

# Annual Governance Statement 2018

## **1. What we are responsible for**

South Ribble Borough Council is responsible for ensuring that its business is conducted in accordance with the law, to high standards and that there is a sound system of governance (incorporating the system of internal control). 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.

In 2017 we 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. <sup>1</sup>

This governance statement explains how we have followed our local code<sup>2</sup> and also met our statutory requirements.<sup>3</sup>

## **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 council has responsibility for ensuring that there is a sound system of governance.

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 24<sup>th</sup> 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 2017/18 and our commitment to our local code are described below:

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](http://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

| <b>A. Good governance means behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b> |  |  |
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| <b>The Council's commitment to Good Governance</b>   | <b>How the Council meets these principles</b>  | <b>Where you can see Governance in action</b>  |
| <b>Behaving with integrity</b>   | <ul style="list-style-type: none"> <li>✓ The council has a set of Core Values in place which inform everything we do</li> <li>✓ 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</li> <li>✓ Our Core Values are incorporated into job descriptions for senior managers and embedded into our performance and development process</li> <li>✓ 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</li> <li>✓ Contracts and service specifications for the main partnerships are informed by our values</li> </ul>   | <p><b>Local Code of Governance<br/>Transformation Strategy<br/>Corporate Plan<br/>Performance and Development Review process<br/>Suite of policies available through intranet – regularly reviewed, updated.<br/>Member and officer protocol</b></p>   |
| <b>Demonstrating strong commitment to ethical values</b>   | <ul style="list-style-type: none"> <li>✓ We have a robust Members' Code of Conduct in place which has recently been reviewed by our Standards Committee and new in 2017-18 a Member and Officer Protocol</li> <li>✓ We have a robust Employee Code of Conduct in place</li> <li>✓ We are committed to raising the profile of our Standards Committee – more regular meetings are now scheduled –the Chair of Standards reports to full Council on a quarterly basis</li> <li>✓ The Protocol for the Independent Person has been formalised and is included in the Constitution</li> <li>✓ We have strengthened our standards arrangements by appointing a second Independent Person</li> <li>✓ We have an Investigation and Hearing policy which sets out how we deal with complaints against Members – this was updated and strengthened this year</li> <li>✓ We have regular Member learning hours as well as tailored training for members on particular committees</li> <li>✓ We have a register of interests in place for officers and members to declare interests. Members are advised on an annual basis to review their declaration of interest's forms and interests are published online</li> </ul> | <p><b>Members Code of Conduct<br/>Constitution (Part 5A)<br/>Code of Conduct for employees Constitution (Part 5B)<br/>Standards Committee Terms of Reference.<br/>Independent Person Protocol - Constitution (Part 4J)<br/>Member and officer protocol<br/>Member learning hours – See Appendix C Action 1<br/>Register of interests</b></p> |
| <b>Respecting the rule of law</b>  | <ul style="list-style-type: none"> <li>✓ Appointment of statutory officers including; Head of Paid Service, Monitoring Officer and S.151 Officer who fulfil their responsibilities within legislative and regulatory requirements</li> <li>✓ Compliance with CIPFA's statement on the Role of the Chief Finance Officer in Local Government (2016)</li> <li>✓ We have an induction programme for new Officers and members</li> <li>✓ We have Financial Regulations and Contract Procedure Rules in place</li> <li>✓ Substantial work has been completed on reviewing and updating our Constitution</li> </ul>  | <p><b>Constitution<br/>Review of compliance with statement on role of CFO.<br/>Financial Regulations and Contract Procedure Rules – See Appendix C Actions 2 &amp; 7</b></p>   |

**B. Good governance means ensuring openness and comprehensive stakeholder engagement**

| The Council's Commitment to Good Governance                     | How the Council meets these principles  | Where you can see Governance in action   |
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| <b>Ensuring openness</b>  | <ul style="list-style-type: none"> <li>✓ Our Local Code of Governance, Constitution and Annual Governance Statement show the Council's commitment to openness</li> <li>✓ Our Corporate Plan provides a focus, sets out the priority objectives, key targets and supporting improvement actions, the plan is reviewed and updated on an annual basis and is communicated through our website. In 2017-18 we undertook extensive consultation on priorities with residents, businesses and partners to inform the development of a new 5-year Corporate plan for 2018-23</li> <li>✓ Council and Committee agendas and decisions are available to the public through our website except where confidential matters are being disclosed</li> <li>✓ The culture in the council is that wherever possible all reports should be open to the public; we minimise the number of exempt reports</li> <li>✓ Wherever possible exempt reports are made public following a six month period upon request</li> <li>✓ 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</li> <li>✓ Requirements of the Code of Transparency are being met and in some areas exceeded</li> <li>✓ 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</li> <li>✓ Scrutiny Committee report to every Council meeting – it meets 6 times a year – Scrutiny Committee have clear terms of reference</li> <li>✓ Every two years we have an Employee survey (the last in November 2016) and in 2017, we did a comprehensive survey of all members</li> <li>✓ Staff are consulted on matters through a South Ribble Action Group, CONNECT, and the Extended Leadership Team. In addition there has been extensive consultation with staff as part of the cultural mapping review</li> <li>✓ The Transformation Strategy and Transformation Programme, progress is reviewed and reported to Cabinet</li> </ul> | <p><b>Local Code of Governance</b><br/> <b>Constitution</b><br/> <b>Annual Governance Statement</b><br/> <b>Corporate Plan 2018-2023</b><br/> <b>Compliance with Transparency Code</b><br/> <b>All agendas and minutes are available through the website.</b><br/> <b>Scrutiny Committee Terms of Reference</b><br/> <b>Results of employee survey</b><br/> <b>Results of member survey</b><br/> <b>Results of cultural mapping review – See Appendix C Action 10</b><br/> <b>Transformation Strategy 2017-18 – See Appendix C Action 10</b></p> |
| <b>Engaging comprehensively with institutional stakeholders</b> | <ul style="list-style-type: none"> <li>✓ We have a Communications Strategy 2017-19 in place this enables the establishment of communication task and finish groups on an ad-hoc basis when required</li> <li>✓ There is significant consultation with voluntary, community and faith sector groups via the South Ribble VCFS Network, Neighbourhood Forums and through Partnerships</li> <li>✓ South Ribble Partnership's Sustainable Community Strategy was refreshed in April 2017 and a new action plan developed for 2017/18 – extensive consultation was carried out with all partners ahead of the refresh. The Strategy is available through South Ribble Partnership website. Council representation on South Ribble</li> </ul>   | <p><b>Communications Strategy 2017-19</b><br/> <b>Customer Feedback Policy</b><br/> <b>Updated Sustainable Community Strategy</b><br/> <b>My Neighbourhood Plans</b><br/> <b>Schedule of Neighbourhood forum meetings (3 per annum)</b></p>  |

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|  | <p>Partnership includes the leader (vice chair) and the Chief Executive. All agenda and minutes are distributed to all partners.</p> <ul style="list-style-type: none"> <li>✓ Chorley and South Ribble Disability Forum for disabled residents meet quarterly.</li> <li>✓ Safer Chorley and South Ribble Community Safety Partnership</li> <li>✓ My Neighbourhoods surveys and My Neighbourhood forums provide opportunities for public involvement, 3 meetings per area are undertaken</li> <li>✓ Public involvement with any current consultation through website</li> <li>✓ Collaborative working with a wide range of public sector agencies and businesses to improve outcomes for local people and communities. Key Partnerships support this collaborative working and include;</li> </ul> <ul style="list-style-type: none"> <li>• <b>South Ribble Partnership</b></li> <li>• <b>South Ribble Community Leisure Trust</b></li> <li>• <b>Central Lancashire health and wellbeing partnership</b></li> <li>• <b>Lancashire Enterprise Partnership</b></li> <li>• <b>Preston, South Ribble and Lancashire City Deal</b></li> <li>• <b>Lancashire County Council</b></li> </ul> <ul style="list-style-type: none"> <li>✓ In 2017-18 we undertook extensive consultation on priorities with residents, businesses and partners to inform the development of a new 5 year Corporate Plan for 2018 – 23.</li> </ul> |  |
| <p><b>Engaging with individual citizens and service users effectively</b></p>  | <ul style="list-style-type: none"> <li>✓ 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</li> <li>✓ 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</li> <li>✓ All council/committee agendas, reports and minutes are openly available and can be viewed through the council's website</li> <li>✓ The council produces an Annual Report which provides a clear and concise summary of the council's activity over the previous year, so that residents can see where money has been spent and what has been achieved</li> <li>✓ Customer feedback policy was introduced in 2017 and resident satisfaction measures and proxy measures for customer care have been routinely reported to Scrutiny Committee and Cabinet throughout 2017-18 as part of the quarterly performance report.</li> <li>✓ There is public involvement with any current consultation through the council website</li> </ul>   | <p><b>LGA Customer Survey</b><br/><b>Customer Feedback Policy</b><br/><b>Council website – committee reports and minutes</b><br/><b>Annual report</b><br/><b>Quarterly performance reports</b></p> |
| <p><b>C. Good governance means defining outcomes in terms of sustainable economic, social and environmental benefits</b></p> |  |  |
| <p><b>The Council's Commitment to Good Governance</b></p>  | <p><b>How the Council meets these principles</b></p>   | <p><b>Where you can see Governance in action</b></p>   |

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| <p><b>Defining outcomes</b></p>   | <ul style="list-style-type: none"> <li>✓ We have a new Corporate Plan 2018-2023 which has been agreed by Council and reflects the council's priorities. The Plan is aimed at maintaining high resident satisfaction with the council and with the services we provide. It is also aimed at ensuring that the council remains financially self-sufficient with a focus on income generation. Regular reporting of progress towards achievement of the 2017-18 Corporate Plan was made to Scrutiny and Cabinet throughout 2017-18.</li> <li>✓ 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</li> <li>✓ The South Ribble Partnership's Sustainable Community Strategy is aligned with countrywide priorities and the council's Corporate Plan. The priorities of partners are also aligned to this</li> <li>✓ A medium-term financial strategy is in place which sets out the financial assumptions and provides a set of goals for financial decision making for the planning period ahead, this is backed up with robust budget monitoring</li> <li>✓ 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</li> <li>✓ There is an annual review process resulting in a Governance improvement action plan</li> <li>✓ A cross party improvement reference group has been established</li> <li>✓ Contracts are in place for our major partnerships covering in particular Waste, Leisure, City Deal, Payroll, Shared Services (with Chorley BC).</li> <li>✓ Quarterly performance reports are produced and presented to Cabinet and Scrutiny</li> <li>✓ All identified Internal Audit Management Actions have been implemented</li> </ul> | <p><b>Corporate Plan 2017-18</b><br/><b>Quarterly performance reports</b><br/><b>Corporate plan 2018-2023</b><br/><b>Transformation Strategy 2017-18</b><br/><b>Sustainable Community Strategy</b><br/><b>Medium-Term Financial Strategy</b><br/><b>CPRs – See Appendix C</b><br/><b>Action 7</b><br/><b>AGS action plan</b><br/><b>Improvement Reference Group – See Appendix C</b><br/><b>Action 11</b><br/><b>Quarterly Performance Reports</b></p> |
| <p><b>Sustainable Economic, Social and Environmental Benefits</b></p>   | <ul style="list-style-type: none"> <li>✓ We have a Transformation Strategy 2017-18 in place and are developing a transformation programme that demonstrates our continued commitment to customer centric service improvement and financial savings</li> <li>✓ The council sets out the factors it has taken into consideration when making decisions in reports which are available on our website</li> <li>✓ We have in place a Disaster Recovery Plan, an Emergency Plan and a Business Continuity Plan</li> <li>✓ There is an annual review process resulting in a Governance improvement action plan</li> <li>✓ We have a Customer Feedback Policy in place and is available to view on our website. This informs our customers of their right to complain and we monitor the number of complaints within the quarterly performance report considered by ELT and members</li> </ul>   | <p><b>Transformation Strategy and transformation programme</b><br/><b>Business Continuity Plan and Disaster Recovery Plan</b><br/><b>AGS action plan</b><br/><b>Customer Feedback Policy</b><br/><b>Quarterly Performance Reports</b></p>  |
| <p><b>D. Good Governance means determining the interventions necessary to optimise the achievement of the intended outcomes</b></p> |   |  |
| <p><b>The Council's Commitment to Good Governance</b></p>   | <p><b>How the Council meets these principles</b></p>  | <p><b>Where you can see Governance in action</b></p>   |

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| <p><b>Determining interventions</b></p>                   | <ul style="list-style-type: none"> <li>✓ The Council's constitution governs the way we conduct our business and is based on the principles of accountability, transparency, efficiency and openness</li> <li>✓ The constitution clearly explains how decisions are made; the extent of delegated powers and includes standing orders, contract procedure rules and financial regulations</li> <li>✓ Our delegated decisions are published and are subject to call in</li> <li>✓ The Monitoring Officer regularly advises on the correct interpretation of the Scheme of Delegation</li> <li>✓ Scrutiny Committee has a vital role to play in scrutinising and challenging the decisions of cabinet and individual officers</li> <li>✓ The Scrutiny Committee supports citizens in highlighting community matters by holding public inquiries into matters of local concern</li> <li>✓ The establishment of a cross party Improvement Reference Group</li> <li>✓ Minutes of Council and Committee minutes are published and available on the Council's website wherever possible the Monitoring Officer discourages exempt committee reports</li> <li>✓ Reports set out alternative courses of action (to what is proposed) in all appropriate circumstances</li> </ul>   | <p><b>Constitution<br/>Scheme of delegation,<br/>Financial Regulations and<br/>CPRs – See Appendix C<br/>Actions 2 &amp; 7<br/>Scrutiny Committee Terms of<br/>Reference<br/>IRG- See Appendix C Action<br/>11<br/>Record of decisions,<br/>supporting materials, minutes<br/>of meetings are all published<br/>on website.</b></p> |
| <p><b>Planning interventions</b></p>                      | <ul style="list-style-type: none"> <li>✓ We have a Corporate Plan 2018-2023 which has been agreed by Council and reflects the council's priorities. The Plan is aimed at maintaining high resident satisfaction with the council and with the services we provide. It is also aimed at ensuring that the council remains financially self-sufficient with a focus on income generation</li> <li>✓ The council has in place a suite of Key Performance Indicators (KPIs) to monitor service delivery and progress against Corporate Plan activities (in 2017-18 against the 2017-18 Corporate Plan) and this is being reviewed for 2018-19 to align with the new Corporate Plan for 2018-2023.. Reports are compiled quarterly and are submitted to the Leadership Team, Scrutiny Committee and Cabinet. In 2017 the Council invested in a new ICT based projects and management system to enable it to more effectively monitor and manage performance</li> <li>✓ 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.</li> <li>✓ Codes of Conduct and protocols help to ensure effective communication between members and Officers</li> <li>✓ We have a Communications Strategy 2017-18 in place this enables the establishment of communication task and finish groups on an ad-hoc basis when required</li> </ul> | <p><b>Corporate Plan 2017-18<br/>Corporate Plan 2018-2023<br/>Quarterly Performance Report<br/>Code of Conduct for elected<br/>members<br/>Code of Conduct for Officers<br/>Member / Officer protocol –<br/>See Appendix C Action 12<br/>Sustainable Community<br/>Strategy<br/>Communication Strategy<br/>2017-18</b></p>          |
| <p><b>Optimising achievement of intended outcomes</b></p> | <ul style="list-style-type: none"> <li>✓ We have a Financial Strategy in place backed up with robust budget monitoring and the MTFs Delivery Plan is monitored by both the Council's programme Board and the Improvement Reference Group (which includes members from the LGA)</li> <li>✓ 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</li> <li>✓ Budget alignment with key priority areas provides capacity and investment</li> </ul>   | <p><b>Medium-term Financial<br/>Strategy<br/>Contract Procedure Rules and<br/>Financial Procedures<br/>(Constitution) – See Appendix<br/>C Actions 2 &amp; 7</b></p>  |

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|   | ✓ A new Capital programme and MTFS for 2018-23 is closely aligned to the new Corporate Plan for 2018-23.   |  |
| <b>E. Good governance means developing the council's capacity, including the capability of its leadership and the individuals within it</b> |  |  |
| <b>The Council's Commitment to Good Governance</b>  | <b>How the Council meets these principles</b>  | <b>Where you can see Governance in action</b>  |
| <b>Developing the organisation's capacity</b>   | <ul style="list-style-type: none"> <li>✓ The Council's Transformation Strategy 2017-18 focuses on building and maintaining leadership and organisational capacity and articulates how we will support staff and members helping them to develop the skills they need for the future. The transformation aims are; <ul style="list-style-type: none"> <li>• To develop and embed an organisational culture that encourages, empowers and recognises ambition and innovation</li> <li>• A highly motivated and flexible workforce</li> <li>• Developing a performance culture</li> <li>• Encouraging and nurturing talent</li> <li>• To reduce the cost of service delivery</li> </ul> </li> <li>✓ 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</li> <li>✓ Members and officers work in partnership to deliver the priorities, promote our values and work collaboratively across Lancashire</li> <li>✓ Budget alignment with key priority areas provides capacity and investment.</li> <li>✓ 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</li> <li>✓ Private sector partnerships provide investment and enhanced customer service for Leisure and Waste services</li> <li>✓ A long term partnership with Chorley BC to deliver Financial and Assurance services both increases capacity and skills whilst delivering efficiency savings</li> <li>✓ Our values and integrated approach to financial and risk management are key to sustained progress against priorities</li> <li>✓ 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</li> <li>✓ Success in leadership and workforce related governance has been recognised in the achievement of Investors in People</li> </ul> | <p><b>Transformation Strategy 2017-18 – See Appendix C Actions 5 &amp; 10</b></p> <p><b>Strong and effective leadership – See Appendix C Actions 13, 14, 15, 16 &amp; 17</b></p> <p><b>Shared Services – See Appendix C Action 4</b></p> <p><b>Investors in People</b></p> <p><b>Medium-Term Financial Strategy</b></p> <p><b>Sustainable Community Strategy</b></p> |

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| <p><b>Developing the capability of the organisation's leadership and other individuals</b></p>  | <ul style="list-style-type: none"> <li>✓ The Council Leader and Chief Executive have clearly defined roles and maintain a shared understanding of roles and objectives.</li> <li>✓ The constitution clearly explains how decisions are made; the extent of delegated powers and includes standing orders, contract procedure rules and financial regulations.</li> <li>✓ The Council maintains a Scheme of Delegation setting out which decisions and powers have been delegated to various Committees and Officers.</li> <li>✓ Protocols ensure that communication between elected members and officers is both effective and appropriate</li> <li>✓ 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</li> <li>✓ The Monitoring Officer is supported by the council's legal services team</li> <li>✓ The Chief Executive is the Head of Paid Service – she is supported by the Extended Leadership Team (ELT)</li> <li>✓ Each Cabinet Member has portfolio responsibilities for leading strategic matters and for championing specific services and initiatives</li> <li>✓ Council business is conducted in accordance with the Constitution which governs and controls its business responsibilities and activities.</li> <li>✓ Good practice standards are annually assessed against the CIPFA statements for the roles of the Chief Finance Officer and the Public Sector Internal Audit Standards</li> <li>✓ The Transformation Strategy 2017-18 incorporates Member Development &amp; identifies the priority areas for officer development. Monitoring is undertaken by the Extended Leadership Team (ELT) and the Scrutiny Committee.</li> <li>✓ Staff are consulted on matters through a South Ribble Action Group, CONNECT (Intranet), the Extended Leadership Team. In addition there has been extensive consultation with staff as part of the cultural mapping review.</li> <li>✓ All employees have an annual performance and development review to ensure that the organisation has a skilled and trained workforce. The performance and development process evaluates skills, performance and application of the council's values and identifies any areas for development.</li> </ul> | <p><b>Constitution</b><br/><b>Scheme of delegation, Financial regulations and CPRs – See Appendix C Actions 2 &amp; 7</b><br/><b>Codes of Conduct; Member / Officer protocols – See Appendix C Action 12</b><br/><b>Shared Services</b><br/><b>Role of Monitoring Officer as detailed in the constitution Committee membership – See Appendix C Actions 14 &amp; 15</b><br/><b>Extended Leadership Team (ELT) – See Appendix C Actions 16 &amp; 17</b><br/><b>Compliance with CIPFA statement on the roles of CFO Public Sector Internal Audit Standards</b><br/><b>Transformation Strategy 2017-18 – See Appendix C Actions 1 &amp; 3</b><br/><b>Performance and Development Reviews</b><br/><b>Cultural Mapping Review - See Appendix C Action 10</b></p> |
| <p><b>F. Good governance means managing risks and performance through robust internal control and strong financial management</b></p> |   |   |
| <p><b>The Council's Commitment to Good Governance</b></p>   | <p><b>How the Council meets these principles</b></p>  | <p><b>Where you can see Governance in action</b></p>  |
| <p><b>Managing Risk</b></p>   | <ul style="list-style-type: none"> <li>✓ The Council has a comprehensive Risk Management Framework that outlines the responsibilities for risk</li> <li>✓ 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 &amp; Control Evaluation software (GRACE) has been procured which enables continuous risk and control self-assessment by services. Training has been provided to all relevant officers.</li> </ul>   | <p><b>Risk Management Framework</b><br/><b>Constitution</b><br/><b>GRACE</b><br/><b>Corporate Risk Register</b><br/><b>Fighting Fraud and Corruption Locally – The Local Government Counter</b></p>   |

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|   | <ul style="list-style-type: none"> <li>✓ The Extended Leadership Team (ELT) functions as the corporate risk management group and annually agrees and prioritises the corporate risk register which is aligned with the corporate plan</li> <li>✓ Legal and Finance review all Committee reports and delegated decisions</li> <li>✓ A quarterly review of the Corporate Risk Register is reported to both Scrutiny Committee and Cabinet alongside the quarterly performance reports</li> <li>✓ The council takes a proactive approach to both prevent and detect fraud and this is supported by the Council's Anti-Fraud &amp; Corruption Strategy, Internal Audit programmes, fraud investigations, participation in National Fraud Initiative exercises, and publication of proven cases.</li> <li>✓ 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</li> </ul>  | <p><b>Fraud and Corruption Strategy 2016-2019 – See Appendix C Action 8</b><br/><b>Customer Feedback Policy</b><br/><b>Whistle-Blowing Policy</b></p>  |
| <p><b>Managing Performance</b></p>            | <ul style="list-style-type: none"> <li>✓ The council has in place a suite of Key Performance Indicators (KPIs) to monitor service delivery and progress against Corporate Plan activities. Reports are compiled quarterly and are submitted to the Leadership Team, Scrutiny Committee and Cabinet</li> <li>✓ We have introduced a projects and performance management system which will be used to monitor and manage the delivery of service plans and all corporate plan projects and for reporting progress to members</li> <li>✓ 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</li> <li>✓ The Monitoring Officer is responsible for keeping abreast of all legal requirements and informing relevant officers</li> <li>✓ 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</li> </ul> | <p><b>Quarterly Performance Report</b><br/><b>Role of Monitoring Officer as detailed in Constitution.</b><br/><b>Role of S.151 Officer as detailed in Constitution</b><br/><b>Internal Audit Plan</b><br/><b>Governance Committee</b><br/><b>Terms of Reference - See Appendix C Action 6.</b></p> |
| <p><b>Effective overview and scrutiny</b></p> | <ul style="list-style-type: none"> <li>✓ 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. The agenda, reports and minutes are publicly available on the Council's website</li> </ul>  | <p><b>Scrutiny Terms of Reference and workplan</b></p>   |
| <p><b>Robust Internal Control</b></p>         | <ul style="list-style-type: none"> <li>✓ 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</li> <li>✓ The Audit Plan is compiled following consultation with Directors and Heads of Service</li> </ul>   | <p><b>Audit Plan,</b><br/><b>Audit Charter</b><br/><b>Constitution</b><br/><b>Anti-fraud and corruption strategy - See Appendix C Action 8</b></p>   |

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|  | <ul style="list-style-type: none"> <li>✓ We have a suite of relevant policies in place – i.e. Whistleblowing policy, Anti-fraud and Corruption Strategy, Fraud Response Plan, Anti Bribery Policy, Anti Money Laundering Policy and Guidance</li> <li>✓ The Head of Shared Assurance Services is a member of the Extended Leadership Team and reports directly to Governance Committee and provides an assessment of the overall adequacy and effectiveness of the framework of governance, risk management and control within the Annual Governance Statement (AGS)</li> </ul>   | <b>AGS process – See Appendix C Action 6</b>   |
| <b>Managing Data</b>   | <ul style="list-style-type: none"> <li>✓ The council has a suite of policies in place dealing with the issue of data management – safe collection, storage, use and sharing of data</li> <li>✓ Compliance with the Data Protection Act 1998</li> <li>✓ Compliance with the Freedom of Information Act 2000</li> <li>✓ Compliance with the Transparency Code 2015</li> </ul>   | <b>IT Strategy<br/>Information Security Policy<br/>Records Management<br/>Guidance<br/>Compliance with DPA and FOI<br/>Acceptable Use Policy – See<br/>Appendix C Action 9</b>                 |
| <b>Strong Public Financial Management</b>  | <ul style="list-style-type: none"> <li>✓ A medium-term financial strategy is in place which sets out the financial assumptions and provides a set of goals for financial decision making for the planning period ahead, this is backed up with robust budget monitoring</li> <li>✓ Financial regulations and CPRs are detailed within the constitution</li> <li>✓ Legal and Finance review all Committee reports and delegated decisions</li> </ul>   | <b>Medium-Term Financial<br/>Strategy<br/>Financial Regs. And CPRs –<br/>See Appendix C Actions 2 &amp; 7</b>  |
| <b>G. Good governance means implementing good practices in transparency, reporting and audit to deliver effective accountability</b> |   |  |
| <b>The Council's Commitment to Good Governance</b>   | <b>How the Council meets these principles</b>   | <b>Where you can see Governance in action</b>  |
| <b>Implementing good practice in transparency</b>  | <ul style="list-style-type: none"> <li>✓ The Transparency Code has been complied with</li> <li>✓ The council maintains a user friendly and up to date Website. Information on expenditure, performance and decision making is published and can be accessed quickly and easily.</li> <li>✓ The Corporate Plan is approved by full Council and communicated via our Website</li> <li>✓ The Corporate Plan is communicated to employees via Connect and Team Brief</li> <li>✓ The South Ribble Partnership is made up of a number of organisations which represent each sector from South Ribble</li> <li>✓ My Neighbourhood forums are a key opportunity to communicate directly with the local community</li> </ul> | <b>Local Government<br/>Transparency Code 2014<br/>Southribble.gov.uk website<br/>Southribblepartnership.org.uk<br/>website<br/>Schedule of Neighbourhood<br/>forum meetings (3 per annum)</b> |
| <b>Implementing good practices in reporting</b>  | <ul style="list-style-type: none"> <li>✓ The Corporate Plan and Annual Report are published on the Council's website and show detailed progress towards its vision and priorities</li> <li>✓ Annual financial statements are reported and published on the Council's website</li> </ul>   | <b>Corporate Plan and Annual<br/>report<br/>Annual Financial Statement<br/>Annual Governance<br/>Statement</b>   |

|  |   |  |
|--|---|--|
|  | <ul style="list-style-type: none"> <li>✓ Assessment of the Council's governance arrangements and the production and publication of An Annual Governance Statement including an action plan identifying the governance challenges it needs to address in the next financial year.</li> </ul>   |  |
| <p><b>Assurance and effective accountability</b></p> | <ul style="list-style-type: none"> <li>✓ The Council were subject to a Corporate Peer challenge in March 2017, the findings from which were used in 2017 to inform further improvement work. A re-visit took place in late January and early February. Overall the Peer Review Team found that the Council has made progress in taking forward a number of the recommendations that the peer review team made in 2017, including the establishment of an Improvement Reference Group, the recruitment of a new Chief Executive and a new organisational structure, albeit that implementation of this is still in the early stages. Crucially, resident satisfaction and trust in the council remains high and South Ribble continues to be a good place to live with good core council services. There was some evidence that political leadership was improving for example, in developing the vision and corporate plan and improved governance processes. There has been considerable member engagement in developing a new vision and Corporate Plan for the borough and this is well supported across the council. Importantly, the council is now perceived by a number of partners as beginning to be more 'outward focused' which is crucial if ambitions for wider economic growth are to be achieved. The Council remains committed to tackling a number of remaining challenges and continues to work closely with LGA colleagues in the Improvement Reference Group to this end. This Group meets monthly and has meetings scheduled to the end of 2018.</li> <li>✓ All recommended corrective action by either External or Internal Audit is implemented. Assurance reports are presented to Governance Committee summarising the Council's performance in implementing recommendations.</li> <li>✓ Assessment of the Council's governance arrangements as part of the AGS process</li> <li>✓ Public Sector Internal Audit Standards (PSIS) set out the standards for internal audit and have been adopted by the Council.</li> </ul> | <p><b>Peer review findings and improvement plan and Report from 2018 re-visit.</b><br/><b>AGS</b><br/><b>All recommendations are tracked through Internal Audit follow up processes and progress reported to Governance Committee – See Appendix C Action 6.</b><br/><b>An internal review of compliance with the standards was undertaken in 2017 and reported to Governance Committee.</b></p> |

#### 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:

- **MANAGEMENT RESTRUCTURE**

In July 2017 a new Chief Executive commenced work in the council.

Throughout the year 2017/2018 the council had robust management controls in place. The management of the council was carried out by a combination of permanent members of the then Senior Management and Core Managers teams and senior specialist support (please see below). The specific Section 151 Officer responsibilities were carried out by members of the Shared Financial Services Team. In particular we had an interim Section 151 Officer throughout that period and additionally a Deputy Section 151 officer from July onwards.

However, it was widely recognised that there was a need for a fundamental management restructure. There were a number of reasons for this. There is a strong growth agenda that the council needs to be able to deliver on as effectively as possible. Further a change in the cultural ethos of the council is also considered to be desirable. A restructure as an enabler of the transformation agenda was another factor. The need for a management restructure was shared by the Peer Review Team when they visited the Council in March 2017.

Various reports were taken to Full Council for approval. Full Council required more information and clarification about those elements of the proposed restructure that related to the Section 151 and Monitoring Officer roles. Eventually though (at its meeting on the 21<sup>st</sup> of March 2018) Full Council approved those elements.

Some appointments have now been made to this new structure namely:

- Director of Planning and Property
- Director of Neighbourhoods and Development
- Assistant Director of Neighbourhoods
- Assistant Director of Scrutiny and Democratic Services

The intention is to appoint to a number of other posts within the near future.

Our previous arrangements with a Senior Management Team have been replaced with a larger Extended Leadership Team (ELT) which is the main officer decision making body for the council and a smaller strategic Leadership team which takes an overview prior to items coming before ELT.

- **INTERIM MANAGEMENT ARRANGEMENTS**

- 1. Specialist Support**

As is referred to above the council has now agreed a new management structure. It is fair to say though that the year of 2017/2018 was a period of transition. In this period of change it was necessary to call upon senior specialist support.

We have had an officer in place for the last 12 months providing senior specialist support for developing and driving forward with the new Corporate Plan. She also was actively involved in the improvement work following the Peer Review and developing a more robust approach to project and performance management.

Up until December 2017 we also had an officer in place providing senior specialist support in the governance area. One of her key responsibilities was to lead the work relating to the updating of our Constitution.

We also have had senior specialist support in the field of business transformation and developing key strategic projects. These projects have including working on our health, wellbeing and leisure campus project and our Investment Strategy.

We also have had senior specialist support in the field of organisational development. She is the key officer for the development of the “South Ribble Way” – the development of a new, blended, and more agile way of working.

- 2. Temporary appointments**

More recently (end of March 2018) we have appointed on a temporary basis a Deputy Chief Executive (Resources and Transformation). She will fulfil the section 151 officer role until there is an appointment to the Director of Finance and Assurance role.

- **GENERAL TRANSFORMATION AGENDA**

The Council had an ambitious Transformation Strategy in place during this period. More work to develop this further in line with the Corporate Plan will take place during the next 12 months.

The focus is on building and maintaining leadership and organisational capacity. The strategy articulates how we will support staff and members helping them to develop the skills they need for the future.

The transformation aims are:

- To develop and embed an organizational culture that encourages, empowers and recognises ambition and innovation
- A highly motivated and flexible workforce
- Developing a performance culture
- Encouraging and nurturing talent
- To reduce the cost of service delivery

- **LATEST PEER REVIEW ASSESSMENT**

On the 31<sup>st</sup> of January and 1<sup>st</sup> of February 2018 an LGA Corporate Peer Challenge follow up visit took place – the original Peer Review challenge had taken place in March 2017.

Overall the Peer Team found that the Council has made progress in taking forward a number of the recommendations that the peer review team made in 2017, including the establishment of an Improvement Reference Group, the recruitment of a new Chief Executive and a new organisational structure, albeit that implementation of this is still in the early stages. Crucially, resident satisfaction and trust in the council remains high and South Ribble continues to be a good place to live with good core council services.

There was some evidence that political leadership was improving for example, in developing the vision and corporate plan and improved governance processes. There has been considerable member engagement in developing a new vision and Corporate Plan for the borough and this is well supported across the council. Importantly, the council is now perceived by a number of partners as beginning to be more ‘outward focused’ which is crucial if ambitions for wider economic growth are to be achieved.

The Council remains committed to tackling a number of remaining challenges and continues to work closely with LGA colleagues in the **Improvement Reference Group** to this end. This Group meets monthly and has meetings scheduled to the end of 2018.

- **PROGRESS AGAINST ACTION PLAN 2017/2018**

In Appendix B to this report is set out a detailed record of the progress we have made against last year's Action Plan. Although this plan was highly ambitious nevertheless we have made great progress against it. Of 41 individual actions 34 have been completed in full whilst good progress has been made against the remainder.

- **CULTURAL MAPPING**

South Ribble BC and North West Employers have worked together to establish a cultural baseline, that is an understanding of where the organisation is now and how it can build on existing initiatives and be purposeful in developing its culture and engaging the workforce into the future. This piece delivered a quantitative baseline score for where the Council is as at March 2018, and tells the story around where the organisation has been and where it is now structured around our ambitions to transition from a transactional to a transformational, innovative and inspirational place.

- **CORPORATE PLAN**

The Council hasn't reviewed its corporate priorities for many years, and in 2017-18 wanted to ensure full stakeholder engagement in developing a new vision and priorities for the next 5-years.

Work on this started in February 2017, with the first comprehensive residents' survey the Council had undertaken for many years. Over the summer of 2017, elected members, partners and businesses were also engaged in the development of priorities and the outcome of this work was used by the Cabinet to develop a new Vision and priorities and a new Corporate Plan for the next 5-years. The draft vision and priorities were shared with the wider council membership in November 2017 and the outcome of this further engagement was used to finalise a new corporate plan.

Residents, businesses and partners were consulted on the draft plan during January and it was considered by the Council's Scrutiny Committee on 8th February, the Cabinet on 14th February and submitted to Full Council for approval on 28th February alongside a new Medium-Term Financial Strategy for the same period.

- **PERFORMANCE MANAGEMENT**

In 2017-18, the Council developed a more robust approach to managing performance with the introduction of a suite of KPIs in a performance scorecard reported to Leadership Team and members on a quarterly basis. This also incorporated progress reports against corporate plan projects and an overview of risk.

The Council also procured a new ICT based project and performance management system (InPhase) for the more effective and robust monitoring and management of performance data and this is in the process of being rolled out across the organisation.

A new suite of KPIs aligned to the new Corporate Plan is being rolled out for 2018-19. These will be reported quarterly to ELT and members in accordance with the Council's performance management framework.

Performance of corporate projects has been managed by the Council's Officer led Programme Board, which meets monthly and is chaired by the Chief Executive. A new project management framework linked to the new InPhase system is under development and will be rolled out early in 2018-19. The Programme Board's approach to working has accordingly recently been reviewed to align with the new framework. In 2018-19, all corporate projects have a designated Senior Responsible Officer (SRO) and Project Manager and Programme Board will consist of all SROs and will be chaired by a Deputy Chief Executive. The new InPhase system will be used to report progress to the Board.

- **FURTHER ASSURANCE**

Strong Internal Audit and Risk Management disciplines are embedded and the Shared Assurance Service maintains excellent working relationships with Senior Management, the Governance Committee and the Council's External Auditors to provide an integrated approach to the provision of assurance within the Council. The Internal Audit Service has recently undertaken a peer review by the Audit Managers of 2 Lancashire authorities and this determined that the Service was fully compliant with the Public Sector Internal Auditing Standards.

The Public Sector Internal Audit Standards also require 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** – The Internal Audit Service provides an independent opinion on the adequacy of the internal control system. All recommendations for improvement are agreed with Senior Management and overall progress is reported to the Governance Committee. No Internal Audit reports with a limited assurance controls assurance rating were issued during 2017/18.

**Risk Management** – the Council's arrangements were further strengthened during 2017/18 by the continued development of the GRACE risk management system. Extensive officer training was supplemented by Member Learning Hours covering the Corporate Risk Register and the revised Risk Management Framework which was approved by the Governance Committee in April.

**Governance** – a range of actions have been taken during 2017/18 to strengthen the Council's governance arrangements (see Section 5 below). The Annual Governance Statement Action Plan shown at Appendix C includes details of actions to further strengthen Council's governance arrangements. The 2018 AGS has been produced following a rigorous assessment process, both internal and external and it is therefore the opinion of the Head of Shared Assurance that once the remaining improvement actions are implemented the Council's system of corporate governance will incorporate the very highest standards of practice.

**Section 151 Officer Comments** – It is the opinion of the Section 151 Officer that the council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015). Everything possible has been done to make our Medium Term Financial Strategy (MTFS) as robust as possible and to ensure there is a clear link between the financial and corporate strategies. It is clearly imperative that the council should monitor performance against the MTFS targets on a regular basis and do everything feasible to ensure full delivery and implementation, in particular the delivery of efficiencies. This is monitored closely through the regular monitoring reports that are reported to Cabinet and on a monthly basis by budget holders. The council's capital programme has been set to reflect the council's ambitions set out in the corporate plan and incorporates new developments including the Health and Wellbeing campus and a Property Investment Strategy. The funding has been aligned in such a way as to facilitate successful delivery of key projects and programmes.

Members play an active role in promoting and strengthening our governance and risk management 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 Extended Leadership Team and both contribute to the continuous improvement and strengthening of the governance environment. In 2017/18 the committee has received regular reports on governance, finance and risk. Of particular note it is continuing to carry out a major review of our Constitution. In addition Governance Committee has, amongst other things, considered reports on:

- Investment Property Strategy
- Member Officer Protocol
- Minutes Protocol
- Confidentiality Arrangements
- Counter Fraud and Corruption Strategy
- Social Media Protocol
- Corporate Risk Register

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

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 2017/18 the committee monitored the continuous improvement plans that are aimed at strengthening the financial management and assurance arrangements for both councils.

In 2017/18 the Standards Committee continued to promote high ethical standards. Standards Committee now has a higher profile and it has met on a regular basis. Of particular note is that we reviewed our Hearing and Investigation Procedure for dealing with complaints. As part of this process we have introduced a new practice whereby the Monitoring Officer now has the ability to refer complex or sensitive complaints to an Initial assessment hearing Panel of three members. We have used this process in a small number of cases throughout the year and it has worked well. Other work carried out by the Standards Committee has included:

- Finalising work on a social media protocol
- Considering an annual report on Standards and its subsequent referral to Full Council
- Considering confidentiality arrangements
- Updating the protocol on the Independent Person (in part to reflect that we now have two Independent Persons)
- Responding to important consultation on the Disqualification criteria for Councillors and a Review of the Ethical (Standards) arrangements in place in local government

The Scrutiny Committee continues to provide a high degree of challenge and holds a central role in monitoring Council performance through quarterly progress reports of the corporate plan. Scrutiny has held individual Cabinet Members to account for their portfolio and monitored performance of the Council's key partnerships. Topics have included safeguarding, the future use of Worden Hall, senior management re-structure, licensing function and corporate planning. The Scrutiny Committee has carried in-depth reviews of staff morale as part of the Council's South Ribble Way organisational development programme and plans for the commercialisation of the Business & Conference Centre (formerly the Banqueting Suite). There was one call-in of a Cabinet decision during the year around dog control orders, which made recommendations for improved consultation and decision-making processes. The Committee also monitored progress with the Council's corporate improvement plan.

The Council has been recognised as an Investor in People for some twelve years, achieving Gold status in March 2015. We are in the process of seeking re-accreditation.

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 2017 to 31<sup>st</sup> of March 2018 council records show that there were 10 complaints in respect of which decisions were made (one of these complaints had been made in the previous 12 month period but was only resolved in the 2017/2018 period). In 4 of these cases the Ombudsman chose not to investigate. In 3 of these cases the complaint was referred back to the council as the council's internal complaints process had not been exhausted. In 2 of these cases there was a finding of no fault. In one case (relating to Council Tax) there was a finding of fault – this resulted in an apology and the payment of compensation of £200.

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 31<sup>st</sup> of March 2017 to 1<sup>st</sup> of April 2018 there was no necessity to make use of these powers.

One of the challenges of the year has been preparing for the imminent introduction of the General Data Protection Regulation (GDPR). This constitutes a major update of data protection legislation. Considerable work has been carried out to ensure maximum readiness for when the new rules come into force on the 25<sup>th</sup> of May.

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 2017 Annual Governance Statement (see Appendix B) have now been fully implemented:

- **Customer Care/Complaints** – a review of access channels and CRM solution has been undertaken and a Customer Feedback Strategy has been implemented;
- **Transparency** – a review of compliance with the Transparency Act 2014 has been undertaken and areas of non-compliance have been actioned;
- **Member and Officer Development** – the diagnostic undertaken by the Centre for Public Scrutiny and the LGA Corporate Peer Challenge has informed a programme of support for members. The Transformation Strategy addresses more general member training and development. A

programme of training has been provided for members of the Licensing Committee;

- **Ethical Governance** – a Member / Officer relations protocol has been developed and implemented;
- **Management Structure** – a new Chief Executive has been appointed and a new senior management structure approved by Council;
- **Our People** – an employee survey has been undertaken and the results have been used to inform the development of the Transformation Strategy;
- **Strong and Effective Political Leadership** - a cross party Improvement Reference Group has been established, this group meets monthly and has meetings scheduled until the end of 2018;
- **Strong and Effective Managerial Leadership** – workshops for officers on working in a challenging political environment have been held and a Leadership Development Programme has been developed and is to be delivered as part of the Transformational Strategy;
- **New Borough and Council Vision and priorities and new Corporate Plan for 2018-21** – new Corporate Plan for 2018-21 has been approved;
- **MTFS to be delivered** – budget and implementation plan has been monitored by the Council’s Programme Board and the Improvement Reference Group, monitoring and reporting arrangements are operational;
- **Business Transformation targets in MTFS achieved** – a Transformation Strategy has been approved and a Transformation Programme developed and resources to deliver identified, all projects have commenced.

The remaining actions are all in progress and have therefore been carried forward to the 2018 Annual Governance Statement Action Plan (see Appendix C).

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

- 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 revisit;
- External review of compliance with Public Sector Internal Audit Standards.

## 6. Conclusion

The council is fully committed to ensuring that its governance arrangements are and continue to be as robust as possible. As part of that process the council will monitor implementation of all actions set out in our Action Plan.

.....

Leader of the Council

.....

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<br>System of Internal<br>Control | Comprises the organisation's policies, procedures and operations in place to :<br>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<br>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.   |
| ELT  | Extended Leadership Team   |
| SOLACE   | Society of Local Authority Chief Executives  |

**ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2017**

| <b>Themes</b>                   | <b>Recommended Improvements</b>  | <b>Actions Taken &amp; In Progress<br/>As At March 2018</b>  | <b>Status</b>        |
|---------------------------------|--|--|----------------------|
| 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. | Training has been provided as follows: <ul style="list-style-type: none"> <li>- 1-2-1 budget holder sessions</li> <li>- New Cabinet Portfolio Holder for Finance.</li> <li>- Cross Party Budget Working Group established to raise awareness of the budget process and the budget challenges going forward.</li> </ul> | Complete             |
|                                 |  | Budget member learning hours are being set up for all members to attend  | <b>C/FWD to 2018</b> |
| 2. Customer Care                | To update the Customer Charter to incorporate all channels of communication and to review target response timescales.  | Review of existing access channels & external review of CRM solution including market analysis of current CRM market.  | Complete             |
|                                 |  | Promotion of channel shift and impact evaluation completed.  | Complete             |
| 3. Customer Complaints          | To implement an electronic complaint reporting system.   | New Customer Feedback Strategy has been approved.  | Complete             |
|                                 |  | Implementation complete.   | Complete             |
| 4. Transparency                 | To ensure full compliance with the revised requirements of the Transparency Code.  | A review of compliance has been carried out.   | Complete             |
|                                 |  | A couple of areas of improvement were identified and have been completed   | Complete             |
| 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.   | Complete             |
|                                 |  | Work to review the Constitution including the Financial Regulations is on-going.   | <b>C/FWD to 2018</b> |

| Themes                          | Recommended Improvements   | Actions Taken & In Progress<br>As At March 2018  | Status        |
|---------------------------------|--|--|---------------|
| 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 support for members and the development of a new Member and Officer Protocol which was approved at Full Council in March 2018. Details of member support are shown in the Council's new Improvement Plan. The new Transformation Strategy approved by Cabinet on 27 <sup>th</sup> July includes a number of actions to address more general member training and development. A programme of training has been provided for members of the Licensing Committee. | Complete      |
| 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. Lead officers have been identified for each of these committees.   | Complete      |
|                                 |  | Further training for members and officers is to be identified and undertaken.  | C/FWD to 2018 |
| 8. Ethical Governance           | A Member / Officer relations protocol is developed and political awareness training is provided to Members and Officers.   | Political awareness workshops for officers were held in July. A consultant was appointed by the LGA to work with officers and members to develop a member / officer protocol.  | Complete      |
|                                 |  | A number of focus groups with members and officers to inform this were held in October before the protocol was taken through the formal governance route for approval / formal adoption.   | Complete      |
| 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 addressed this.  | Complete      |
| 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   | Referral to Standards Committee complete – and process has now been completed  | Complete      |

| Themes                             | Recommended Improvements   | Actions Taken & In Progress<br>As At March 2018   | Status               |
|------------------------------------|--|---|----------------------|
|                                    | breach of the members Code of Conduct has taken place.   |   |                      |
| 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 was approved by Council.   | <b>Complete</b>      |
|                                    |  | A new senior management structure was approved by Council in November 2017.   | <b>Complete</b>      |
| 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 have been implemented. A new Committee management system was procured and went live in September 2017.   | <b>Complete</b>      |
|                                    |  | <p>This will be implemented alongside the review of the Council's structure and review of shared services.</p> <p>Review of Legal Services will be addressed as part of the review of the council's organisational structure.</p> <p>A review of Shared Financial Services is currently being planned by Chorley Borough Council.</p> | <b>C/FWD to 2018</b> |
| 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.  | A review of disciplinary matters conducted by LGA (see IRG Action plan).  | <b>Complete</b>      |
|                                    |  | HR policies are to be reviewed as a key action in the new Transformation Strategy approved by the Cabinet on 27 <sup>th</sup> July 2017. These policies will be reviewed as shared services are rolled out.   | <b>C/FWD to 2018</b> |
| 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 development of a new Transformation Strategy which was approved by Cabinet on 27 <sup>th</sup> July and which has superseded the Our People Plan.   | <b>Complete</b>      |

| Themes   | Recommended Improvements   | Actions Taken & In Progress<br>As At March 2018  | Status        |
|--|--|--|---------------|
| 15. Strong and effective political leadership  | Undertake Staff and member survey and delivery of the MTFS work programme (i.e. all decisions made on target), outcomes of member 360 degree appraisal | Cross party Improvement Reference Group with external membership has been in place since May 2017 and has meetings scheduled to the end of 2018. Externally facilitated workshops for all members to share the Cabinet's vision and to inform the development of the new Corporate Plan took place in July and November 2017. Chief Exec. is working with LGA Labour Peer and Leader of the opposition to develop more effective working relationships with the Opposition. Cabinet has made effective use of cross party working on key strategic issues. | Complete      |
|  |  | Externally facilitated workshops with the leading political group, the opposition group, Cabinet and Cabinet/SMT took place in 2017.   | Complete      |
|  |  | Scrutiny Committee developed a work programme for more involvement on key strategic issues.  | Complete      |
|  |  | Member survey undertaken in September 2017.  | Complete      |
|  |  | A desktop review of alternative models for Governance Committee has been completed and will be considered by the Improvement Reference Group at its meeting in May 2018.   | C/FWD to 2018 |
| 16. Strong and effective managerial leadership                                       | Undertake Staff and member survey: outcomes of managers' 360 degree appraisals   | Two workshops for officers on working in a challenging political environment were held in 2017.  | Complete      |
|  |  | SMT/Core Managers' Away days (on-going). Develop a Leadership Development Programme for senior and middle managers (to be delivered as part of the Council's new Transformation Strategy). SMT Away Days, SMT Work Programme, review arrangements for joint working between SMT and Core Managers (on-going).  | Complete      |
| 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.                                    | Cabinet to propose new council Vision for consultation with other members and other stakeholders (completed).  | Complete      |
|  |  | Key words of the Peer Review Team to be built into the Council's values and culture (to be developed as part of the Transformation Strategy action plan approved by the Cabinet in July).  | Complete      |

| Themes   | Recommended Improvements  | Actions Taken & In Progress<br>As At March 2018   | Status        |
|--|---|---|---------------|
| 18. MTFS to be delivered                             | MTFS targets to be achieved   | 17-18 budget and 17-18 implementation plan was monitored by the Council's Programme Board and the Improvement Reference Group.  | Complete      |
|  |   | Monitoring and reporting arrangements operational   | Complete      |
| 19. Business transformation targets in MTFS achieved | Savings and income generation targets to be achieved                                      | Transformation Strategy approved by Cabinet in July.  | Complete      |
|  |   | Transformation Programme developed and resources to deliver identified (on-going). All projects started.  | Complete      |
| 20. Compliance with Contract Procedure Rules (CPRs)  | To further embed procurement policies and procedures, and to strengthen the current CPRs. | Governance Committee Constitutional Task Group to review CPRs   | Complete      |
|  |   | Amend CPRs to contain instructions for whenever there is a change in responsible officer mid-contract   | Complete      |
|  |   | Introduce an electronic CPR waiver process including authorisation by S151 Officer and Principal Procurement Officer<br>Communicate agreed changes to CPRs to relevant officers and members | C/FWD to 2018 |
|  |   | Internal Audit to review compliance with CPRs in future AGS reviews   | Complete      |

**ANNUAL GOVERNANCE STATEMENT ACTION PLAN 2018**

| <b>Themes</b>                                | <b>Recommended Improvements</b>  | <b>Proposed Actions</b>   | <b>Source</b>                                 |
|--|--|---|---|
| 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.   | A review of core finance activities are in place and an approach will be developed in the first quarter of the year. From this, training will be designed and developed and specifically tailored to meet specific needs, i.e. general budget and finance overview, budget monitoring etc. A programme of work will be communicated to staff and members. Member learning hours will also be used to provide training on specific issues as they arise during the year. | <b>B/FWD from 2017</b>                        |
| 2. Constitution                              | To ensure that the Constitution is as clear as possible, completely up to date and fit for purpose   | The review of the constitution will be finalised and will incorporate new financial regulations that support the new organisation structure.  | <b>B/FWD from 2017</b>                        |
| 3. Ethical Governance                        | Greater priority, liaison and support be provided to the Scrutiny, Governance and Standards Committees in promoting high ethical, performance and governance standards.  | Further training for members and officers is to be identified and undertaken.   | <b>B/FWD from 2017</b>                        |
| 4. 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. | A review of the shared service arrangement will be conducted during the 2018/19 financial year.   | <b>B/FWD from 2017 / Peer Review re-visit</b> |
| 5. Review of HR Policies                     | Undertake a review of the HR policies.   | HR policies are to be reviewed as a key action in the new Transformation Strategy approved by the Cabinet on 27 <sup>th</sup> July 2017. These policies will be reviewed as shared services are rolled out.   | <b>B/FWD from 2017</b>                        |
| 6. Strong and effective political leadership | Review alternative models for Governance Committee.  | Discuss outcome of the desktop review at the meeting of the Improvement Reference Group in May 2017 and develop an action plan to complete the review and to implement the recommendations.   | <b>B/FWD from 2017 / Peer Review re-visit</b> |

|  |  |   |   |
|--|--|---|---|
| 7. Compliance with Contract Procedure Rules (CPRs) | To further embed procurement policies and procedures, and to strengthen the current CPRs.                                | Introduce an electronic CPR waiver process including authorisation by S151 Officer and Principal Procurement Officer<br>Communicate agreed changes to CPRs to relevant officers and members   | <b>B/FWD from 2017</b>                        |
|  |  | Implement a simple central corporate contract management system to help prevent and mitigate the risk of lost contract documents, missed review and notice deadlines, loss of knowledge and information due to staff changes etc.   | <b>Spend Analysis</b>                         |
|  |  | ELT include provision on their agenda plan for a quarterly review of<br>(1) the Procurement Plan referencing a forward look of not less than 12 months<br>(2) the Contracts Transparency register.  | <b>Spend Analysis</b>                         |
|  |  | ELT review / implement a list of Authorised Officers including the extent of their delegated authority and applicable financial thresholds and ensure that this is appropriately communicated to the officers concerned as required by CPR 5.1  | <b>Spend Analysis</b>                         |
| 8. Fraud   | Increased fraud awareness.   | Fraud awareness training to be delivered to all relevant officers using MILO e-learning modules.  | <b>Service Assurance Statements</b>           |
| 9. Data Management                                 | Compliance with General Data Protection Regulations (GDPR)   | Compliance delivery action plan in place, to be overseen by programme board and report into inphase.  | <b>Corp Assess</b>                            |
| 10. Communication                                  | To improve internal communication and clarity with staff about the vision and next steps for transformation              | This will be addressed as part of our new Transformation and Organisational Strategy  | <b>Peer Review revisit &amp; Corp. Assess</b> |
| 11. Strong and effective political leadership      | To renew the focus of and commitment to the Improvement Reference Group (IRG)  | Review the way the IRG works to maximise the impact of the collective expertise of the Group  | <b>Peer Review revisit &amp; Corp. Assess</b> |
| 12. Strong and effective political leadership      | To resolve the ongoing political tensions. For example through robust implementation of the new officer/member protocol. | Protocol to be signed by all members and relevant officers.<br>Impact of the protocol to be monitored by ELT through the quarterly performance report<br>Joint Cabinet / Shadow Cabinet meetings to be held quarterly to review impact of the Protocol<br>Member development programme to be developed and implemented. | <b>Peer Review revisit</b>                    |

|                                     |   |   |                             |
|-------------------------------------|---|---|-----------------------------|
| 13. Strong and effective leadership | Align political and officer processes to ensure decisions are implemented with no last minute changes                           | IRG to jointly develop an agreed approach to how much and when information is shared between political groups to ensure that all members have the information they need to make decisions in a timely way | <b>Peer Review re-visit</b> |
| 14. Strong and effective leadership | Support and develop the new Cabinet to be appointed in May 2018   | The development and training needs of the new Cabinet to be identified and delivered on   | <b>Chief Executive</b>      |
| 15. Strong and effective leadership | Greater support to the shadow Cabinet   | Shadow Cabinet to be provided with briefings on all Cabinet reports (once published)  | <b>Chief Executive</b>      |
| 16. Management Structure            | Implement the new senior management structure   | Fully implement the management structure approved by Full Council.  | <b>Peer Review re-visit</b> |
| 17. Leadership development          | Develop the leadership potential of the new senior team to take forward the place, strategic finance and transformation agendas | To develop a leadership development programme for the senior management team to ensure that senior managers have the necessary skills to take forward the transformation agendas                          | <b>Peer Review re-visit</b> |