Council.
- bb) Members Allowances Remuneration Panel in place as per the Constitution to provide advice on Scheme of Payment of Members' Allowances.
- cc) Our values and integrated approach to financial and risk management are key to sustained progress against priorities.
- dd) Cabinet, Scrutiny and Senior Management Team monitor overall performance on a half yearly basis to manage delivery of the Corporate Plan.
- ee) The Corporate Plan is supported by financial, risk and other cross cutting strategies and further deployed through service and individual performance plans to ensure that resources are focused on agreed priorities.
- ff) In terms of partnership working key contracts are held by Legal Services. Assurance as to such working is obtained through Service Assurance Statements. South Ribble Partnership governance arrangements are in place.
- gg) Success in leadership and workforce related governance has been recognised in the achievement of Investors in People.

3.6 Good governance means managing risks and performance through robust internal control and strong financial management

- a) The Council has a comprehensive Risk Management Policy and Strategy that outlines the responsibilities for risk and is endorsed by the Leader of the council and the Chief Executive.
- b) The Chief Executive has overall responsibility for risk management; a cabinet member has portfolio responsibility; operationally a Head of Service leads the risk management function and is recognised as the officer champion. Governance, Risk Assessment & Control Evaluation software (GRACE) has been procured which will enable continuous risk and control self-assessment by services.
- c) The Senior Management Team (SMT) functions as the corporate risk management group and annually agrees and prioritises the corporate risk register which is aligned with the corporate plan.
- d) The council has a variety of control mechanisms to ensure compliance with legal requirements, public law and Council policy. These include the roles of the Monitoring Officer; the Chief Financial Officer (Section 151); the assurance work undertaken by both External and Internal Audit; and the Council's committee reporting system.

- e) The council maintains a robust Internal Audit service, which annually provides an independent and objective opinion on the internal control environment, verifies compliance with policies, laws and regulations, evaluates and makes recommendations to improve the effectiveness of risk management, value for money and governance processes.
- f) Cabinet is supported and challenged by the Scrutiny Committee which plays an active role in scrutinising decisions, monitoring performance, shaping policies and strategies and reviewing the effectiveness of partnerships and external organisations.
- g) The Governance Committee is responsible for reviewing and challenging the adequacy of the council's governance arrangements. It closely monitors progress on control matters including improvement plans, external and internal audit programmes and reports, risk management, budget and financial investment reports.
- h) The Head of Shared Assurance Services is a member of the Senior Management Team and reports directly to Governance Committee.
- i) The Audit Plan is compiled following consultation with Directors and Heads of Service.
- j) Legal and Finance review all Committee reports and delegated decisions.
- k) The council takes a proactive approach to both prevent and detect fraud and this is supported by the Council's Anti-Fraud & Corruption Strategy, Internal Audit programmes, fraud investigations, participation in National Fraud Initiative exercises, and publication of proven cases.
- l) A Complaints Procedure and a Whistle-Blowing Policy are kept under review, providing the opportunity for the public and employees to raise issues for investigation.
- m) The Monitoring Officer is responsible for keeping abreast of all legal requirements and informing relevant officers.

3.7 Good governance means implementing good practices in transparency, reporting and audit to deliver effective accountability

- a) The council maintains a user friendly and up to date Website.
- b) Corporate plan is approved by full Council and communicated via our Website.
- c) The Corporate Plan is communicated to employees via Connect and Team Brief.
- d) The South Ribble Partnership is made up of a number of organisations which represent each sector from South Ribble.
- e) My Neighbourhood forums are a key opportunity to communicate directly with the local community.

- f) The Constitution is currently being updated – wherever possible plain English is being used.
- g) The Council have recently been through a Corporate Peer challenge – the findings of this will inform further improvement work in the Council.
- h) All recommended corrective action by either External or Internal Audit is carried out.
- i) The Transparency Code has been complied with – the Monitoring Officer is reviewing this to make sure that everything that can be done in this area is done.
- j) Annual financial statements are provided.
- k) An annual Governance statement is provided.

4. Our Commitment to Excellence

The Council has a responsibility to keep the effectiveness of its governance arrangements under review to ensure continuous improvement. This review is informed by the work of the Governance Committee supported by management, internal and external auditors and other review agencies.

The following aspects are highlighted for assurance purposes:

IMPROVEMENT PLAN

The Cabinet approved a corporate improvement plan in February 2017 to address the recommendations arising from the Scrutiny Review of Licensing and issues identified during the development of the 2016 Annual Governance Statement.

Two actions in the plan that are worthy of specific note are the commissioning of a diagnostic by the Centre for Public Scrutiny to inform a programme of member training and personal development (which took place in February 2017) and the LGA Corporate Peer Challenge (which took place during March 2017). In addition, a review of Licensing was undertaken by Commissioner Mary Ney.

Centre for Public Scrutiny (CfPS) Diagnostic – key findings

The CfPS undertook a diagnostic audit in February 2017 interviewing members and officers both individually and in groups. The key findings of the subsequent diagnostic report were:

- Both members and officers to take collective responsibility for driving a change in culture as well as the current improvement agenda. Everyone is responsible for making the council better.
- Members and officers to explore the implications of a member-led authority and the respective roles and responsibilities of members and officers. Trust and mutual respect needs to be rebuilt and basic mechanisms re-established to ensure effective decision making. Poor staff morale needs to be addressed.
- The Leader and Cabinet to express a clear vision for the authority.

- Cabinet members to explore their individual leadership style and how they will work collectively in the future.
- The controlling political group to exhibit stronger discipline and focus.
- The council's whole membership need to look at their own behaviours as a way of breaking the current cycle of behaviour.
- Cross party working needs strengthening.
- All elected members and political groups to work constrictively to improve the council and focus on good outcomes for local residents and businesses. The 'One Team one Council' ethos need to be re-established.

LGA Corporate Peer Challenge (Peer Review)

The Peer review took place in March and the final report was reported to Cabinet and published in June. The report contains a number of recommendations to be delivered over the next 6-months and as a result a new Corporate Improvement Plan has been developed, the key themes of which are as follows:

- Strong and effective political and managerial leadership;
- The development of a clear and concise vision for the future of the Borough and the Council;
- Delivery of the MTFS, including business transformation, shared services and the review of leisure
- A review of different models for the operation of the Governance Committee

A cross party Improvement Reference Group (IRG) chaired by the Leader of the Council has been established. The group is a partnership between the Council and the Local Government Association the purpose of which is to provide oversight, support and challenge to the Council's improvement and transformation journey.

COMMISSIONER MARY NEY REVIEW OF LICENSING

This review was undertaken in March 2017 and comprised of:

- A review of the current policy and any guidance/implementation documents;
- A health check of the approach to policy implementation and decision making to include:
 - Reviewing a sample of 5 recent case decisions by officers and members, including review of case files, committee agendas/reports, statements of decision.
 - Meetings with the Chair of Licensing, Licensing Manager and the lawyer advisor to members panel
- Finalising feedback and providing to Director and Chair of Licensing.
- Providing Seminar Session for Members and Officers.

INTERNAL AUDIT REVIEWS OF LICENSING, FLEXTIME & OVERTIME

Previously reported control issues in respect of the Licensing Service, flexitime and overtime have also been rectified.

Licensing - as agreed with the Chair of the Governance Committee, the Internal Audit follow up review of Licensing was undertaken in January 2017 once the management arrangements within the service had stabilised. The review confirmed that the key control issues regarding the issuing of taxi licences had been rectified. Some residual control matters relating to the documentation of

procedures and enforcement activities are still being addressed and these are contained within the Licensing Service Improvement Plan which is being monitored by the General Licensing Committee.

Internal Audit will undertake a further, comprehensive review of Licensing as a matter of priority in 2018/19 to enable all improvement activities to become established.

Flexi-time and Overtime - the Head of Human Resources presented a report to the Governance Committee in November 2016, which gave assurances that the issues identified in the reviews carried out by Internal Audit had been addressed. Recent checks undertaken by Internal Audit on both flexitime and overtime confirm that the controls within the systems are now working effectively.

FURTHER ASSURANCE

Internal Audit and Risk Management frameworks are embedded and the services maintain excellent working relationships with the Governance Committee, Senior Management and the Council's External Auditors to provide an integrated approach to the delivery of assurance services. The Internal Audit Service provides an independent opinion on the adequacy of the internal control system. All recommendations for improvement actions are agreed with senior management and overall progress is reported to the Governance Committee.

The Public Sector Internal Audit Standards requires the Head of Shared Assurance to provide an opinion on the overall adequacy and effectiveness of the organisation's framework of control, risk management and governance.

Control – no Internal Audit reports with a limited assurance rating were issued during 2016-17.

Risk Management – the current arrangements are in the process of being strengthened by the introduction of the GRACE risk management software;

Governance – a range of actions have recently been taken to strengthen the Council's governance arrangements (see section 5 below). The Annual Governance Statement Action Plan shown at Appendix B includes details of actions to further strengthen Council's governance arrangements.

Members play an active role in promoting and strengthening our governance arrangements. This is demonstrated particularly by the Governance, Standards and Scrutiny Committees and the Shared Services Joint Committee.

The Governance Committee has enhanced member oversight and scrutiny of the Council's business controls. The committee is supported by a senior officer group and both contribute to the continuous improvement and strengthening of the governance environment. In 2016/17 the committee has received regular reports on governance, finance and risk. Of particular note it has commenced a major review of our Constitution – procedure rules for Cabinet, Scrutiny and Standards committees have already been reviewed. In addition Governance Committee has, amongst other things, considered reports on:

- Budget Management
- Treasury Management Activity
- The work of Internal Audit
- The work of External Audit
- Statement of Accounting Policies
- The Capital programme
- City Deal
- Local Code of Governance

The Joint Committee monitors service performance of the Shared Assurance and Finance Partnership between South Ribble Borough and Chorley Borough Councils, and is a good example of our effective governance of partnerships. In 2016/17 the committee monitored the continuous improvement plans that are aimed at strengthening the financial management and assurance arrangements for both councils.

In 2016/17 the Standards Committee continued to promote high ethical standards. There has been a determination to raise the profile of Standards committee and to ensure that it meets on a more regular basis (at least 4 times a year). With this in mind a work programme has been developed and approved. Work so far carried out has included a review of the Code of Conduct for members and the drafting of a protocol on the use of social media. There were no formal complaints taken to the Standards Committee as such throughout the period; such complaints (if considered valid) are often dealt with by the taking of appropriate informal action such as a member apologising or agreeing to undertake training.

The Scrutiny Committee continues to provide a high degree of challenge and holds a central role in monitoring Council performance through half yearly progress reports of the corporate plan. It has held individual Cabinet Members to account for their portfolio and monitored performance of the Council's key partnerships. During the year it carried out a key piece of work in reviewing governance issues emerging from the way in which the external licensing investigation was handled by the council. This recommended a sixteen point action plan which ultimately led to the Cabinet agreeing a Corporate Improvement Plan – please see above. Other reviews carried out included reviews of our housing framework, our preparedness for major incidents, issues relating to strategic assets and property and external use of banqueting suite and catering services.

The Council has been recognised as an Investor in People for some twelve years, achieving Gold status in March 2015. Members' development is rewarded by the achievement of the North West Member Development Charter which was first awarded in 2005.

The Commission for Local Administration in England (the Ombudsman) deals with complaints from members of the public about the Council. They look into a complaint once the complainant has exhausted a council's internal complaints procedure. If the Ombudsman finds that a council has dealt with a particular individual in an inappropriate way then it may make a finding of maladministration against a council. Generally speaking the council does not have a high volume of Ombudsman complaints to deal with. In the year 1 April 2016 to 31st of March 2017 council records show that there were 11 complaints in respect of which decisions were made. In 4 of these cases the Ombudsman chose not to investigate. In 2 of these cases the complaint was referred back to the council as the council's internal complaints process had not been exhausted. In 1 of these cases there was a finding of no fault. In a further case there was a finding of no fault but criticism was expressed over delay in the matter – this resulted in an apology to the complainant. In another case there was a finding of no fault but a criticism of how the complaint had originally been dealt with – this resulted in an apology and the payment of compensation of £150. In 2 cases there were findings of fault but in neither case did the Ombudsman believe that the complainant had suffered "significant injustice."

The Council has appropriate policy and arrangements in place for governing how it uses its powers under the Regulation of Investigatory Powers Act 2000. During the period 31st of March 2016 to 1st of April 2017 there was no necessity to make use of these powers. During July 2016 the Surveillance Commissioner carried out a review of our RIPA arrangements – overall this was a positive report but it did recommend some minor changes to wording in our Policy and the provision of further training.

Despite such challenging times the Council is committed to continuous improvement of its governance arrangements and to the delivery of excellent customer service and to this end the Standards Committee and the role of the Monitoring Officer has been enhanced by the appointment

of an additional Independent Person who supports the work of the Monitoring Officer and the Committee.

5. Enhancing our Governance Arrangements

The following actions emanating from the 2016 Annual Governance Statement have now been fully implemented:

- **Fraud and Corruption** – a review of the Council's arrangements has been completed and reported to Governance Committee;
- **Corporate Plan** – A concise Corporate Plan is in place for 2017/18 and published on the Council's website;
- **Ethical Governance** – The role and operation of the Standards Committee has been reviewed and changes implemented to improve ethical governance standards for members;
- **Safeguarding** – An annual report was presented to Scrutiny Committee and Executive Cabinet;
- **Communication** – A Communications Strategy incorporating both internal and external communications has been developed and implemented;
- **Corporate Peer Challenge** has been undertaken and actions arising incorporated into the new Improvement Plan.

The remaining actions are all in progress and have therefore been carried forward to the 2017 Annual Governance Statement Action Plan (see Appendix B).

An up to date evaluation of the Council's corporate governance framework has also recently been undertaken and the following enquiries have identified further actions to improve the Council's corporate governance arrangements (also shown at the Appendix B).

- Assessment against the revised Local Code of Governance;
- Completion of Management Assurance Statements by all senior managers;
- Review of compliance with the CIPFA standards for the Chief Financial Officer and the Head of Internal Audit;
- Emerging national issues identified in the Grant Thornton update reports;
- LGA Corporate Peer Challenge;
- Centre for Public Scrutiny (CfPS) Diagnostic review;
- The Internal Audit of the costs associated with the external Licensing review.

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Leader of the Council

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Chief Executive

Date:

On behalf of the Members and Senior Officers of South Ribble Borough Council.

GLOSSARY

Annual Audit Letter	An External Audit report presented to Council and containing the findings of the Audit Commission's work. It is a requirement of the Code of Practice for Auditors.
Assurance	An evaluated opinion based on evidence and gained from review.
CIPFA	Chartered Institute of Public Finance and Accountancy
Control Environment System of Internal Control	Comprises the organisation's policies, procedures and operations in place to : Establish and monitor the achievement of the organisation's priorities; Identify, assess and manage the risks to achieving the organisation's objectives; Facilitate policy and decision making; Ensure the economical, effective and efficient use of resources; Ensure compliance with policies, legislation and regulations; Safeguard the organisation's assets; Ensure the integrity and reliability of information, accounts and data.
Corporate Governance	Corporate governance is the system by which local authorities direct and control their functions and relate to their communities.
Corporate Governance Group	In 2017 this involved the following officers: Chief Executive; Section 151 Officer; Monitoring Officer; Head of Shared Assurance; Corporate Governance Manager; Corporate Improvement Manager.
SOLACE	Society of Local Authority Chief Executives
SMT	Senior Management Team includes the corporate directors and Heads of Service.

APPENDIX B

ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2017

(A) ACTIONS CONTINUING FROM THE AGS ACTION PLAN 2016

Themes	Recommended Improvements	Actions Taken & In Progress As At June 2017
1. Member & Officer Development	To develop the current level / programme of financial training packages for Budget Holders (& Members) to include use of systems, process improvement and financial management techniques.	Some training has been provided as follows: <ul style="list-style-type: none"> - 1-2-1 budget holder sessions - new Cabinet Portfolio Holder for Finance.
2. Customer Care	To update the Customer Charter to incorporate all channels of communication and to review target response timescales.	Customer access is being considered as part of the Transformation Strategy currently under development
3. Customer Complaints	To implement an electronic complaint reporting system.	New Customer Feedback Strategy has been approved, implementation in progress.
4. Transparency	To ensure full compliance with the revised requirements of the Transparency Code.	A review of compliance has been undertaken. An action plan to address areas of non-compliance is to be implemented.
5. Constitution	To ensure that the Constitution is as clear as possible, completely up to date and fit for purpose	Both Member and Officer Working Groups have been established to review the Constitution. Work to review the Constitution including the Financial Regulations is on-going.
6. Member & Officer Development	Member and officer training and development be re-prioritised and extended to include training on roles and responsibilities, council structure, governance arrangements and constitution. The clear distinction between the Cabinet, quasi-judicial and other committees such as licensing is to be emphasised.	The diagnostic undertaken by the Centre for Public Scrutiny and the recent LGA Corporate Peer Challenge has informed a programme of training and development for members. Details of this are shown in the Council's new Improvement Plan (see (B) below). The emerging Organisational Development Strategy also addresses this alongside training and development for officers.
7. Ethical Governance	Greater priority, liaison and support be provided to the Scrutiny, Governance and Standards Committees in promoting high ethical, performance and governance standards.	Terms of Reference have been reviewed and work programmes are in place. Further training for members and officers is to be identified and undertaken.

Themes	Recommended Improvements	Actions Taken & In Progress As At June 2017
8. Ethical Governance	A Member / Officer relations protocol is developed and political awareness training is provided to Members and Officers.	Being addressed as part of the proposed programme of development arising from the Centre for Public Scrutiny diagnostic and the LGA Corporate Peer Challenge.
9. Group Leaders	The political group leaders' work together to stabilise and strengthen the Council's political leadership.	The actions in the new Improvement Plan developed to address the recommendations of the recent LGA Corporate Peer Challenge will address this (see (B) below
10. Ethical Governance	That the conduct of the five Members of Cabinet involved in taking unconstitutional decisions be referred to the Monitoring Officer for formal consideration as to whether any breach of the members Code of Conduct has taken place.	Referral to Standards Committee complete – and process underway.
11. Management Structure	The senior management structure is reviewed as a matter of urgency to ensure it is fit for purpose and that senior managers have the necessary skills, qualifications and experience to undertake those roles.	Appointment of new Chief Executive has been approved by Council. Proposals to be developed with new Chief Executive
12. Review of Services	The role, capability and capacity of the in-house legal and democratic services team and that of Shared Financial Services be reviewed to ensure they provide proactive advice to Members and Officers to ensure compliance with the constitution and governance frameworks.	Review of Democratic Services has been completed and recommendations considered. Review of Legal Services will be addressed as part of the review of the council's organisational structure (see 11 above). A review of Shared Financial Services is currently being planned by Chorley Borough Council.
13. Review of Disciplinary Matters	A review of the way in which the Council has dealt with the disciplinary arrangements be carried out once they are completed.	. All HR policies to be reviewed as a key action in the new Organisational Development Strategy
14. Our People	The Council's Our People Plan be completely refreshed to support our employees and improve employee morale	An employee survey has been undertaken and the results have been used to inform the Organisational Development Strategy which is currently in the process of development.

(B) NEW ACTIONS ARISING FROM THE ANNUAL GOVERNANCE ASSESSMENT 2017

Themes	Recommended Improvements	Proposed Actions
PEER REVIEW AND CFPS DIAGNOSTIC REVIEW		
15. Strong and effective political leadership	Staff and member survey and delivery of the MTFS work programme (i.e. all decisions made on target), outcomes of member 360 degree appraisal.	<ul style="list-style-type: none"> - Establish cross party improvement. Reference Group with external membership - Externally facilitated workshops with the leading political group, the Cabinet and Cabinet/SMT. - Externally facilitated workshop for all members to share the Cabinet's vision - Chief Exec. to work with LGA Labour Peer and Leader of the opposition to agree how to develop more effective working relationships. - Cabinet to explore opportunities for cross party working on key strategic issues. - Scrutiny Committee to explore opportunities in its work programme for more involvement on key strategic issues. - Review alternative models for Governance Committee. - Member survey.
16. Strong and effective managerial leadership	Staff and member survey: outcomes of managers' 360 degree appraisals	<ul style="list-style-type: none"> -SMT/Core Managers' Away days. - Develop a Leadership Development Programme for senior and middle managers. - SMT Away Days, SMT Work Programme, review arrangements for joint working between SMT and Core Managers. - Working in a challenging political environment for officers.
17. New Borough and Council Vision and priorities and new Corporate Plan for 2018-21	Members and Staff to understand and own the vision and priorities and to understand how they contribute to success.	<ul style="list-style-type: none"> - Cabinet to propose new council Vision for consultation with other members and other stakeholders. - Key words of the Peer Review Team to be built into the Council's values and culture.
18. MTFS to be delivered	MTFS targets to be achieved	<ul style="list-style-type: none"> - 18-19 budget and 17-18 implementation plan - Commencement of Programme Boards - Monitoring and reporting arrangements operational
19. Business transformation targets in MTFS achieved	Savings and income generation targets to be achieved	<ul style="list-style-type: none"> - Transformation Strategy approved. - Transformation Programme developed and resources to deliver identified. - All projects started.

INTERNAL AUDIT OF THE COSTS OF THE EXTERNAL REVIEW OF LICENSING

Themes	Recommended Improvements	Proposed Actions
20. Compliance with Contract Procedure Rules (CPRs)	To further embed procurement policies and procedures, and to strengthen the current CPRs.	<ul style="list-style-type: none">- Governance Committee Constitutional Task Group to review CPRs- Amend CPRs to contain instructions for whenever there is a change in responsible officer mid-contract- Introduce an electronic CPR waiver process including authorisation by S151 Officer and Principal Procurement Officer- Communicate agreed changes to CPRs to relevant officers and members- Internal Audit to review compliance with CPRs in future AGS reviews