

BRENTWOOD BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2012/13

Scope of Responsibility

Brentwood Borough Council is responsible for ensuring its business is conducted in accordance with the law and proper standards and that public money is safeguarded and accounted for and used properly. The Council also has a duty under the Local Government Act 1999 to make arrangements to ensure 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 must put in place proper arrangements for the governance of its affairs and ensure that there is a sound system of internal control which facilitates the effective exercise of its functions and management of risk.

The Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code can be obtained by contacting the Director of Strategy and Corporate Services at Brentwood Borough Council. This statement explains how Brentwood Borough Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit [Amendment] (England) Regulations 2006 in relation to the publication of a statement on internal control.

Purpose of the governance framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled and the activities through which it accounts and engages with the community. It enables the Council to monitor the achievement of its strategic priorities and to consider whether or not those objectives have led to the delivery of appropriate 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 priorities and can therefore only provide reasonable – and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies and priorities; to evaluate the likelihood of those risks being realised and their impact should they be realised; and to manage them efficiently, effectively and economically.

The governance framework described below has been in operation at the Council for the year ended 31st March 2013 and up to the date of approval of the Statement of Accounts.

Governance framework

Brentwood Borough Council's governance framework derives from six core principles identified in the CIPFA/SOLACE publication entitled '*Delivering Good Governance in Local Government – Framework*'. The six core principles are:

1. Focusing on the purpose of the Council and on outcomes for the community, and creating and implementing a vision for the local area.
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles.
3. Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing of risk.
5. Developing the capacity and capability of Members and officers to be effective.
6. Engaging with local people and other stakeholders to ensure robust public accountability.

The key elements of each of these core principles, as applied within Brentwood Borough Council, are detailed below.

Focusing on the purpose of the Council and on outcomes for the community, and creating and implementing a vision for the local area.

Brentwood Borough Council is responsible for a number of key services and functions, including:

- Community Grants and Events
- Council Tax, Business Rates (NNDR) and Benefits
- Environmental (Street) Services
- Housing
- Leisure and Culture
- Regulation i.e. Planning, Building Control, Environmental Health & Licensing
- Car Parking
- Economic Development
- Land Charges

During 2012/13, the Council approved a new Corporate Plan. The key priorities for the Council outlined in the Corporate Plan for the period 2013 – 2016 are:

- **Street Scene and Environment** - Brentwood is a clean, green and pleasant borough. Maintaining and improving this involves not just the Council but also our communities and many partners. We will find new ways of working with our partners and communities, and improve the way we play our part, to enhance the environment and attractiveness of the borough.
- **Localism** – We believe that through bringing communities together and working effectively in collaboration with a range of groups and organizations we can better ensure the future wellbeing of our borough. We will work with local businesses, community groups and the voluntary sector to develop projects that will enhance and support the local community.

- **A Prosperous Borough** – A new Local Development Plan, to be adopted by 2014, will shape the way our borough will change over the next fifteen years. We will work hard to get the best outcome and achieve a good balance for residents, business and the economy in a way that celebrates Brentwood’s unique history and quality of life; both within the borough and influencing the outcome of regional developments that will affect Brentwood residents.
- **Housing, Health and Wellbeing** – Current legislative reforms will lead to significant changes to the way the Council supports people in housing need and in receipt of state benefits. We will develop different ways of working, both in the way we deliver services and with the voluntary sector, to make sure that the more vulnerable residents in Brentwood are protected, and help goes to those most in need of it.
- **A Safe Borough**- In this era of austerity, it has never been more important to work in partnership to tackle the borough’s community safety issues. As the new Police and Crime Commissioners begin their work, we will involve ourselves in new ways of working and continue to work with Safer Brentwood (the statutory Community Safety Partnership for Brentwood). With our partners and communities, we will further reduce incidents of crime and anti-social behaviour in the borough.
- **A Modern Council** – Between 2013 and 2016 the way the council looks and works will be transformed. We will make it easier for customers to access services and information, cut out bureaucracy that doesn’t add value and make sure taxpayers’ money is spent even more wisely. We will become more entrepreneurial. We will have services delivered by those best placed to deliver excellence and value for money, whilst holding onto and enhancing our role, duties and powers as Local Council and Community Leader.

Service Plans and Appraisals systems have also been strengthened in order to achieve the “golden thread” approach to ensure individual and service priorities and ambitions are fully aligned to the Corporate Plan. The “golden thread” will be the essential link between the Council’s high level priorities and the individual employee/service contribution towards the achievement of these priorities.

The Council is a key partner for many external organizations. These include:

- Brentwood Access Group – a lobby group for people with disabilities on the built environment, goods and services.
- Brentwood and District Age Concern – to assist the elderly residents of Brentwood.
- Brentwood Community Transport – providing transport for Brentwood residents unable to access public transport.
- Brentwood Renaissance Group – a group of stakeholders meeting to consider improvement of High Street and shopping areas in Brentwood.
- Citizens Advice Bureau – providing advice and empowerment to citizens.

The Council has continued with its established partnership arrangements with Essex County Council in areas such as:

- Internal Audit
- Human Resources
- Legal Services
- Emergency Planning

The Council also has a joint working arrangement with Westminster Council (Westco) for the provision of a Communications Service.

Other joint working arrangements enable the Council to provide cost effective services in areas which require specialist skills and knowledge. The Council is working closely with Essex County Council's Trading Standards and Braintree District Council's Environmental Health and Licensing Services so it can deliver an integrated two tier service. A formalised three year project delivery plan is in place until the end of 2014/15. The governance arrangements for these projects are led by Members from each partnering authority. Not only is this providing a more efficient, economic and effective service delivery model, but also a more customer centric service and one designed to reward compliance through reduced regulation in order to achieve the overall aim of enhancing public protection. It also provides additional capacity, expertise and resilience. There is also a Service Level Agreement in place with Chelmsford City Council to deliver the Council's air quality management reporting to DEFRA.

The Council has a Performance Management Framework. Performance is reported to Overview and Scrutiny on a quarterly basis with any matters of concern referred to relevant Panels/Committees. Performance is also reported to Heads of Service on a monthly basis with any matters arising reported to the Corporate Leadership Board. In addition, progress on key projects is reported to the Corporate Leadership Board on a monthly basis.

The Council has a Medium Term Financial Plan (MTFP) which forms the framework for the Council's financial planning. The MTFP details the budget setting process to ensure that the Council's resources are managed effectively in order to meet its statutory responsibilities and deliver the aspirations of the Council, over the medium term. In addition to this, as part of the Medium Term Financial Planning process, a Savings Strategy has been developed which clearly identifies a number of key savings which are to be achieved in order to maintain a balanced budget. These are monitored by the Corporate Leadership Board and Finance Monitoring Board.

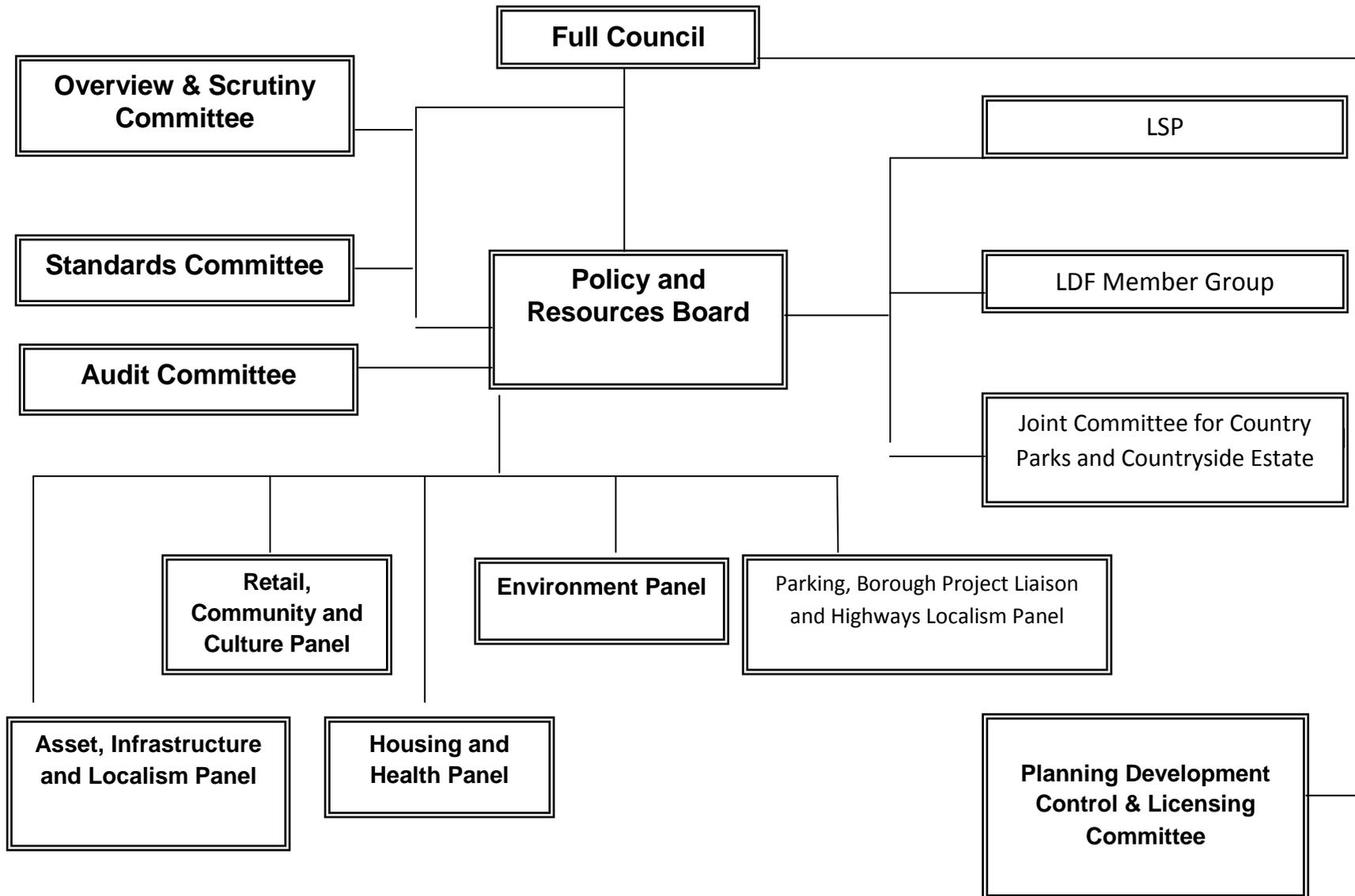
Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Brentwood Borough Council has adopted a Constitution which sets out how the Council operates, and how decisions are made and the procedures which are followed to ensure these are fit for purpose. It includes protocols on member/officer relations and communications between the two parties.

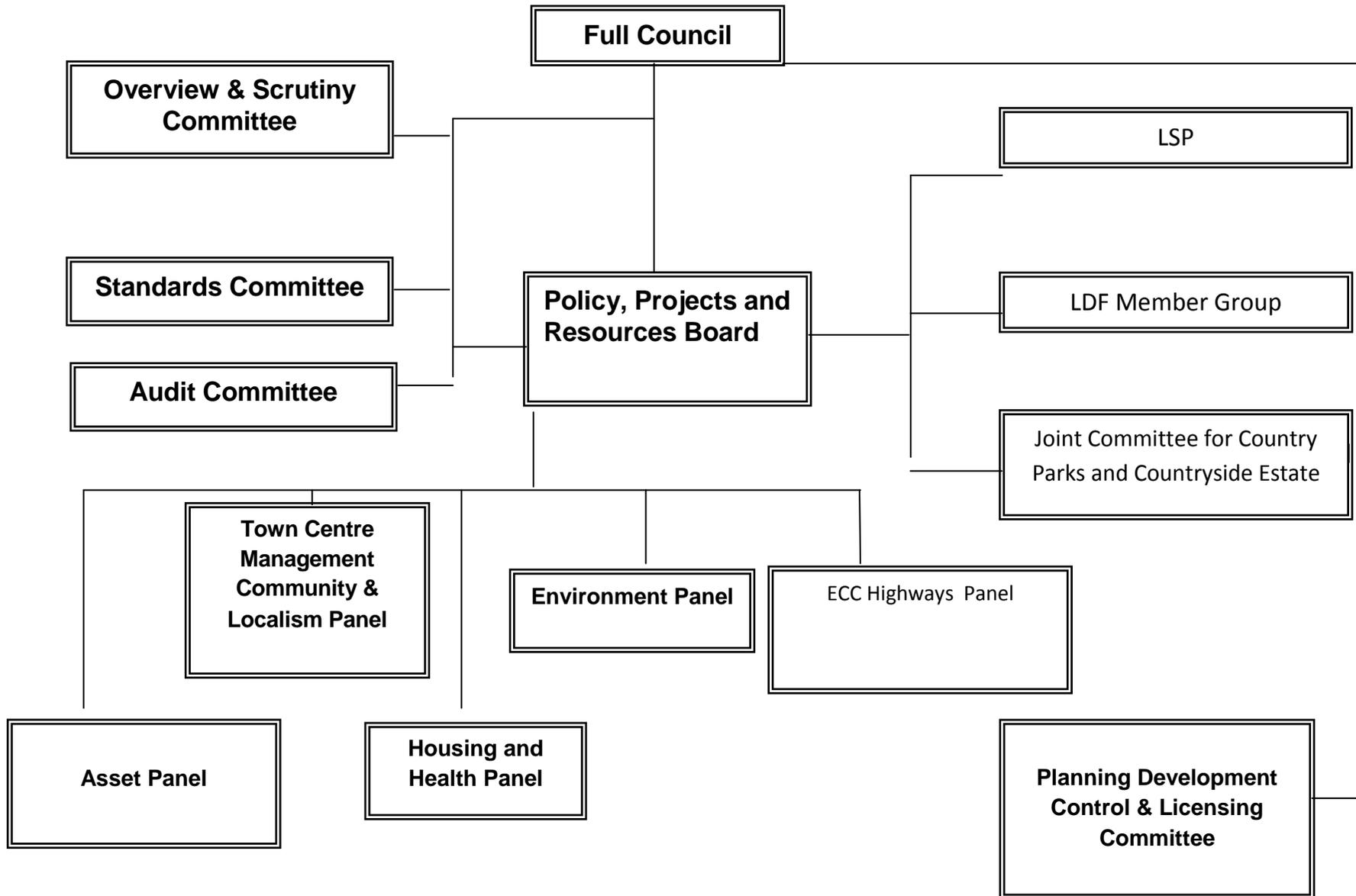
The current committee structure for the Council is shown below. However, this was slightly amended in January 2013, and therefore an updated version of the structure is also included.

The Council has also undertaken a significant amount of work during 2012/13 to review the governance structure and, as a result a new, streamlined committee structure will be implemented for the 2013/14 Municipal Year.

Committee Structure up to January 2013



Committee Structure from January 2013



The Constitution details the roles and functions relative to these bodies, Panels and officers. A Forward Plan is prepared for each Committee/Panel which outlines the key decisions which will be made during the year.

The Corporate Leadership Board (CLB), consisting of the Managing Director, Director of Strategy and Corporate Services and each Head of Service meet on a regular basis and support the Council in providing the strategic direction for delivering the policies and priorities. It also considers other governance issues including risk management, performance management and financial management. The purpose of CLB is:

- To provide clear and visible strategic leadership to the Council
- To develop strategies to achieve Members' priorities for the borough and Council
- To provide coherent and sound advice and support to elected Members
- To drive, manage and monitor the Council's work programme, resource planning and performance
- To manage and minimize risks to the Council
- To drive and steer modernization and change to ensure the Council is efficient and effective
- To shape and drive the culture of the organisation

In addition to CLB, there are other working groups which play an important role in the governance of the Council, these include:

- Health & Safety
- Procurement

During 2012/13, a specific working group was created to review and develop a Local Council Tax Support Scheme for the Council. The Group reviewed feedback from a comprehensive consultation exercise alongside Government guidance before making recommendations on key principles for the scheme to Full Council for approval.

Following an LGA peer review, a number of strategic issues were identified for development. The LGA provided support for the completion of these through funding and sourcing of consultancy support.

The project objectives were:

- Facilitate the redrafting of the Council's Corporate Plan.
- Researching and presenting to Members alternative service delivery models to deliver value for money.
- Review of the Council's governance arrangements.

The work was completed and objectives delivered by May 2013.

Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

The Council operates to a prescribed set of organisational values which underpin individual and collective behaviour and are reflected in discussion, communication and decision making processes. The values and behaviours are:

- One team – trust, support, respect, accessible, speak as one.
- Leadership – own the vision and priorities, promote a positive culture and, challenge if you're not convinced; take responsibility and ownership and positively promote colleagues, staff and Members of the Council.
- Focus on delivery – accountable, performance focused, outcome led, customer centred, partnership working.
- Learning – no blame culture, innovation and creativity, opportunities, engagement, continuous improvement.

In addition, Members have adopted a set of general principles which complement the values, codes and procedures which operate within the Council. During this year the Council has adopted a brand new Member Code of Conduct which is compliant with the Localism Act 2011 as well as a new regime for ensuring compliance which has also been adopted. The new Code includes the following which are known as the Nolan principles:

<i>Selflessness</i>	To serve only the public interest and never improperly confer an advantage or disadvantage on any person.
<i>Integrity</i>	Not place themselves where their integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.
<i>Objectivity</i>	Make decisions on merit, including when making appointments, awarding contracts, or recommending individuals for rewards or benefits.
<i>Accountability</i>	To be accountable to the public for their actions and the manner in which they carry out their responsibilities, and should cooperate fully and honestly with any scrutiny appropriate to their particular office.
<i>Openness</i>	To be as open as possible about their actions and those of the Council, and should be prepared to give reasons for those actions.
<i>Honesty</i>	Not to place themselves in situations where their honesty may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.
<i>Leadership</i>	Should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

The old Standards Committee has been disbanded and replaced with a new process which deals with complaints against Members in a faster and more efficient way. The premise for this includes a process of assessment initially by a three person panel consisting of the Monitoring Officer, the Leader of the

applicable party (or the Mayor in default) and one of the Council's newly appointed Independent Persons. This new process takes over all complaints against Members and it will assist:

- To promote and maintain the high ethical standards of conduct by the Members and co-opted Members of the Council.
- To assist Members and co-opted Members of the Council to observe the Council's Code of Conduct.
- To advise the Council on adoption or revision of a Code of Conduct.
- To monitor the operation of the Council's Code of Conduct.
- To advise, train or arrange training for Members and co-opted Members on matters relating to the Council's Code of Conduct.
- To give consideration to issues of conduct in public life as they relate to Members and co-opted Members of the Council in the light of relevant regulations made by the Secretary of State and such advice and guidance as may be issued by the Standards Board of England.
- To advise the Council on protocols covering the conduct of the Council's business and activities.
- To consider and advise on matters relating to conduct as may be requested by the Council.

The complaints against Members process will form judgements on conduct by referring to the specific codes of conduct and protocols within the Constitution. Examples of these include:

- Protocol on Councillor/Officer relations.
- Protocol on Member involvement in Commercial Transactions.
- Protocol on attendance and questioning at Overview and Scrutiny Committees.
- Members' Planning Code of Good Practice.

The conduct of Members and officers is further regulated through a number of plans, policies, procedures and strategies. A copy of the Council's plans, policies, procedures and strategies is available to all staff on the intranet.

A specific example of this is the Council's Anti Fraud and Corruption Strategy. Through this strategy, the Council is committed to the prevention, detection, investigation, reporting and action in connection with all fraud and corruption affecting Brentwood Borough Council, its partners and those involved in supplying services to the Council.

In addition to the above, the Managing Director (Head of Paid Services), Director of Strategy and Corporate Services (Section 151 Officer) and Head of Legal and Governance (Monitoring Officer) each have specified roles to ensure reports and decisions comply with financial regulations and are lawful.

Each Member receives copies of meeting agendas in advance. As part of the agenda, it is a requirement for Members to declare any interests at the outset of the meeting.

Taking informed and transparent decisions which are subject to effective scrutiny and managing of risk.

A key feature of the formal decision making process is within the format and content of the report and supporting papers which outline the subject matter. These reports and papers are subject to review by the three statutory officers of the Council (Head of Paid Service, Section 151 Officer and Monitoring Officer). Each report also considers the separate implications arising in the following areas:

- Legal
- Finance
- Staff
- Risk Management
- Asset Management
- Health and Safety
- Equality and Diversity

The Council has a number of panels which carry out regulatory or scrutiny functions. There is also a specific Overview and Scrutiny Committee. The main aim of overview and scrutiny is to act as a 'critical friend' to the Council in order to promote better services, policies and decisions. Overview and scrutiny makes a difference by ensuring that local decision-making is better, that local services are improved and that local democracy is strengthened. Scrutiny ensures that the committees and panels are held to account for the decisions that they make and their impact upon the borough and its residents. The Council has an Overview and Scrutiny Committee that performs all overview and scrutiny functions on behalf of the Council. No Member may be involved in scrutinising a decision in which he/she has been directly involved.

The Overview and Scrutiny Committee is responsible for setting its own work programme based on the studies requested by the executive panels and committees or into strategic policy or resource issues requested by the Policy and Resources Board. The Committee also responds to requests from the Council and the Policy and Resources Board to review particular areas of Council activity. The Overview and Scrutiny Committee only considers referrals concerning the Planning Development Control and Licensing Committee if they relate to an emerging trend.

The Overview and Scrutiny Committee may hold enquiries and investigate the available options for future policy development and may appoint advisers and assessors to assist them. They may go on site visits, conduct public surveys, hold public meetings, commission research and do all other things that they reasonably consider necessary to inform their deliberation. They may ask witnesses to attend to address them on any matter under consideration. Scrutiny is outward looking, and aims to involve all stakeholders as far as possible, taking careful account of the views of service users in particular. The Overview and Scrutiny Committee aims to involve members of the public in every aspect of its work.

Once it has formed recommendations on proposals for development, the Overview and Scrutiny Committee will prepare a formal report and submit it to the Policy and Resources Board, or appropriate panel/committee or to the Council as appropriate. The Overview and Scrutiny Committee also produces an Annual Report to be presented to Council summarising its investigation and findings.

The Council also has a Planning Development Control and Licensing Committee which discharges the following regulatory functions:

- Decisions on planning applications and enforcement items.
- Regulation of taxis and private hire vehicles and other licenses.

The Audit Committee provides advice to the Council on the effectiveness of the arrangements for the proper administration of the Council's financial affairs. The Audit Committee also has the specific responsibility to provide robust challenge and review of the Statement of Accounts.

Risk Management is a key consideration across the Council. The objectives of the Council's Risk Management Strategy are to:

Support the Council's aims to:

- Deliver services effectively and efficiently.
- Develop its future plans and strategies.

Enabling the Council to:

- Review its strategic position regularly.
- Escalate those risks to a level where mitigation and responsibility should be taken.
- Identifying potential future threats and opportunities.

Improve our customers' lives by:

- Ensuring the Council takes appropriate action against risk to minimise impact on Customer Services.
- Reducing financial impact to the Council by mitigating, reducing, transferring or treating risk.
- Ensuring the Council takes appropriate action to enable events to be co-ordinated and delivered safely and within the financial constraints of the Council.

In attempting to achieve these objectives CLB and the Audit Committee oversee and manage risk in accordance with the Council's corporate aims and objectives. Their aim is to:

- Review strategic risk quarterly.
- Ensure consistency of approach to risk across the Council.
- Act as central point for co-ordination and dissemination of information on risk.
- Update risks and risk management systems in response to new developments e.g. new strategic risks, major change, legislative change, if required.
- Support managers through sharing expertise on risk and control issues and providing advice and training on best practice.

Internal Audit reviewed the Risk Management arrangements of the Council during the year and gave an opinion of substantial assurance for this audit.

Developing the capacity and capability of Members and officers to be effective.

An improved induction programme for new Members in 2012/13 was developed and successfully used to introduce the newly elected Members who joined during that year with very positive feedback. This

enabled them to familiarize themselves with the processes within the Council and their duties and responsibilities.

More training will be provided during the coming year to implement the new governance arrangements and the different disciplines required for different committees.

The Council is committed to work-life balance and offers a range of schemes for its staff, including:

- Flexible working hours
- Job sharing
- Part-time working
- Home working
- Flexible retirement
- One2One Appraisals

The Council is committed to managing and developing its people, which enables it to be successful in achieving its corporate priorities, as well as developing the capability of individual employees and capacity overall. The Council's corporate training budget enables prioritised employee training to ensure we have the right people with the right skills and knowledge.

Key principles of training and development at the Council are:

- All training and development must meet our corporate priorities.
- All members of staff should discuss their learning and development with their line manager through performance review, team meetings etc.
- Learning and development must represent value for money to the Council.
- Learning and development opportunities are offered to staff in a fair and equitable manner.

Brentwood Vine East is the Council's own e-learning platform and enables employees to be trained in a number of subjects in a cost effective and timely manner. Brentwood is part of the Vine East network, which aims to promote collaboration and sharing in order to provide e-learning opportunities for staff. Many of the courses here have been written by other authorities in the eastern region and repurposed for Brentwood Borough Council staff.

The Council is also committed to investment in core systems to help streamline processes and increase the efficiency and effectiveness of the delivery of Council services. This includes the investment and implementation of a new Financial Management System, and continued development of Orchard (Housing Services) and Northgate (Revenues and Benefits).

Engaging with local people and other stakeholders to ensure robust public accountability.

The Council is committed to eliminating discrimination within the workplace and the community and has achieved the “developing” level of the Equality Standard for Local Government. The Council has published an Equality and Diversity Journey and compliance with its Equality Act duties document.

The Council has a customer complaints policy which states that a complaint will be acknowledged within 5 working days, giving details of the contact officer. The key stages of the policy are:

- In the first instance (Stage 1), all formal complaints will be referred to the appropriate Director or Head of Service concerned, in order that he/she has an opportunity to seek to resolve the matter.
- We aim to respond in writing within 20 working days of receipt of the complaint.
- If after receiving a reply from the relevant Director or Head of Service, the complaint is not satisfied then it is referred to the Complaints Coordinator.
- Any complaint referred to the Complaints Co-ordinator (Stage 2) will be acknowledged within 5 working days and a written response will be sent as quickly as possible, generally within 20 working days of receipt.
- If we are unable to resolve the problem, the Complaints Co-ordinator will arrange, if required, guidance on bringing the matter before the Local Government Ombudsman for independent investigation.

Regular reports on corporate complaints are monitored by the Audit Committee. The process is robust and the Council has never had a finding made of maladministration against it.

All Council meetings are open to the public, except where personal or confidential matters are to be discussed. All agendas and minutes are placed on the Council’s public website, and are also available by contacting the Council direct, should electronic access not be possible.

The Council engages in formal consultation on specific issues affecting the residents, businesses and other organisations of Brentwood to ensure the decisions we make represent public opinion and are informed by the feedback received. During 2012/13, this included:

- Vision and priorities for the borough
- Draft Local Council Tax Support Scheme
- Chatham Way car park
- Tenancy strategy

Review of effectiveness

Brentwood Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Panel for Complaints against Members, Audit Committee,

Overview and Scrutiny, Corporate Leadership Board, external auditors, Head of Internal Audit's annual report, performance management and other working groups within the Council which have responsibility for the development and maintenance of the governance environment.

Constitution

This is the key formal document governing the governance framework. All decision making is made in accordance with the requirements of the Constitution and the Schemes of Delegation contained within it. Formal rules governing the way in which the panels, committees, officers and Members conduct their business is also contained within the Constitution and include:

- Financial Regulations and Standing Orders
- The Constitution and Standing Orders for the regulation of business
- Codes of conduct for Members and officers

The Head of Legal and Governance (Monitoring Officer) has a duty to monitor and review the Constitution to ensure that its aims and principles are current and effective.

Extensive work has been undertaken on the Council's Constitution during 2012/13 and the full findings of a cross party Constitution Working Group has informed a revised Constitution which was presented to annual Council in May 2013.

Overview and Scrutiny

The main role of the Overview and Scrutiny Committee is to act as a 'critical friend' to the Council in order to promote better services, policies and decisions. Scrutiny ensures that the committees and panels are held to account for the decisions that they make and their impact upon the borough and its residents. During 2012/13, the Overview and Scrutiny Committee met 7 times and considered the following:

- Work programmes
- Performance indicators
- Complaints process
- Call in items
- Medium Term Financial Plan 2013/14 – 2015/16
- Brentwood town centre Renaissance Group governance
- Community Safety Partnership update
- New housing allocations policy
- Review of representation on outside organisations

The Overview and Scrutiny Committee also produces an annual report, presented to Council summarising its investigation and findings.

Standards Committee

The outgoing Standards Committee met twice during 2012/13. Specific items considered by the Committee were:

- The requirements for replacing the Standards Committees under the Localism Act.
- The change to the criteria and disclosure for declaration of interests at committee.

Complaints against Members Panel

Following a recruitment process and Member level appointment three new Independent Persons were appointed to support the new process. Since its approval through the Council there have been three meetings of the panel which have considered 10 complaints in total.

It is built into the process that minor matters can be resolved through the parties with serious matters being referred to ordinary Council and criminal matters passed to the police. The Independent Persons provide the checks and balances to the process to ensure fairness in decision making.

Audit Committee

The Audit Committee met 7 times during the year. The key items considered by the Committee were:

- Audit Committee work plan
- Strategic risk register
- Business continuity
- Statement of Accounts 2011/12
- Annual Governance Statement
- Annual Governance Report
- Annual Audit Letter and external audit updates
- Internal Audit progress reports
- Internal Audit Annual Report 2011/12
- Internal Audit plan
- External Audit plan
- Annual Audit fee 2012/13
- Certification of claims and returns
- Corporate complaints monitoring reports
- Review of money laundering policy
- Review of Anti Fraud and Corruption policy
- Review of whistleblowing policy and procedure

Internal Audit

The role of Internal Audit is to provide an objective assessment of the adequacy and effectiveness of internal control, risk management and governance arrangements. It is a key part of the Council's

internal control system and integral to the framework of assurance that the Audit Committee can place reliance on to assess its internal control system.

The Internal Audit service is provided to the Council under contract with Essex County Council.

The Internal Audit opinion for the year ended 31 March 2013 is one of **Adequate Assurance** which means that there is a sound system of internal control in operation in most systems, adequately designed to meet the Council's objectives, and controls are generally being applied consistently.

A number of improvements have been made from the previous year and an overall improvement in the annual audit opinion has been recognised. This is supported by the following:

- 6 key areas audited gained a positive direction of travel moving from a **Limited Assurance** opinion last year to one of **Substantial Assurance** in 2012/13.
- 6 areas audited have received a **Limited Assurance** opinion. These are accounts payable, contracts and procurement, grants governance, housing repairs and maintenance, engagement of interims, consultants and agency workers (follow up review) and data information/security.
- 23 areas audited received a **Substantial Assurance** opinion.

One audit review undertaken in 2012/13 received a **No Assurance** opinion, and this review included one recommendation that was graded as **Critical**. A follow up review was undertaken towards the end of 2012/13 which received a **Limited Assurance** opinion with the Critical recommendation made in the original review being partially implemented.

The Council has made significant improvements in trying to strengthen internal controls and embed risk management and corporate governance during 2012/13, and will continue this work during 2013/14 in order to approve the overall audit opinion. Where weaknesses have been identified remedial actions have been agreed and the Council has in place robust processes for tracking and reporting on the implementation of the recommendations made to mitigate the associated risks.

External Audit

The external auditor's Annual Audit and Inspection letter for 2011/12 contained the following key messages:

- The Audit Commission issued an unqualified opinion on the 2011/12 financial statements including the Statement of Accounts.
- The Audit Commission concluded that the Council had in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
- Assurance statement in respect of the work undertaken on the Whole of Government Accounts (WGA).

Ernst & Young are responsible for auditing the Statement of Accounts of the Council for five years, starting from 2012/13.

The Audit Commission will continue with a regulatory and compliance role, including monitoring the performance of Ernst & Young.

Governance Issues

There are a number of key issues which are currently under review which need to be highlighted within this Statement:

- **Future funding levels** – further reductions in Government funding is inevitable. In addition, the changes to local government finance arrangements through the Localisation of Business Rates and Localised Council Tax Support will have significant implications to the levels and stability of future funding levels.
- **Organisational transformation** – as part of the medium term financial planning process an outline business case was approved in February 2013. The New Ways of Working model is based on 4 key strands:
 - **Customer excellence** – a customer transformation project which will promote a channel shift for customer enquiries, supported by a multi-skilled front of house reception team.
 - **Efficiency reviews** – primarily focused on reducing back office costs by streamlining processes and exploring different service delivery models.
 - **Management restructure** – a flexible, interim structure will be required to support the transformation. However, a further reduction in senior management posts is anticipated to mirror the new organisational model.
 - **Entrepreneurial activities** – generation of additional income through commercial activities, better use of our assets and improved performance (e.g. recycling rates)Delivery of this transformation programme will present a challenge for the Council and its employees.

The financial challenges will continue to be monitored and addressed as part of the medium term financial planning process to ensure that valuable resources support the delivery of the corporate plan. The delivery of the New Ways of Working will be divided into separate workstreams and monitored by both CLB and Members. The Council is therefore satisfied that our work during the coming year will demonstrate continuous improvement and we will evaluate the effectiveness of the changes as part of our next annual review.



Signed:

Louise McKinlay, Leader of the Council



Alison Crowe, Managing Director