Annual Governance Statement 2018/19

Scope of responsibility

Rushmoor Borough Council (RBC) is responsible for ensuring its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, which include arrangements for the management of risk, whist facilitating the effective exercise of its functions.

RBC has approved and adopted a local code of corporate governance, which is consistent with the seven core principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework 'Delivering good governance in Local Government'. A copy of RBC's adopted Code is on the Council's website (https://www.rushmoor.gov.uk/CHttpHandler.ashx?id=18384&p=0)

The Annual Governance Statement (AGS) 2018/19 states how the Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6 (1b), which requires all relevant authorities to prepare an Annual Governance Statement. It is subject to detailed review by the Licensing, Audit and General Purposes Committee and approval in advance of them agreeing the Statement of Accounts, in which the AGS is referred to.

What is Governance

Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- leadership and management;
- performance and risk management;
- stewardship of public money; and
- public engagement and outcomes for our citizens and service users.

The purpose of the Governance Framework

The Governance framework comprises the systems, processes, culture and values by which the authority is directed and controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process, designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

What is the Annual Governance Statement (AGS)?

The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement, to report publicly on the extent to which we comply with our own local Code of Corporate Governance, including how we have monitored the effectiveness of our arrangements in year and on any planned changes to our governance arrangements in the coming year. In this document the Council:

- acknowledges its responsibility for ensuring that there is a sound system of governance;
- summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
- describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
- provides details of how the Council has responded to any issue(s) identified in last year's governance statement; and
- reports on any key governance matters identified from this review and provides a commitment to addressing them.

The Council's Governance Assurance Framework, which underpins the AGS, has been in place at the Council for the year ended 31 March 2019 and up to the date of approval of the AGS and Statement of Accounts

What is the Council's Governance Assurance Framework?

Leader & Chief Executive sign AGS on behalf of the Council.

Full Council

Licensing, Audit & General Purposes Committee (Delegated authority to approve AGS on behalf of Full Council) – Provide independent assurance on the adequacy and effectiveness of the Council's governance arrangements, including the effectiveness of the risk management and the associated control environment. They report to Full Council on their work.

AGS

Internal Corporate Governance group – This group consists of officers with statutory roles within the Council, e.g. Monitoring Officers. The group provides assurance over the governance arrangements within the Council.

External Audit
- Independent overview of the effectiveness of the financial control environment including financial reporting, internal control and risk management and VFM conclusion.
- Control improvements highlighted in Annual Governance Report and Annual Audit Letter.

Internal Audit
Independent opinion on:
- Compliance with key internal control processes
- The effectiveness of the process for gaining assurance on internal control and risk management
- The effectiveness of controls to manage significant areas of risk

Annual audit opinion on the effectiveness of the Council's risk management, control and governance processes.

Key sources of assurance

Corporate Leadership Team (CLT)
Assurance Statements are provided from Senior Management for the governance arrangements within their services. These statements inform the AGS.

External Inspections
Outcomes from reviews of services by external inspectors.

Risk Management
The Risk Management Group identify and review risks on the Corporate risk register.

Overview and Scrutiny Committee
Pre and post decisions made are subject to scrutiny/ call in for review by the Committee.

Executive Leadership (ELT)
Identifies and addresses cross cutting and strategic issues that may impact on the Council's control environment and risk.

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How does the Council monitor and evaluate the effectiveness of its governance arrangements?

The Council annually reviews the effectiveness of its governance arrangements. The key sources of assurance that informs this review are:

- The work of the Licensing, Audit and General Purposes Committee Members and Senior Officers of the Council who have responsibility for good governance.
- A statement of assurance is obtained from Heads of Service to confirm the governance arrangements in place within their service.
- The Audit Manager's update reports on the internal audit activity, which provides an independent assurance that key risks are being adequately controlled and provides an opinion on the effectiveness of these arrangements.
- Any comments made by External Audit or other external reviews.
- Internal Corporate Governance Group provides assurance over the governance arrangements within the Council.

What are the key elements of RBC's Governance Framework?

The Council aims to achieve good standards of governance by adhering to the seven core principles, detailed below, which form the basis of the Council's code of Corporate Governance.
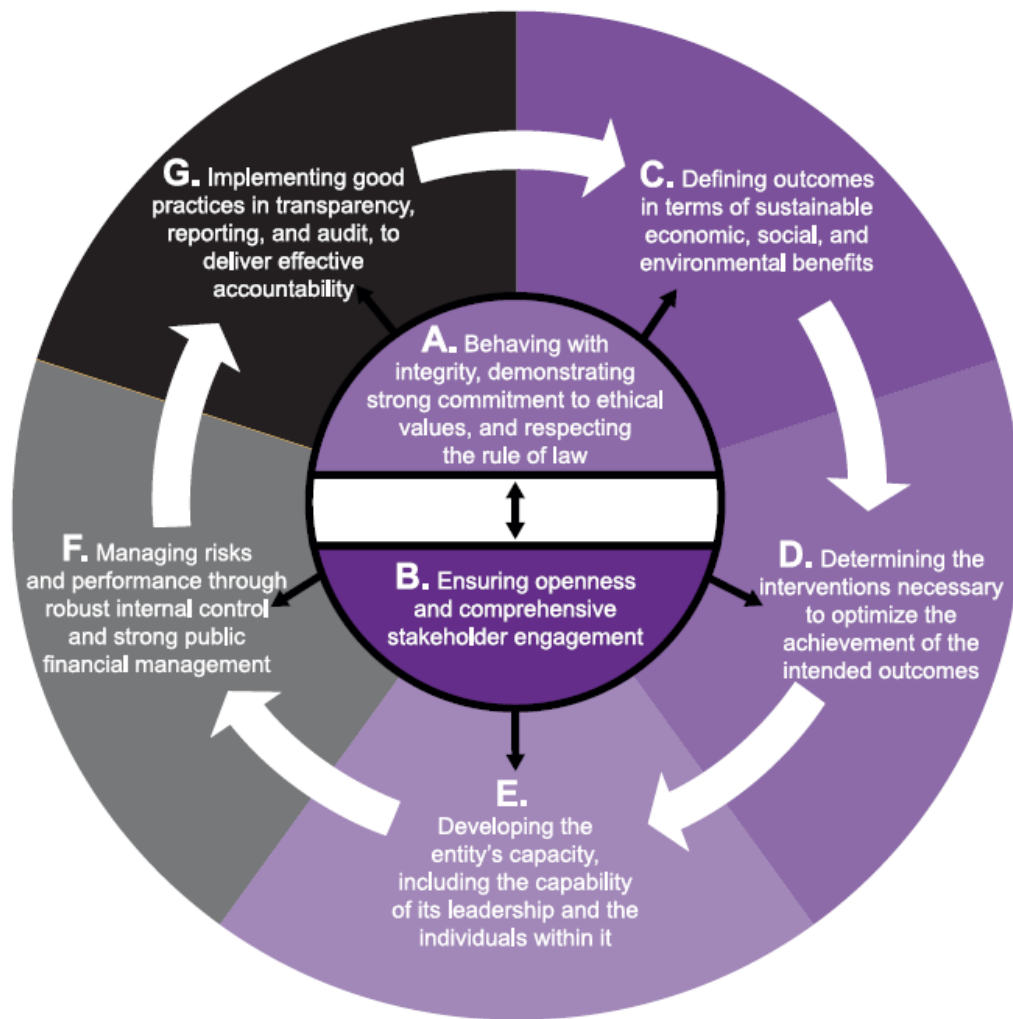
The following pages provide a summary of actions and behaviours taken by the Council in relation to each of these seven core principles and associated sub principles.

PRINCIPLE A
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Sub principles	Demonstrated by
Behaving with integrity	• A code of conduct is in place for both Councillors and staff, both are contained within the Council's constitution. The codes outline the ethical standards and behaviours to be adopted and observed by elected Members and officers to ensure that Council business is conducted with fairness and integrity. • The Council also has in place various policies, procedures and guidance including Anti-fraud, Acceptable Use of IT, Declarations of Interest, and Gifts and Hospitality, which are regularly reviewed. • Specific legal and regulatory requirements and/or Standards and Codes of Practice are maintained by staff for Membership of relevant professional bodies, including continuing professional development. • Where necessary the Council collaborates with other professionals for advice and guidance. For example, the Council has recently enlisted the assistance of Freeths for legal advice in establishing a Housing Company. • A register of Member interests is published on the Council's website to ensure that any conflicts of interests are open and transparent.
Demonstrating strong commitment to ethical values	• The Council has established a Governance Group, which includes the Monitoring Officer, Deputy Monitoring Officers, the Chief Financial Officer and the Audit Manager, to ensure that the Council works within its rules and that the necessary governance provisions are followed, and associated guidance, advice and training is provided. • The Council has adopted a Behaviours Framework which sets out the attitudes and behaviours expected from staff. The framework sets out seven behaviours; Customer First, excellence in service delivery, productive and efficient, commercial, modernisation, leadership and invest in people.

Respecting the rule of law	• The Constitution sets out responsibilities within the Council. This is maintained by the Head of Democracy, Strategy and Partnerships to ensure that the Council's legal requirements are met, and the provisions are up to date.
	
	• The Council has appointed the following officers as required:
	  - **The Head of Paid Service** (Chief Executive) – Overall accountability for the governance arrangements operating within the Council
	  - **The Monitoring Officer** – Ensures decisions taken are within the law and the Council complies with the provisions of its Constitution.
	  - **The Chief Financial Officer** – Principal finance adviser to the Council and is responsible for the proper administration of the Council's financial affairs and internal control environment.
	
	• The Council's in-house legal service identifies and advises the Council on key elements of the law and their application.
	
	• The Council ensures compliance with the mandatory elements of the Local Government Transparency Code.

Sub principles	Demonstrated by

Openness	• The Council's policies and governance framework are published on the Council's website – this includes:
	  – The Constitution
	  – Agenda and reports for all meetings within the Council's decision-making framework
	  – Cabinet work programme
	  – Annual budget
	  – Pay Policy and Gender Pay Gap Statements
	  – Record of Executive Decisions
	  – Information required under the Transparency Code
	
	• The Council regularly carry out consultations on major policy initiatives which is conducted in an open way with all consultations available on the Council's website.
	
	• The Council has an up to date Freedom of Information Act 2000 publication scheme in place on its website with links to information and guidance for stakeholders.
	
	• The Council's plan is currently being updated into a 10 year 'vision' with a 3-year rolling plan with objectives to assist with the achievement of the vision. The plan is shown on the council's website along with the monitoring of the actions towards the plan.
	
	• During 2018/19 the Council published four 'arena' magazines, to inform the community of the work and services carried out by the Council.

Engaging comprehensively with institutional stakeholders	• The Rushmoor Strategic Partnership has been reviewed and a Rushmoor Partners Network established, which in future will focus on projects and consider multi-agency issues. • A statement of community involvement is published on the Council's website. Work is currently underway to update this statement with a draft currently in circulation. • Formal and informal consultation is carried out with Members (e.g. Budget Strategy Woking Group) • The Council has recently adopted the Local Plan 2014-2032, which involved participation from numerous stakeholders. Details are published on the Council's website. Consultation was undertaken, and a proactive role was taken to engage as many residents and stakeholders as possible. Feedback from the consultation informed the submission of the Local Plan. • The Council supports the Prospect Estate Big Local (PEBL)

Engaging with individual citizens and service users effectively	• The Council has invested in a range of traditional, digital and social media channels to enable regular contact, engagement and consultation with its key stakeholder groups, including customer feedback surveys, workshops, consultation items on the Council's website and regular citizen consultation on both Borough-wide and place specific issues.
	
	• Examples of significant consultation exercises carried out during 2018/19 included:
	  – Waste and recycling performance
	  – Council Tax support scheme, which resulted in no changes being implemented as a result of feedback.
	  – The Council has recently consulted with key partners on its emerging Vision for 2030 and key priorities underpinning that vision.
	
	• A scheme is in place within the Council's Constitution to have public participation at Member meetings. Therefore, meetings of the Council and its Committees are open to members of the public to attend, with agendas and minutes being publically available on the Council's website.

PRINCIPLE C
Defining outcomes in terms of sustainable economic, social, and environmental benefits

Sub principles	Demonstrated by

Defining outcomes	• The Council's plan is currently being updated into a 10 year 'vision' with a 3-year rolling plan with objectives to assist with the achievement of the vision. The plan is shown on the council's website along with the monitoring of the actions towards the plan.
	
	• Following comprehensive resident and stakeholder consultation, the Council developed its priorities and measures of success with Members in a range of ways including discussions with individual portfolio holders, the Cabinet and the Policy and Project Advisory Board.
	
	• Service business plans have been developed and cover:
	  - Linking actions to priorities
	  - Identification of outcomes
	  - Performance indicators
	  - Risks and expected service changes

Sustainable economic, social and environmental benefits	• The Council's reports to Cabinet require the consideration of business, Strategic, Economic, Legal, Financial and Equalities impact of the decisions being made. All reports requiring executive decisions (except those exempt) are accessible via the Council's website. (https://www.rushmoor.gov.uk/article/1701/Records-of-executive-decisions) • A PESTLE analysis was carried out in order to contribute to the 10-year Council vision and rolling 3-year plan. This looks at how external moves will impact on the Council's plans and objectives. The Council's Strategy and Performance team monitors place and organisational data to support the work. • The Council has recently adopted and implemented the Local Plan 2014-2032. Details are published on the Council's website. Consultation was undertaken, and a proactive role was undertaken to engage as many residents and stakeholders as possible. Feedback from the consultation informed the submission of the Local Plan. Social, environmental and economic evidence was obtained to inform the development of the Local plan.

PRINCIPLE D
Determining the interventions necessary to optimise the achievement of the intended outcomes

Sub principles	Demonstrated by
Determining interventions	• Arrangements are in place to ensure all options are considered before decisions are taken and service changes implemented. External / independent expertise is often used if the decision is of a complex technical nature. An example of this being the use of external experts when making a decision on establishing a housing company. • The Corporate Governance Group has been established to consider legal/constitutional issues associated with decision making.
Planning interventions	• At service level, priorities and objectives are encouraged to be SMART and these are underpinned by plans and, for major projects, there is significant emphasis on effective project management. The Council is investing in additional project management resources to ensure this.

Optimising achievement of intended outcomes	• Arrangements are in place to monitor operational and financial plans, priorities, KPI's, quality and targets and to report on progress, e.g. quarterly monitoring, budget monitoring.
	
	• The Council has several key partnerships with other local authorities and stakeholders in order to optimise the achievement of the Council's corporate plan. For example, the Community Safety Partnership (Safer North Hampshire).
	
	• The Council has in place more significant arrangements for project development, both internally and through the Member decision making structure. This has been achieved through the revised Member structure to include the following:
	  - Licensing, Audit and General Purposes Committee, with specific roles to ensure effective governance
	  - The Policy and Project Advisory Board which provides early consideration of projects prior to submission to the Cabinet. For example, Establishment of the Housing Company, re-letting of the leisure contract and the Council's 2020 transformation programme.
	
	The Overview and Scrutiny Committee is undertaking both pre- and post-decision scrutiny on a range of issues and projects. For example, the review of Council Tax Support Scheme, performance of major contracts such as the waste and recycling contract, and decisions to acquire property for regeneration purposes which resulted in the Committee calling in one of the major regeneration purchases during 2018/19.

PRINCIPLE E
Developing the entity's capacity, including the capability of its leadership and the individuals within it

Sub principles	Demonstrated by
Developing the entity's capacity	• The Council participated in an independent peer review during 2017/18. Recommendations from this review have been accepted and work is underway to implement the recommendations made. A follow up on the recommendations made is being prepared for during 2019/20. • The Council, where possible, collaborates with other authorities to share information and best practice, e.g. Hampshire & Isle of Wight Chief Executive group and subsequent groups. • Service reviews are being carried out by the newly constituted corporate leadership team, to ensure that services are best placed to meet the overall objectives of the Council.
Developing the capability of the entity's leadership and other individuals	• Arrangements are in place to ensure staff have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and are able to update their knowledge on a continuing basis e.g. CPD through attendance at seminars/conferences, training courses etc. • Development reviews are carried out annually. Within these reviews, training needs are identified and communicated to HR in order to ensure individuals are provided with the training they require for their role and identify any Council wide training which may be required. • The Council is currently planning to engage in 'learning at work week', which will be carried out in early 2019/20. • The Council has adopted a Behaviours Framework, which sets out the attitudes and behaviours expected from staff. The framework sets out seven behaviours; Customer First, excellence in service delivery, productive and efficient, commercial, modernisation, leadership and invest in people. • The Council is providing leadership programmes and apprenticeship leadership programmes to support the continued professional development of staff. • The Council has recently introduced mental health awareness programmes for managers to recognise symptoms of mental illness at work and provide support to staff members. • The Council's constitution defines the statutory and distinctive roles of the Leader and other Councillors and sets out to who decision making powers are delegated to. • The Member Development Group maintains a programme for Member training and development and the Council has secured the Charter for Member Development, managed by South East Employers. They are currently reviewing the induction programme for new councillors. They also have greater influence on governance issues. • Since the recent restructure within the Council at the Senior Management level the Directors have provided a mentoring role to the newly appointed Heads of Service. • Within the current year, industry specialists, Hills, Arlingclose and Ernst and Young have briefed elected Members in order to provide them with training and support with decisions they may need to make within their role.

Sub principles	Demonstrated by
Managing risk	• Internal audit provides a risk-based audit plan and reports on the effectiveness of risk management to the Licensing, Audit & General Purposes Committee. • Risks are considered within activities and decision-making reports taken to Cabinet. • Risk management is identified through the business planning process.

Managing performance	• Effective performance, financial and risk management arrangements are an integral part of all business activities, examples include:
	  – Option appraisals/ risk assessment
	  – Day to day business / performance / service business planning arrangements/ quarterly reporting
	  – Projects and programme management – Internal documentation will be reviewed and updated in 2019/20 to improve the effectiveness of project and programme management.
	  – Contractual and third-party arrangements (including shared risks)
	  – Business continuity plans are in place, tested and communicated to staff as necessary
	
	• The Council's plan is currently being updated into a 10 year 'vision' with a 3-year rolling plan for achieving the overall vision. The plan is shown on the council's website along with the monitoring of the actions towards the plan.
	
	• The Council has in place an Overview and Scrutiny Committee to encourage debate on policies, objectives and outcomes before, during and after decisions are made. They also review the quarterly monitoring of the Council plan.

Robust internal control	• Internal Audit provide an annual opinion on the effectiveness of the Council internal control environment. This is based on the outcome from audit reviews carried out within the year. Details of this are reported to the Licensing, Audit & General Purposes Committee for review. • The Council has a Corporate Investigations Team who investigate potential fraud, corruption and maladministration and provide effective counter fraud arrangements within the Council.
Managing data	• Effective arrangements are in place for the safe collection, storage, use and sharing of data with other bodies, including processes to safeguard personal data in line with GDPR requirements. • Extensive training has been provided to all officers and Members in 2018/19 around GDPR and the Data Protection Officer was appointed in line with the requirements. • Effective arrangements are in place for the disposal, storage of legacy IT equipment: All hard disk-based systems are erased to HMG Infosec Standard 5 prior to disposal using accredited partners. IT equipment is stored in a locked store room when not in use\awaiting disposal. • IT Security: IT follows End User Device (EUD) guidance issued by National Cyber Security Centre when implementing security solutions and endpoint operating systems. Council IT infrastructure is audited annually, and results passed to NCSC for review and further guidance on actions to take to maintain compliance (including annual Public Services Network assessment). A bid is currently being made to NCSC for funding to support user training relating to cyber security.
Strong public financial management	• There are effective mechanisms in place for financial planning, budgetary control and reporting, including the management of financial risk • External Audit review and report on the Council's financial statements providing an opinion on the accounts.

PRINCIPLE G
Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Sub principles	Demonstrated by
Implementing good practice in transparency	- Agendas and minutes of Committee meetings are publicly available on the Council's website. - The Council ensures compliance with the mandatory elements of the Local Government Transparency Code - On the Council's website there is a Freedom of Information Act page to enable members of the public to have access to all recorded information held by the Council.
Implementing good practices in reporting	- The Annual Statement of Accounts is published on the Council's website to give clear information on the income and expenditure of the Council. - The Council publishes an Annual Governance Statement in order to report how we have monitored the effectiveness of our governance arrangements in the year and any planned changes in the coming year. - The Licensing, Audit and General Purposes Committee review and approve the Annual Statement of Accounts and the Annual Governance Statement. - Performance is reported quarterly on a range of indicators, comparing some items with other Local Authorities and public sector bodies.
Assurance and effective accountability	- The terms of reference and working arrangements of the Licensing, Audit and General Purposes Committee have been revised to ensure greater focus on ensuring transparency and effective audit of processes. - There are arrangements in place for ensuring all agreed actions from peer reviews, internal audit, external audit, or other inspectorate work are implemented. Recommended actions from the 2017/18 Peer Review are monitored by the Executive Leadership Team - Risk based internal auditing provides ongoing assurance that the key risks are being managed. - The Council's constitution is updated as appropriate. There is a plan for a fundamental review of the entire constitution to be carried out within 2019/20.

How has the Council addressed the governance improvement actions from 2017/18?

The Annual Governance Statement 2017/18 contained the following key improvement actions. Details of the issues and how they have been addressed during the year are detailed below. Please note that where actions are ongoing these have been carried forward into the 2018/19 Action plan.

Governance Issue	Action	Current status
Implementing a Capital Strategy to comply with the revised Prudential Code and the Treasury Management Code of Practice	Develop and adopt: • Capital Strategy • Asset Management Plan; and • Investment properties performance criteria	Work is underway on the investment properties performance criteria and Asset Management strategy to be adopted within 2019. During 2018/19 the Council's Policy, Performance and Advisory Board (PPAB) received a report on the Asset Management plan and the future priorities. The Capital Strategy was formally adopted by the Council in February 2019 and will be reviewed on an annual basis.
EU General Data Protection Regulation	Ensure that the necessary changes for the GDPR are completed and implemented from the 25th May 2018.	Extensive GDPR training has been carried out with all employees. Work continues to ensure ongoing compliance with the changes. The Data Protection Officer was appointed within 2018/19.
Restructure of the Council's Senior Management Team	Monitor the risks created by the review and ensure that the Council has appropriate resilience during a time of change.	The restructure of the Senior Management Team was completed by the end of 2018. During the period of review the Chief Executive and Executive Directors met and reviewed service continuity on a weekly basis and led the recruitment and change process.
Introduction of new governance arrangements	Ensure that the working arrangements are transparent and understood and the necessary support and training is provided for Council Members.	During 2018/19 a new Member framework was established introducing the Overview and Scrutiny Committee and the Policy and Project Advisory Board. These new bodies were supported by Senior Members of the leadership team and given the necessary resources to carry out their work programme.

Governance issues identified for 2018/19

The review of the effectiveness of the Council's governance framework has identified the following actions that will need to be addressed during 2019/20, which includes the carried forward actions from 2017/18. The progress against these actions will be reviewed by the Corporate Governance Group and regularly reported to the Licensing, Audit & General Purposes Committee.

Governance Issue	Action	Target date	Lead Officer
EU General Data Protection Regulation *(b/f from previous year)*	Ensure that the necessary resulting changes for the GDPR are finalised and embedded within a broader information governance framework following the review of the effectiveness of the current arrangements the Council has implemented.	October 2019	Corporate Legal Services Manager
Implementing a Capital Strategy to comply with the revised Prudential Code and the Treasury Management Code of Practice *(b/f from previous year)*	Capital Strategy was approved by Council in February 2019 and will be reviewed on an annual basis.	Ongoing	Executive Head of Financial Services and Executive Head of Regeneration and Property
	Finalise development of the Asset Management Strategy which supports the approved annual Capital Strategy	October 2019	
	Development of formalised reporting criteria (financial and non-financial measures) in relation to the Council's Investment Property portfolio	September 2019	
Risk Management *(b/f from previous year)*	Formal adoption of the risk management process and work carried out to embed risk management within all Council activities. Development and adoption of an information risk policy.	September 2019	Executive Head of Financial Services
Workforce/ people strategy	Develop and adopt a longer-term workforce/ people strategy	December 2019	HR Manager
Relationship Management and economic engagement plan	Develop relationship management approach and processes and economic engagement plan.	September 2019	Head of Economy, Planning and Strategic Housing
Procurement Strategy	Revision and adoption of the procurement strategy	July 2019	Principal Procurement Officer
Financial Regulations	Revision and adoption of the financial regulations	October 2019	Executive Head of Financial Services
Review of the entire constitution	The entire constitution will be reviewed and updated to ensure that it remains relevant.	October 2019	Head of Democracy, Strategy and Partnerships
Housing Company Governance	The governance arrangements in place around the Housing Company needs to be formally agreed.	August 2019	Head of Economy, Planning and Strategic Housing

Certification

To the best of our knowledge, the governance arrangements, as defined above and within the Council's Code of Corporate Governance, have been effectively operating during the year with the exception of those areas highlighted on pages 11 above. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

Signed:

David Clifford
Leader of the Council

Paul Shackley
Chief Executive

Date: ?? June 2019

?? June 2019