

BABERGH DISTRICT COUNCIL AND MID SUFFOLK DISTRICT COUNCIL

From: Corporate Manager – Internal Audit	Report Number: JAC80
To: Joint Audit and Standards Committee	Date of meeting: 20 June 2016

JOINT ANNUAL GOVERNANCE STATEMENT 2015/16

1. Purpose of Report

- 1.1 The purpose of this report is to enable the Committee to be satisfied that the Joint Annual Governance Statement (AGS), to accompany each Council's financial accounts 2015/16, properly reflects the risk environment and any actions required to improve it.

2. Recommendations

- 2.1 That Councillors satisfy themselves that the Joint Annual Governance Statement (AGS) 2015/16 (Appendix A to this report) properly reflects the risk environment and any actions taken to improve it.
- 2.2 That subject to 2.1 above, the AGS be endorsed subject to the Interim Assistant Director – Law and Governance being authorised to make any minor amendments and corrections prior to the Statement being finalised for publication.
- 2.3 Further that approval of any significant amendments identified by the Interim Assistant Director – Law and Governance be delegated to her in consultation with the Chairs of the Committee.
- 2.4 That it be noted that the finalised AGS will be signed by the Leader of each Council on behalf of the respective Council together with the Chief Executive on behalf of both Councils.

3. Key Information

- 3.1 The preparation and publication of an AGS is necessary to meet the statutory requirement set out in Regulation 6 of the Accounts and Audit Regulations 2015.
- 3.2 Governance is about how each 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. It comprises the systems, processes, cultures and values, by which the Council is directed and controlled and through which it is accountable to, engages with and, where appropriate, leads communities.
- 3.3 This Committee is responsible for overseeing each Council's work around corporate governance.

- 3.4 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Joint Working Group have recently consulted on a revised Framework for delivering good governance in Local Government, which will be applied against the 2016/17 Statement. The revised Framework will be supported by guidance notes that will include examples of good practice/case studies. The revised Framework builds on the International Framework 2014 and places sustainable economic, societal and environment outcomes as a key focus for governance processes and structures. In addition, the core principles and sub principles from the Framework have been adapted and translated into a series of expected behaviours and outcomes which demonstrate good governance in practice.
- 3.5 The AGS is required to be published to accompany the published Statement of Accounts.
- 3.6 The AGS has been prepared in consultation with key senior officers to reflect the operations of each Council during 2015/16.

4. Financial Implications

- 4.1 There are no direct financial implications as a result of this report.

5. Legal Implications

- 5.1 There are no immediate legal implications arising from this report.

6. Risk Management

- 6.1 A strong internal control environment contributes to the overall effective management of each Council and will help minimise the risks of each Council failing to achieve its ambitions and priorities, and service improvements.

Risk Description	Likelihood	Impact	Mitigation Measures
Failure to regularly monitor and improve the Council's arrangements could weaken corporate governance, have an impact on service delivery and lead to adverse comments from the External Auditor.	Highly Unlikely	Bad	Internal and External Audit help ensure a systemic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

7. Consultations

- 7.1 The AGS was prepared following input from key senior officers.

8. Equality Analysis

8.1 Equality and diversity implications have been considered within the AGS arrangements.

9. Shared Service / Partnership Implications

9.1 Through the integration process Babergh and Mid Suffolk have produced a joint AGS while still recognising the separate sovereign nature of the Councils.

10. Links to Joint Strategic Plan

10.1 Governance touches all aspects of the Councils' activities. To ensure the successful delivery of the Joint Strategic Plan it is essential that the principles of good governance are applied consistently across the Councils.

11. Appendices

Title	Location
(a) Joint Annual Governance Statement 2015/16	Attached

12. Background Documents

12.1 CIPFA/SOLACE framework – 'Delivering good Governance in Local Government – Addendum'

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This Annual Governance Statement is presented as a joint statement of Babergh District Council (BDC) and Mid Suffolk District Council (MSDC).

What is Corporate Governance?

1. Corporate governance generally refers to the processes by which organisations are directed, controlled, led and held to account.
2. Each Council's governance arrangements aim to ensure that it sets and meets its objectives and responsibilities in a lawful, timely, open, inclusive and honest manner and that its use of public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.

Refreshing the Joint Strategic Plan

3. The Joint Strategic Plan sets out how the Councils aim to provide services to deliver positive, sustainable change in our individual and business communities over the next five years.
4. The Plan has been updated or '*refreshed*' following the election in May 2015, as the two new administrations wanted to review and update the strategies of the two Councils, in light of key local, regional and national factors that have changed since the Joint Strategic Plan (JSP) was developed in 2013/14.
5. Strategic planning workshops were held with Portfolio Holders between September and November 2015 to review the vision and the priorities for the Councils, and to consider any changes that need to be made to the Councils' activities in order to deliver the priority outcomes.
6. Councillors confirmed that the vision and priorities in the previous Plan had not changed – Economy and Environment, Housing, Strong and Healthy Communities – and that these priorities would be delivered under five key strategic themes or Outcomes:
 - Housing delivery – More of the right type of homes, of the right tenure in the right place:
 - Business growth and increased productivity – Encourage development of employment sites and other business growth, of the right type in the right

places and encourage investment in skills and innovation in order to increase productivity;

- Community capacity building and engagement – All communities are thriving, growing, healthy, active and self-sufficient;
- Assets and investment – Improved achievement of strategic priorities and greater income generation through use of new and existing assets ('Profit for Purpose'); and
- An enabled and efficient organisation – The right people are doing the right things, in the right way, at the right time, and for the right reasons.

7. The refreshed Plan was presented and approved by the Strategy and Executive Committee in February 2016. The report included an overview of the refreshed Plan – a 'Plan on a Page' outlining the high level strategic outcomes to be achieved over the next five years, and the outputs needed to deliver these outcomes.
8. To create greater transparency a full on-line document is being developed, which Councillors can self-service, containing more detail behind each outcome and output including how the outputs are planned to be delivered – the activities, both service delivery and service development.

Financial implications

9. The Councils continue to face considerable financial challenges as a result of uncertainty in the wider economy and constraints on public sector spending. At the same time though, there are also funding sources and opportunities that we are fully exploiting as part of our new business model.
10. The Councils need to be financially sustainable in the medium term. As part of our new business model and financial strategy we have decided that we will maximise incentivised funding streams from the government, and look to generate other income streams and use these to deliver our future plans.
11. The JSP refresh has shaped the financial and resource allocations made in the Medium Term Financial Strategy (MTFS) for both Councils, as the detailed output from the Portfolio Holders strategic planning workshops, was used as the basis for building the 2016/17 budget and the MTFS.

Management review

12. A management review was undertaken to ensure the Councils have the right management capacity with the right skills to provide the right leadership. This is critical in creating the right conditions to lead staff and manage resources to best effect to achieve the Councils' ambitions. This is within the context of devolution, a

programme of public service reform, integration and transformation across Suffolk, latest government initiatives, our strategic priorities and core services.

13. The review is closely related to the Joint Strategic Plan, update of the Medium Term Financial Strategy, agreeing the budget for 2016/17 and re-shaping the delivery programme, projects and plans to ensure our resources are aimed at achieving the best outcomes for the people and places in Babergh and Mid Suffolk.
14. The key outcomes of the review are to:
 - Continue to develop an organisation which is agile and adaptable, where people are increasingly networked both internally and across the Suffolk system;
 - Organise work so key areas that overlap are better connected, and to create tight groupings of activities where required to strengthen linkages across the organisation;
 - Align and focus resources to the outcomes of the Councils to enable both collaboration and a strong focus to deliver strategic outcomes and services;
 - Create senior leadership that is similarly outcome focused and has a real impact; and
 - Consider the implications of proposed changes on operational levels within the organisation.

Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function

15. Vision and leadership is provided by the Chief Executive, whose responsibility is to create the conditions to build strong relationships and a strong reputation. She leads the organisation to achieve demanding strategic goals, ensuring that the management team drives performance that focuses on outcomes and delivery. The Chief Executive has strong and productive relationships with communities, working especially with the Leaders of the Councils and their senior councillor colleagues. She is accountable to Councillors for overall performance.

Ensuring effective arrangements are in place for the discharge of the Monitoring Officer function

16. The Monitoring Officer is responsible for ensuring that the Councils act in a lawful manner. This has been delivered through a range of measures including the Monitoring Officer attending Council and committee meetings where legal or probity issues are likely to arise and advising officers on Council and committee reports when required. The Monitoring Officer is a solicitor and has personally discharged her responsibilities to provide advice to Councillors on the Suffolk Local Code of Conduct, bias and predetermination and investigated conduct complaints. The

Monitoring Officer is supported by two Deputies who assist with the discharge of functions.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

17. Ensuring compliance with established policies, procedures, laws and regulations involves a range of measures, including proactive monitoring of proposals and decisions.
18. Under Section 5 of the Local Government and Housing Act 1989 the Monitoring Officer is required to report to the Council where, in her opinion, a proposal, decision or omission by the Council, its Councillors or Officers is, or is likely to be, unlawful and also to report on any investigation by the Local Government Ombudsman. To facilitate the early identification of potential issues, the Monitoring Officer attends Senior Leadership Team (previously called Management Board) meetings. Regular Statutory Officers' Meetings have also been established to identify any potential governance issues. It has not been necessary for the Monitoring Officer to issue any reports under Section 5 of the Local Government and Housing Act 1989 for the year 2015/16.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for councillors and staff

19. Councillor behaviours are governed by a code of conduct which is set out in the Councils' Constitution. The Suffolk Local Code of Conduct was adopted by the Council in 2012 and all Councillors have signed an undertaking to abide by its provisions and have completed a register of their personal interests.

Role of the Chief Financial Officer

20. Each Council largely mirrors the recommendations made by CIPFA with regards to the role of the Chief Financial Officer and their position and status within each organisation.
21. The s151 Officer attends Senior Leadership Team (previously called Management Board), this being the key officer decision making body of the organisation responsible for developing, implementing and delivering the strategic objectives of both Councils.
22. All material financial decisions must be approved by the s151 Officer. The decision making structure of both organisations is designed to ensure that this happens through the report approval framework.
23. Processes, systems internal controls and risks are maintained and frequently reviewed in order to ensure that good financial management exists across both

organisations and that value for money is achieved.

24. The Corporate Manager – Financial Services who replaced the Interim Manager in November 2015 has responsibility for Finance for both Councils, is professionally qualified and skilled and is provided with the necessary resources to provide a finance function that is fit for purpose and suitably equipped to meet organisational and stakeholder needs.

Governance Working Group

25. Senior officers formed a Governance Working Group under the sponsorship of the Interim Head of Legal and Governance. The Group meet on a regular basis focusing on strengthening governance across the organisation with specific reference to constitutional reform, scrutiny and schemes of delegation. Additional areas considered include a review of the approach to equality and diversity, implementation of the modern.gov capability, approach to risk management and its framework and commissioning and procurement for outcomes.
26. As a result and working with Councillors a number of reforms to the constitution have been successfully implemented alongside a very successful roll out across the organisation of the revised commissioning and procurement framework (see paragraphs 60 to 62). Understanding of business intelligence and performance (see paragraphs 27 & 28) has progressed significantly alongside the review of the Risk Management Strategy, which was agreed by Councillors in January 2016 (see paragraphs 35 to 40).

Performance Management

27. In September 2015, Councillors approved a new performance approach which moves towards a greater focus on measuring the desired results and outcomes of key projects and activities, underpinning the agreed priorities and ambitions of the Councils. A further report was presented to Councillors in December 2015 which developed the approach including measuring the impact the Councils (and partners) are having on improving community conditions and quality of life, across Suffolk, in each District and in each Place. This is a fundamental shift and will build upon the traditional input and output measures that Councillors are used to monitoring. This new approach has been developed in parallel with the refresh of the Joint Strategic Plan, the Business Plan, the Medium Term Financial Strategy, the Budget 2016/17, the Management review and the introduction of an agile approach to project management and delivery. Councillors will also have the benefit of on-going interaction with the delivery programme.
28. Councillors will be able to monitor achievement of these important impacts and outcomes through presentation of half-yearly reports to the Strategy and Executive Committees; the first report in this new approach will be presented (as a year-end report) in July 2016. Measurement of community impact will often be measured

through customer sampling and resident surveys and all performance impact and outcome measures will set out an indication of the current position (initially a snapshot by which we would measure and self-evaluate continuous improvement over time). Targets will be developed for a number of the measures and benchmarking activity undertaken where possible. Some of the measures will identify short term impact whilst others will by their nature demonstrate trends over the longer term. An overall judgement of performance (using a RAG status) will be provided for the District level performance information, along with a summary of the evidence for the judgement being made. Place profiles are being developed, continuing with the line of sight through from the Suffolk and District sections.

Information Governance

29. We have, in partnership with Suffolk County Council, developed an information and communications technology strategy to support both Councils' strategies. Our approach has been and continues to be, to consolidate systems such that teams can operate seamlessly across both organisations regardless of their location. In the process of consolidating these systems we are reviewing the data we hold and where necessary digitizing the information, such that it can be accessed from either site.
30. The integrity of the information we hold on behalf of our employees and customers is crucial for our business and as such we have adopted the Suffolk County Council's IT and Information Management policies and trained staff such that they are aware of them and can handle the information respectfully and securely. We have assigned Corporate Managers within their designated areas to be the Information Asset Owners (IAO). To minimise the risk of a data breach all our computer hardware and software systems conform to appropriate standards. At a user level we also encrypt all memory sticks, issue laptops with encrypted hard disks and are currently in the process of introducing encryption into our email system.
31. Information governance is managed by the Information Governance Board (IGB), which is chaired by the Assistant Director – Corporate Resources who currently fulfils the role of Senior Information Risk Owner (SIRO). This group comprises of key senior managers and the Information Management Specialist (Legal) who are empowered to take decisions on information management. The IGB's key responsibility is to ensure that the Information Governance Policy and framework is maintained and that actions are taken to implement the Policy and keep it up to date.
32. The Council's agreed to a consensual audit of their FoI process arrangements by the Information Commissioner's Office. The audit provided the Councils with an independent assurance of the extent to which the two Councils were complying with the DPA.
33. The ICO's findings were both positive and helpful in strengthening our existing processes.

Standing Orders, Financial Regulations and Scheme of Delegation

34. Each Constitution sets out its Contract Procedure Rules and guidance, Financial Regulations and Scheme of Delegation.

Risk Management Arrangements

35. The Council has a risk management strategy. It was reviewed by Senior Leadership Team (previously called Management Board) and the Joint Audit and Standards Committee in January 2016 to ensure it is appropriate and reflects the approach the Councils wish to take to the management of risk.
36. The successful delivery of the Councils' priorities and Joint Strategic Plan depends on the Councils' ability to tolerate and manage risk rather than eliminate it altogether. A certain amount of risk taking is inevitable. The risk management strategy recognises this and different 'risk appetite' limits have been set and developed around good governance.
37. Significant risks that may be potentially damaging to the achievement of the Councils' priorities are recorded in a risk register and assigned owners.
38. The refresh of the Joint Strategic Plan has had implications on the content of the Significant Risk Register. In the wake of this, the register has changed to reflect the five new outcomes, the associated risks and the actions that are being taken to respond to these risks. As it stands, the register is in draft form awaiting approval by senior management and the Executive and Strategy Committees.
39. The register remains, as always, a living document and as projects develop, the register will capture any new, evolving and emerging risks.
40. Primarily Councillors and senior management will be focussed on the strategic and business critical risks that could impact on the achievement of objectives or successful delivery of outcomes. More detailed business operation risks are the primary concern of services and functions, where managers will be controlling and monitoring their risks and escalating these to a strategic level if they are no longer containable and manageable at a functional level.

Counter Fraud and Corruption Arrangements

41. Councillors of the Joint Audit and Standards Committee receive an annual report entitled 'Managing the Risk of Fraud and Corruption' that provides a clear basis for raising awareness by setting out information that has been communicated to Councillors, staff and other stakeholders of the work the Councils undertake to manage the risk of fraud and corruption. It brings together in one document a

summary of the outcomes of our work to deter, prevent and detect frauds and corruption over the last 12 months.

42. Each Council's expectation of propriety and accountability is that Councillors and employees, at all levels, will lead by example in ensuring adherence to legal requirements, policies, procedures and practices.
43. The way Housing Benefit is investigated changed for our Councils on 1st May 2015 following a government initiative to create a single integrated fraud investigation service with statutory powers, which included the investigation and sanction of Housing Benefit offences. From 1st May 2015 all suspected Housing Benefit fraud cases have been referred to the DWP within a new team called the 'Single Fraud Investigation Service' (SFIS).
44. All other corporate fraud responsibilities remain the responsibility of management. These are set out in the Councils' 'Prevention of Financial Crime Policy'.
45. Internal Audit has produced a Fraud Risk Register, which contains a list of areas where Internal Audit and service managers believe the Councils are susceptible to fraud. This register enables the Councils to focus on suitable internal controls to mitigate any subsequent risk. The register also influences the Internal Audit planning process.
46. CIPFA's 'Code of Practice on managing the risk of fraud and corruption' supports organisations seeking to ensure they have the right governance and operational arrangements in place to counter fraud and corruption. The Code builds on CIPFA's previous guidance, *Managing the Risk of Fraud*, commonly known as the 'Red Book'. It is shorter and clearly sets out the importance of top level support from the governing body and leadership team. Under the previous guidance, Internal Audit assessed the Councils as being compliant.
47. The new Code is voluntary and can be applied in any public service organisation. Internal Audit has performed a fraud benchmarking assessment of the current state of the Councils' governance structures and processes against the new Code. Having considered the all the principles, the Corporate Manager – Internal Audit is satisfied that the Councils have adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Role of the Audit Committee

48. The Joint Audit and Standards Committee has, amongst other functions, responsibility for undertaking the Councils' responsibilities in relation to financial governance issues; considering the effectiveness of the joint risk management arrangements, the control environment and associated anti-fraud and corruption arrangements; and be satisfied that the joint Annual Governance Statement properly reflects the risk environment and any actions taken to improve it. This meets the core

functions of an Audit Committee, as described in CIPFA's Audit Committees: Practical Guidance for Local Authorities.

49. The Committee ensures a consistency of approach, avoids duplication of resources and improves joint working between both Councils and will only address matters which are being progressed across both Councils.
50. Issues that are pertinent only to a single Council area will remain the preserve of that Council's Audit Committee.

Role of the Joint Scrutiny Committee

51. The general role of the Joint Scrutiny Committee is to review and/or scrutinise decisions made or actions taken in connection with the discharge of any of the Councils functions; make reports and/or recommendations to the full Councils and/or the Executive and Strategy Committees with respect to matters with the discharge of any function and any matters affecting the area or its inhabitants.
52. This Committee will seek to address matters which are being progressed across both Councils. Issues that are pertinent only to a single Council area will remain the preserve of that Council's Scrutiny Committee.

Internal Audit

53. The Accounts and Audit Regulations 2011 require every local authority to maintain an adequate and effective internal audit function. Audit is an assurance function that primarily provides an independent and objective opinion to the organisation on the control environment comprising risk management, control and governance by evaluating its effectiveness in achieving the organisation's objectives.
54. One of the key assurance statements the Council receives is the annual report and opinion of the Corporate Manager – Internal Audit. In respect of the twelve months period ending March 2016, their opinion was that the Councils' internal control environment and systems of internal control provide adequate assurance over key business processes and adequate assurance over financial systems.
55. Where issues have arisen during the year, action plans have been agreed with relevant managers to address the weaknesses identified.

Procedures for Whistleblowing and for receiving and investigating Complaints

56. A strong ethical and performance framework is in place to enable staff and Councillors of both Councils to operate effectively in their respective roles. Internal Audit has created a single document entitled 'Prevention of Financial Crime Policy', which includes the Whistleblowing Policy. The Whistleblowing Policy allows both staff

and Councillors of the public including contractors to raise matters in a confidential manner to the Council.

57. A formal complaints policy exists to deal with other matters of public concern regarding the services provided by the Councils.
58. The Joint Audit and Standards Committee receive reports on any complaints made against Councillors relating to breaches of the Code of Conduct. Details of how to make a complaint and the Committee's procedure for dealing with Councillor complaints are available on each Council's website.

Ensuring development needs for staff and Councillors are met

59. The leadership development programme of work is in place to build the leadership capability to deliver a collective set of values and behaviours for the Councils and supporting the development of a 21st Century public service and leaders. The Councillor Support Program was launched in May 2015 and received positive feedback. This program of work continues to be developed and focussed on supporting Councillors to fulfil their roles within their communities. The Councils have also been working with The Institute of Local Government Studies (INLOGOV) to develop and support the role of Councillors and staff. A new appraisal process called 1-2-1 conversations was introduced to drive developmental conversations between staff and managers to maximise potential and continue to develop our skills and capabilities to meet our current and future needs.

Commissioning and Procurement

60. Both Councils' existing Contract Standing Orders (CSOs) were reviewed and a common approach agreed with joint CSOs being implemented in October 2015. The joint CSOs provide details of the principles and obligations including statutory requirements which should be applied to the Councils' commissioning and procurement.
61. A Commissioning and Procurement Manual was developed to accompany the CSOs and implemented in December 2015. The Manual provides guidance on the principles and practice that should be applied to the Councils commissioning and procurement. A series of workshops with the Councils' Management Team was undertaken during the last quarter of 2015/16 to establish awareness and understanding of the Manual and the guidance it provides.
62. During 2015/16 the use of a requisitioning module was implemented to the Councils' electronic purchase to pay (P2P) process. The requisitioning module introduced an additional stage in the Councils' P2P process providing the opportunity for the Councils' Commissioning and Procurement Team to review purchase orders before they are issued to the suppliers. This additional stage has enabled issues with

compliance with CSOs to be highlighted and resolved before commitments are made to suppliers.

Looking ahead 2016/17

Current Future Focus and Challenges

63. The JSP refresh has shaped the financial and resource allocations made in the Medium Term Financial Plan for both Councils, as the detailed output from the Portfolio Holders strategic planning workshops, was used as the basis for building the 2016/17 budget and the MTFS.
64. The budget and the MTFS are informed by and will drive the financial sustainability of both Councils. The Councils' joint response to the financial challenges and the opportunities faced comprises the following key actions:
- Aligning resources to the Councils' refreshed strategic plan and services;
 - Continuation of the shared service agenda, collaboration with others and transformation of service delivery;
 - Behaving more commercially and generating additional income;
 - Considering new funding models (e.g. acting as an investor);
 - Encouraging the use of digital interaction and transforming our approach to customer access; and
 - Taking advantage of new forms of local government finance (e.g. New Homes Bonus, business rates retention).
65. Delivery of the strategic outcomes can only really be achieved through collaboration with public sector partners, local communities and the voluntary sector. Work is underway across Suffolk to lead this whole system transformational change, and this is underpinning the current work on the Suffolk/Norfolk/Cambridgeshire/Peterborough (East Anglia) Devolution agreement.

How will we achieve this?

66. We are now working alongside our partners to agree solutions that reduce demand and cost, optimise the use of our resources, and create the right conditions and culture to achieve common outcomes.
67. It is recognised that a new level of commerciality needs to be embedded across the organisation to identify new opportunities for reducing costs, and for generating increased levels of fees and developing new income streams. Officers have been working on a number of new commercial initiatives over the last year, with some having already been implemented and now realising positive benefits. These initiatives taken together, and as we move forward, are getting us on track to be more efficient and more financially sustainable.

68. To enable the successful delivery of all the strategic outcomes, we need an enabled and efficient organisation – the right people, doing the right things, in the right way, at the right time, for the right reasons. The new management structure and culture changes following the recent management review will lead the organisation forward to deliver these outcomes.
69. Key to delivering the outcomes in the Plan will be our relationship with our communities and businesses. The achievement of Councillor priorities in the areas of homes, jobs, and businesses, and our overall approach to serving our residents, will require our work with communities to be embedded in all those areas. Councillors also play an important part through their community leadership role.
70. Councillors have a key role in leading and overseeing delivery against the outcomes in our refreshed Joint Strategic Plan. Through our new outcome performance management framework we will be able to measure our progress towards achieving the desired results and outcomes of our key projects and activities, underpinning the agreed priorities and ambitions of the Councils. Our developing framework will measure the impact the Councils (and partners) are having on improving community conditions and quality of life.
71. In parallel to the formal outcome reporting to Councillors, a system for unlocking performance ‘facts and stats’ held in our systems and presenting them on our website is under development. These key pieces of information will be the more traditional input and output measures that will have been reported previously and the first of these will be uploaded in May 2016. They will be expanded to provide Councillors and communities with greater transparent “self-service” access to our information.
72. Key to this new approach is the alignment with managing team and individual performance. This will help embed performance management not just of team, individual and organisational activities but of collective impact as the cultural norm. It will help project leads, managers and their teams to meaningfully manage performance, whilst ensuring flexibility to redeploy resources to respond to changes in priorities and outcomes. Officer performance contribution at all levels within this new approach will become the main subject of discussion at 1-2-1s and team meetings; continuous performance conversations and an annual review process.
73. In addition, we are developing an Investment and Development Strategy for our two Councils. As set out in our Joint Strategic Plan our core funding from Government has and will continue to reduce dramatically. Hence we need to change our business and financial model as described above if we are to continue to provide key services and be financially sustainable in the future. In summary the part the Investment and Development Strategy will play in this is to explore and focus on how we can use our money, property and expertise to:

- Generate income from sharing in the risks of property (commercial and residential) development, investment and management;
- Increase the rate of development of sites that are already allocated for development, in order to meet the needs of local communities and increase the rate at which New Homes Bonus and additional Business Rates are generated; and
- Increase the rate of return from our investments where the resultant increase in risk is acceptable.

74. The Governance Working Group will continue to meet through 2016 in an effort to implement additional constitutional and scrutiny reforms, in addition to, further work around equality, financial management delegation schemes and Councillor support underpinning the strategic goal of achieving an enabled and efficient organisation.

75. Going forward we are embarking on a detailed information audit to help the business understand how it can use the latest technology in the future with existing data securely to make it more accessible for both staff in a mobile environment and customers from a self-service environment. In addition, Data Protection and Freedom of Information training will be rolled out across the Councils.

76. In the coming year the focus will be to continue to look at staff, Councillors and the wider development of the organisation. The programme of work in addition to the leadership development programme and the ongoing Councillor Support Programme will include:

- A Growing Talent programme which focuses on maximising the talents of all staff;
- A range of initiatives to increase staff involvement to enable to understand, develop and increase the effectiveness to achieve the organisational outcomes, including building on the Connect intranet;
- Promoting Health and Well-Being, including staff's ability to be confident and resilient to manage the changes within the organisation; and
- Developing practices and approaches to people management that support the development of staff and managers.
- Developing ethical behaviours as part of the overall governance support across the Councils.

This program of work is contained within the Organisational Development Strategy and plan, which is currently being worked on.

Conclusion

77. The Annual Governance Statement provides an assurance of the effectiveness of each Council's system on internal control. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework. There have been no

governance issues identified during the year that are considered significant in relation to each Council's overall governance framework.

78. We are already addressing the key governance risks and challenges set out in this Annual Governance Statement and will continue to do so over the coming year to further strengthen our governance arrangements. We are satisfied that these steps will continue to address the need for any improvements that are required and that arrangements are in place to monitor the issues raised as part of each Council's annual review.

Signed

Charlie Adan, Chief Executive

Date

Signed

Jennie Jenkins, Leader of the Council –
Babergh DC

Date

Signed

Nick Gowrley, Leader of the Council –
Mid Suffolk DC

Date