

Borough Council of
**King's Lynn &
West Norfolk**



Annual Governance Statement

2016

Covers the 2015/16 year

1. Scope of responsibility

The Borough Council of King's Lynn and West Norfolk is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a statutory 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 the above.

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

The Council has a Code of Corporate Governance in place which sets out how the Council intend to apply the principles of corporate governance, in line with the principles outlined in the framework and guidance notes for CIPFA/SOLACE *Delivering Good Governance in Local Government (2012) (as amended)*. A copy of the code is on our website at www.west-norfolk.gov.uk. The code was reviewed during 2014/15 and the update was approved by Council in March 2015.

This Annual Governance Statement explains how this Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6(1) which requires all relevant bodies to conduct a review of the effectiveness of the system of internal control and prepare a statement.

2. The purpose of the governance framework

The governance framework comprises the systems, policies, procedures and operations by which the authority is directed and controlled, and its activities through which it accounts to, engages with and, where appropriate, leads its communities. It enables the authority to monitor the achievement of its strategic objectives and outcomes and to consider whether those objectives have led to delivery of appropriate services and value for money.

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 principal risks to the achievement of the Council's policies, agreed outcomes and objectives
- evaluate the likelihood and potential impact of those risks being realised
- manage them efficiently, effectively and economically.

The governance framework has been in place at the Borough Council of King's Lynn and West Norfolk for the year ended 31 March 2016 and remains in place to date.

3. The governance framework

The Council's governance framework is made up of the many systems, policies, procedures and operations we have in place to do the following:

3.1 Publish our aims for local people and others who use our services

The Council publishes a Corporate Business Plan which sets out the broad framework for the Council's aims for the period covered by the plan. Following the local elections in May 2015, a new Corporate Business Plan was developed, and was agreed by Council in January 2016.

The plan outlines six priority aims, supported by 18 key objectives in areas of key importance to the authority. The six priority aims within the new plan are

1. Provide important local services within our available resources
2. Drive local economic and housing growth
3. Work with our communities to ensure they remain clean and safe
4. Celebrate our local heritage and culture
5. Stand up for local interests within our region
6. Work with our partners on important services for the borough

The Corporate Business Plan is aligned with the Council's Financial Plan and both documents are available on the Council's website in order to be clear and transparent to local people and service users.

3.2 Review our aims and the implications on our governance arrangements

Progress towards achieving the aims outlined in the Council's Corporate Business Plan was monitored through the Corporate Business Plan Monitoring Report which was collated three times during 2015/16. The update collated at the end of quarter 2 was considered by the Resources and Performance Panel, and the update collated at the end of the 2015/16 year was considered by the Corporate Performance Panel¹ at their meeting on 8 June 2016.

The process of collating and reviewing the monitoring report necessitates the council's senior management team to consider and review the aims and actions set out. Senior management team are instrumental in the achievement of our aims and through the regular meetings they hold, they ensure that governance arrangements are consistent with, and support us in this.

The Council has a Code of Corporate Governance in place, which sets out how the Council intends to apply the principles of corporate governance in accordance with CIPFA/SOLACE guidance. The Code includes a chart to demonstrate the various elements of the framework and reflects the Council's current processes and procedures. The Code will be reviewed every three years to reflect any changes in the Council's governance framework and/or any revised guidance.

3.3 Measure the quality of our services, make sure we provide them in line with our aims and that they provide value for money

The Council has a Performance Management Framework which is, in effect, a summary of the key internal processes and components through which the Council sets, delivers, monitors and reports on its priorities and services. As such the Performance Management Framework encompasses elements of strategy, finance, performance, people and risk management, and reporting and accountability. The Framework describes how the Council measures and monitors the performance of our services and is available on the Council's website.

¹ The Resources & Performance Panel changed to the Corporate Performance Panel wef April 2016

3.4 Define and document the roles and responsibilities of the executive, non-executive, scrutiny and officer functions

The Council's Constitution sets out how the Council operates, how decisions are made and the procedures to be followed to ensure that these are efficient, transparent and accountable to local people. This defines, amongst other things the roles of the Council, Cabinet, how the scrutiny and overview function operates, the Scheme of Delegation, and the roles and responsibilities of officers and members. The different elements of the Constitution are subject to periodic change either through national legislation or local decision.

In the 2015/16 year, the Council's Scheme of Delegation and the Portfolio Areas were updated.

Within the Constitution, full Council sets the overall budget and policy framework of the Council, while Cabinet makes decisions within this framework, and is held to account by the overview and scrutiny arrangements. Meetings are open to the public except where exempt or confidential matters are being disclosed. In addition, senior officers of the Council can make decisions under delegated authority. The Council publishes a Forward Decision List which contains details of key decisions to be made by the Council, its bodies and Executive Directors under their delegated powers.

During 2014/15, the Centre for Public Scrutiny (CfPS) were invited to conduct a review of the scrutiny process within the authority. In the 2015/16 year, the CfPS were again invited in to work with members and make proposals for changes. During this year a member task group – the Scrutiny Structures and Policy Development Task Group – reviewed the proposals and worked to draw conclusions in order to formulate recommendations to Cabinet and Council. The recommendations were actually made in the 2016/17 year; see section 6: 'Known Changes'.

3.5 Develop, communicate and embed codes of conduct which define the standards of behaviour for members and staff

The Council has in place key documents which communicate the standards of behaviour required of members and all council staff (officers). These include the

- Members Code of Conduct
- Register of Disclosable Pecuniary Interests
- Members Code of Good Practice for Planning
- Protocol for Member/Officer Relations
- Employee Handbook (includes employee code of conduct)
- Anti-Fraud and Anti-Corruption Strategy
- Whistleblowing Policy
- Fraud Response Plan
- Disciplinary / Grievance procedures
- ICT Asset Management Policy
- ICT Computer Usage Policy
- ICT Corporate Email Policy
- ICT Corporate Internet Policy
- ICT Security Policy

The five ICT related policies were reviewed and refreshed in 2015 to ensure they are in line with the latest ICT technology advancements and information security guidelines. Keeping information securely is vital for public confidence and the efficient conduct of business.

During 2015/16 the Council has also embedded the requirements of the Baseline Personnel Security Standard into recruitment and appointment processes, to ensure that employees who access the Public Services Network (PSN) meet a minimum baseline standard of

security checks. The Performance Management Framework describes how staff performance, including conduct, is managed and is due to be refreshed in the 2016/17 year. The Council also has a Harassment Procedure in place for staff, which demonstrates the belief that all employees have a right to be treated with dignity and respect, and that the Council will take steps to ensure this right is protected. All policies are available to all staff and Councillors via the Council's Intranet.

3.6 Review the effectiveness of the decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

Effective management is based on a framework of regular management information, financial regulations, standing orders and a structure of varying levels of responsibility, including arrangements for delegating decision making. The Council has all these elements in place, including those which meet 'The Openness of Local Government Bodies Regulations 2014', and we regularly review them to ensure they remain relevant and fit for purpose. Decisions are made in open, public meetings, or via the various delegation arrangements in place and all adhere to the policy position in place – for example, Planning decisions are taken with regard to the adopted Local Plan and all other relevant guidance.

The Council works in partnership at many different levels. Continued participation is reviewed regularly to ensure it remains effective. Decision making in partnerships is governed by the structure outlined within the constitution. As one example, the Norfolk Coast Partnership (a formal partnership with Great Yarmouth Borough Council, North Norfolk District Council, DEFRA and Norfolk County Council) has in place a 'Memorandum of Agreement' which was renewed in April 2015 and runs for 3 years. This outlines how decisions will be made within the partnership.

The Council has a Data Quality Policy and Strategy in place and available on its website. The document shows that the Council understands the importance of data quality and is committed to being consistent in its management of data quality within the organisation and in partnership with others, ensuring that the data produced adheres to the 7 principles of data quality. This document is due to be refreshed in the 2016/17 year.

3.7 Ensure the framework for identifying and managing risks, and for developing counter-fraud and anti-corruption arrangements are effective and well-maintained

During 2015/16, the key documents that underpin the Council's Risk Management arrangements were reviewed and refreshed. As a result of the review, the Risk Management Policy was separated from the Strategy. The authority's risk appetite is formally recognised within the Policy, and the Strategy provides a means of escalating risks from service and project level to the Corporate Risk register if necessary. This change ensured that risk management is more closely linked to the achievement of the Council's objectives.

The Corporate Risk Register is reviewed regularly by the Council's Executive Directors and the Audit and Risk Committee receive reports on a half-yearly basis on the position of the register.

The Council has in place an Anti-Fraud and Anti-Corruption Strategy, which details the approach to its arrangements. The Strategy covers the roles of elected Members, employees and Managers (including contractors and agents), the Internal Audit and Fraud team and External Audit and is next due for review in the 2016/17 year.

Benefits fraud investigation transferred to the Department for Work and Pensions (DWP) in April 2015. There is a referral system in place with the DWP for suspected fraud in respect of housing benefit and council tax benefit. The Council retained officer support within the internal audit team to provide assurance for local council tax support.

3.8 *Ensure effective management of change and transformation*

The Council has a good track record of delivering change and over the last eight years, the Council has identified and delivered significant efficiencies, including revenue budget savings of £7.6 million. Despite this, the continuing budget deficit highlighted in the Financial Plan 2015-2020 shows a shortfall in 2019/20 of £2.5million. To meet this challenge, significant changes are required to transform how the Council provides frontline services and works to achieve the priorities set out in the Corporate Business Plan. A robust process of identifying proposals to make revenue savings / generate additional revenue has been underway since Autumn 2015; and the agreed proposals will form the basis of an Efficiency Plan, which, subject to Council agreement, will be submitted to the Government to fix a four-year financing settlement. Work will be undertaken to produce the changes required to deliver the savings identified, before 2019/20. The work being completed, and therefore the savings being generated, will be monitored closely in order to achieve the savings target.

One of the corporate priorities is to deliver our 'channel-shift' programme. The key document for delivery is the 'Switched On' Transformation Plan which was launched internally in the 2015/16 year. The plan incorporates many of the project areas already in progress across the organisation (for example, ICT Optimisation and Lean) and sets out how the authority is approaching service transformation, and introducing improved digital services across the organisation. The plan is underpinned by communications and training plans to support employees through a period of organisation and cultural change, equipping them with the skills they will need to implement the new ways of working.

As one example of channel shift, in April 2015, the Council moved to online benefits claims. The change has been successful with over 80% of people now making a new claim for Housing Benefit and Council Tax Support online. The information goes directly into the Benefits system which avoids staff rekeying the data. During the 2016/17 year, the council will be launching online services for

- Housing Benefit and Council Tax Support Change in Circumstances
- most council tax services and
- an online account which will enable customers to view, submit and track service requests from their pc, laptop, tablet or smartphone. It will also personalise services and provide 'push' notifications of information relevant to them or which they sign up to receive.

The Council's Performance Management Framework outlines how the corporate priorities, one of which is channel shift and the associated changes, translate into targets for staff.

3.9 *Ensure the authority's financial management arrangements conform to the governance requirements of the CIPFA statement on the 'Role of the Chief Financial Officer in Local Government'. Where they do not, explain why and how they deliver the same impact*

The CIPFA statement describes the roles and responsibilities of the Chief Financial Officer, who is bound by both professional standards and also legislative responsibilities, with a fiduciary duty to the local taxpayer.

The Council's arrangements now fully comply with the principles described, following the retirement of the Deputy Chief Executive in April 2015, which resulted in revisions to the organisational structure. The Chief Financial Officer was appointed as an Assistant Director in May 2015, reports directly to the Chief Executive, and is a member of the senior management team (called the Leadership Team in the CIPFA statement).

3.10 *Ensure the authority's arrangements conform to the governance requirements of the CIPFA statement on the 'Role of the Head of Internal Audit'. Where they do not, explain why and how they deliver the same impact*

The CIPFA statement describes the roles and responsibilities of the Head of Internal Audit. This role has a critical role in delivering the organisation's strategic aims by championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and giving an objective and evidence based opinion on all aspects of governance, risk management and internal control.

The arrangements in place for 2015/16 conform to the requirements outlined in the above statement.

3.11 *Ensure effective arrangements are in place for the discharge of the Monitoring Officer and Head of Paid Service functions*

The Council employs a Monitoring Officer who is responsible for ensuring compliance with established policies, procedures, laws and regulations. After consulting with the Head of Paid Service, the Monitoring Officer will report to full Council if it is considered that any proposal, decision or omission would give rise to unlawfulness or maladministration. In addition, a report is taken annually to the Audit Committee on the Monitoring Officer's areas of responsibility.

The Chief Executive is the Council's Head of Paid Service and has overall responsibility for the management and co-ordination of the employees appointed by the Council. The Chief Executive is required to report to the Council as appropriate with regard to the way in which the different functions of the Council are co-ordinated, the number and grades of staff required for the discharge of these functions, the way in which these people are organised and managed and the way in which they are appointed.

3.12 *Carry out the main functions of an Audit Committee, as identified in CIPFA's 'Audit Committees: Practical Guidance for Local Authorities'*

Good corporate governance requires independent, effective assurance about the adequacy of financial and operational management and reporting, and this assurance is best provided by a committee that is independent from the executive and scrutiny functions, in this Council, during 2015/16 this was the Audit and Risk Committee.

The Audit and Risk Committee was set up in 2006 with Terms of Reference drawn up in line with guidance from CIPFA. These were reviewed in 2013 and the next review will take place in 2016/17.

A review is undertaken each year of the effectiveness of the Audit and Risk Committee. For the year covered by this statement, the review was presented to the Audit Committee² on 5

September 2016. The review concluded that the Committee is continuing to perform effectively and the Council is meeting its requirements under the Accounts and Audit Regulations 2015.

3.13 Ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is legal

The Council's Constitution provides a comprehensive framework for the management of the authority's business and ensures compliance with relevant laws, regulations, internal policies, codes of practice and procedures. The Council is the statutory body for many laws and the range of policies and codes of practice we have in place help to ensure compliance. Policy Review and Development Panels assist Cabinet and Council to ensure that compliance is considered where appropriate and report templates for those panels and for Cabinet ensure all elements are considered at the time the report is presented. Statutory Officers – Head of Paid Service, Monitoring Officer and Chief Financial Officer – are in post to monitor and ensure adherence.

Other arrangements are in place to ensure compliance with relevant policies and to ensure that expenditure is legal. One example is the ICT Development Group; a small group which consists of the Portfolio Holder and Executive Director for ICT, and the ICT Manager. The group manages the ICT capital budgets, reviews all new proposed ICT developments and keeps up to date with pertinent legislation. Officers write a report to the group outlining their business case and decisions are taken on spend to ensure that it complies with the Council's priorities. The group monitors project delivery and items are recorded via agendas and minutes. As a result of this review, it has been identified that a Terms of Reference is needed to ensure the group's remit is clear. This will be adopted during the 2016/17 year.

During 2015/16 the Council's Contract Standing orders were updated; plans were in place for the Financial Regulations to be updated, however, this was not achieved. These will be updated during 2016/17.

All initiatives undertaken, including those with financial elements, are either progressed due to being a statutory requirement or because it will contribute to a key aim of the Council. All initiatives are reviewed by regular meetings of the Management Team and senior managers in order to ensure compliance and that spend is legal. The Chief Executive or another representative from Management Team meet weekly with the Leader and during 2015/16 monthly meetings were put in place where the Chief Executive meets with the Leader and Deputy Leader. These arrangements ensure senior members are quickly aware of relevant matters.

3.14 Ensure arrangements are in place for whistleblowing and receiving and investigating complaints from the public

The Council has a Whistleblowing Policy in place, produced in accordance with the provisions of the Public Interest Disclosure Act 1998. The Council has a Corporate Complaints procedure, available on the Council website or on paper on request. Both are reviewed regularly to ensure they remain up-to-date. The Council also deals with any incidents of racial complaints, or complaints relating to a disability, in a similar but separate process. The complaints received are analysed and results presented to the Resources and Performance Panel on an annual basis.

² Renamed as part of the Scrutiny review effective April 2016

3.15 Identify development needs of members and senior officers in relation to their strategic roles, supported by effective training

The Council provides a comprehensive programme of learning and development to officers and members. Learning and development needs for staff are identified through the performance management process and in response to organisation/service level needs and these are translated into an annual training programme. The Council has a commitment to management training and delivers a range of development activities to support managers at all levels, including specific training to support the development of Service Managers.

Member's development needs are identified through use of a questionnaire following their election, and are also identified during the year as matters arise at meetings and questions of training needs arise. Following the Borough elections in May 2015 a full induction programme was run for members and training was run in appropriate areas for appropriate councillors. This included ICT training to assist with the roll out of iPads for Members to facilitate paperless agendas for the majority of meetings. Feedback forms were requested from attendees after each training session, these were then used to develop training in areas where further needs have been identified.

The Policy Review and Development Panels regularly receive updates on relevant topics as part of their agenda, particularly around any new or current initiatives, and training is run throughout the year as identified. Topics for updates or training are identified either by officers or members and helps to ensure members are better informed and have input at an early stage.

In addition, briefings are offered to members prior to virtually every Full Council meeting on a wide range of topics; topics covered in the past year have included devolution, the situation of the local hospital (a key local service centre), local educational attainment, and the Town Hall development work.

3.16 Establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The Council welcomes views from the public and community as part of the constitutional process. These views are considered through formal and informal consultation processes. Examples of consultations undertaken with the public in 2015/16 are: Hunstanton Heritage Gardens; local Council Tax Support Scheme; Licencing Act 2003 Policy; Waste and Recycling Survey; Major Housing development at the Lynnsport site. Members of the public are also able to ask questions on a topic or service within the Council's control at Full Council meetings.

A King's Lynn Area Consultative Committee is in place, the Committee's Terms of Reference state that the Committee is to act as a consultative forum and to encourage community engagement within King's Lynn itself. The Committee was initially scheduled to operate until 1 May 2015. Council agreed on 23 April 2015 that the Committee would continue to operate for a further four years.

The Council uses social media corporately to communicate and engage with the community, particularly Twitter which is used to great effect for times such as the Borough Council elections. Social media is also used for specific events, such as the Hanse Festival, and the Town Hall has its own Twitter and Facebook accounts to help engage with potential customers and promote the venue. Results of all methods of communication are fed back

into service delivery, ensuring accountability. The Council also monitors feedback from residents and service users through compliments and complaints received.

During 2015/16 the Council has complied with the requirements of the Local Government Transparency Code 2014. The Code, which is issued under the Local Government, Planning and Land Act 1980 and two statutory instruments passed during 2014/15 make it a legal requirement for local authorities to publish specified data by prescribed deadlines and thereafter annually. The Council publishes all specified data on its website, in the prescribed format, by the required deadline. This makes a direct line to the requirement to establish clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.

3.17 Incorporate good governance arrangements in respect of partnerships and other joint working and reflect these in the authority's overall governance arrangements

The Council participates in a range of joint working arrangements with other bodies, some of which are more significant than others in terms of the potential for a detrimental impact on the Council should the partnership fail. Some arrangements are formal, and are a way to deliver the Council's duties and obligations, such as CNC Building Control and the Norfolk Coast Partnership. These arrangements are subject to formal governance arrangements and include processes for reviewing the delivery of benefits, and arrangements for termination should the arrangement not be serving the purpose for which it was created.

Other partnerships are of a contractual nature, such as delivery of Home Improvement Agency services for Fenland District Council, and car parking arrangements with North Norfolk District Council. These partnerships are also subject to formal governance arrangements but are not delivering our own statutory obligations.

The Council also continues to participate in an informal, collaborative partnership with local partners via the West Norfolk Strategy Group, which enables partners to identify and work together on common priorities and key issues facing West Norfolk. A review of the format and focus of the Strategy Group will be undertaken during 2016/17 to ensure it continues to deliver benefits for the area.

The Council is mindful of the financial and reputational risks that can arise through entering into joint working and collaborative arrangements. It therefore actively supports open and transparent arrangements in all its partnership working.

3.18 Appendix A

The table at Appendix A demonstrates how the core and supporting principles of corporate governance, as detailed in the Council's adopted Code of Corporate Governance have been upheld during the year 2015-2016.

4. Review of effectiveness

The Council has a responsibility to review the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of Internal Audit and the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Audit Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates, where undertaken.

The process of maintaining and reviewing the effectiveness of the system of internal control includes the following measures and actions:

- The Audit and Risk Committee carries out an overview of the activities of the Council's internal and external audit functions. Members of the Audit & Risk Committee are provided with copies of all reports produced by Internal Audit and the external auditors, and also receive regular reports on matters relating to finance, fraud and risk management. The Committee approves the annual plans for each, and receives regular progress reports throughout the year. The Audit Manager submits to the Committee an Annual Report and Opinion, and the external auditors submit an Annual Audit letter. The Audit Manager has included an audit opinion on the adequacy and effectiveness of the council's systems of internal control in the Annual Report and Opinion on work completed during 2015/16 which went before the Audit Committee on 11 July 2016. The report states that in the Audit Manager's opinion, adequate assurance can be gained in respect of the overall systems of internal control operating within the Council. Additionally, risk management systems and corporate governance arrangements are satisfactory.
- The Internal Audit service is a directly employed in-house service, providing a continuous review in accordance with the Council's obligations under the Local Government Act 1972, and the Accounts and Audit Regulations 2015. The service operates under the Public Sector Internal Audit Standards (PSIAS). A self-assessment checklist to ensure that the team continue to comply was undertaken on the 2015/16 year and the overall result was positive. The review was presented to the Audit Committee on 11 July 2016.
- The Audit Manager has also completed a review of the effectiveness of the Audit & Risk Committee itself. The result was reported to the Audit Committee on 5 September 2016 and concluded that the Committee is continuing to perform effectively and the Council is meeting its requirements under the Accounts and Audit Regulations 2015.
- During 2015/16, Internal Audit has issued one report with a 'No Assurance' rating and one report with a 'Limited Assurance' rating. In both cases the assurance levels reflected operational concerns and are not regarded as having corporate governance issues. Considerable progress has been made in both areas since the audits were carried out.
- The Council's external auditors review the activities of the Council, approve the annual accounts and certify grant claims (where required). Conclusions and significant issues arising are detailed in various reports from the auditors. Their 'Audit Results Report – ISA (UK and Ireland) 260' went before Audit and Risk Committee on 7 September 2015 and Cabinet on 9 September 2015; the Annual Audit Letter went before the Audit & Risk Committee on 24 November 2015. These reports from the external auditors refer to the 2014/15 financial year (the latest available) and raised no concerns of a material nature.
- A Member / Officer protocol is in place and forms part of the Council's constitution.

- Additionally, it is the responsibility of the statutory officers to report to Council on any issues concerning the review of the effectiveness of internal control arrangements. There have been no issues arising during 2015/16 which have required the full Council to exercise its role.

In summary, a review of arrangements for the 2015/16 year has been undertaken; the review has not highlighted any issues as significant weaknesses in governance or internal control during the year. The arrangements outlined above are in place and operating as planned.

5. Areas of special interest in terms of governance

- 5.1 The Council's leisure and arts facilities have been operated and managed through an independent Trust and wholly owned Local Authority Company since 1 September 2014. An overview of the arrangements in place follows:
- 5.1.1 The Borough Council leases sports and arts facilities to Alive Leisure, which is a charitable trust. Alive Leisure is contracted by the Council to undertake
- Operation of facilities
 - Programming
 - Marketing and Advertising
 - Sports Development
 - Events (e.g. Grand East Anglian Run)
 - Bars and catering
- 5.1.2 The Borough Council retains responsibility for maintenance of the facilities and utilities, and pays a Management Fee to Alive Leisure (the trust).
- 5.1.3 Alive Management Ltd is a wholly owned Local Authority Company (LAC) which is subcontracted by Alive Leisure for the
- Operational management and delivery of leisure services on a day to day basis
 - Management of joint employees
 - Establishing and maintaining suitable health and safety systems
 - Establishing, reviewing and maintaining an effective quality assurance system including procedures for all areas of operation
 - Operating bars and catering functions
- 5.1.4 Alive Management Ltd (the LAC) is contracted by the Borough Council to manage
- All maintenance / equipment / capital requirements
 - All utility consumption
- 5.1.5 Alive Leisure, being an independent charitable trust, is a separate entity and no further information on it is therefore covered within this governance statement.
- 5.1.6 Alive Management Ltd (the LAC) has a Board of 5 members, three are Borough Councillors and two are Borough Council Executive Directors. Staffing consists of a Chief Operating Officer and 16 staff. The Company Secretary role is performed by the Council's Chief Financial Officer.
- 5.1.7 Approximately 100 staff are employed jointly by Alive Leisure and Alive Management Ltd – including for example, duty officers, lifeguards, and theatre technicians.

5.1.8 Governance elements within Alive Management Ltd (the LAC)

- i) Regular board meetings are held; these are minuted and published via the ModGov system. The Chief Operating Officer reports on operations performed contractually for Alive Leisure and the Borough Council and the Company Secretary reports on the financial position.
- ii) Individual business plans are in place for each leisure/arts facility which link into the overall strategy created by Alive Leisure (the Trust).
- iii) The quality and aims of services are measured via external health and safety audits, externally scored mystery shopper visits, customer surveys, national benchmarking, analysis of attendance figures, and regular monitoring of the financial position.
- iv) Alive Management Ltd comply with the Council's terms and conditions; all staff and all jointly employed staff have a clear understanding of the standards of behaviour that are required. The arrangements in place for identifying and delivering staff training mirror those in place within the Borough Council.
- v) There are arrangements in place for identifying and managing risks to the organisation, for example there is a joint Business Continuity plan in place between Alive Leisure and Alive Management.
- vi) Roles and responsibilities are defined by job descriptions and contracts for employment are in place. Service Level Agreements are in place between Alive Management and Accountancy, HR, ICT and Internal Audit, and regular meetings with these services take place. Alive Management use the Borough Council's practices and procedures in these areas, including financial regulations and contract standing orders; this ensures compliance with relevant laws and regulations, and that expenditure is legal. The Chief Operating Officer has the level of spend allowable defined, all spend above this limit is taken to the Board to determine.
- vii) The Chief Operating Officer from Alive Management and the Chief Executive Officer from Alive Leisure meet every week to review reports from Managers. An action log is maintained and the meetings are minuted; Managers can raise queries – whether issues or opportunities through this forum and responses are fed back.
- viii) External auditors are in place; they present information and report to the Board in accordance with normal practices. The Accounts are recorded at Companies House in accordance with statutory timescales, changes of Board members are reported to Companies House and the required annual return is submitted as required. All returns are complied with, including corporate tax and VAT returns to HMRC.
- ix) Alive Management's treasury account is consolidated with the Borough Council's and is managed as part of the Council's arrangements. Recording of payments and income are recorded separately on the ledger. All financial controls are mirrored but separate.
- x) An annual health check is built into the VAT advice contract in place for the Council, Alive Management and Alive Leisure to ensure the arrangements are still fully compliant with VAT arrangements that underpin the new leisure delivery model.

5.2 The Council's legal service is delivered via a delegated agreement on an annual, rolling basis, with Eastlaw (the in-house legal team at North Norfolk District Council). The agreement is designed to provide resilient and quality legal services to the Borough Council and includes provision of a Monitoring Officer; one of the Council's designated statutory posts. Eastlaw provide the client role for commissioned legal services, as well as providing general advice.

6. Known changes in the 2016/17 year

Scrutiny

6.1 At its meeting on 28 April 2016 Council agreed changes to the scrutiny arrangements of the authority, following recommendations from the member 'Scrutiny Structures and Policy Development Task Group'. The changes were made to seek to make the roles and functions of the Council's policy development and scrutiny panels more effective, thereby enhancing the good governance of the Council.

The task group had been formed after work was undertaken by the Centre of Public Scrutiny in the 2014/15 and 2015/16 years (see also last paragraph in section 3.4). 12 recommendations were made and agreed. Full details are contained within the Cabinet report presented to the meeting on 5 April 2016. As an overview:

- The Cabinet Scrutiny Committee and Scrutiny and Overview Liaison Committee were abolished
- The Audit Committee was de-coupled from the Resources and Performance Panel
- The Resources and Performance Panel was renamed as the Corporate Performance Panel and its terms of reference were extended, this includes scrutiny of Cabinet decisions
- Cabinet, Council and Panels moved to a six-weekly cycle of meetings
- Changes were also made to
 - the Terms of Reference for all Panels
 - election of chair and vice chair for panels
 - the recording of meetings

Relevant updates to the scheme of delegation, and the Constitution have been made in the 2016/17 year.

Devolution

6.2 On 30 June 2016, Full Council determined to endorse the signing of the Norfolk and Suffolk Devolution Agreement by the Leader of the Council. Full Council also agreed that Council will meet no later than 28 October 2016 to consider giving consent to an Order establishing a Mayoral Combined Authority for Norfolk and Suffolk.

Internal Audit

6.3 During the 2016/17 year, planning will take place in anticipation of known changes to the management of the Internal Audit team in 2017/18, which will also affect the arrangements for risk management.

7. Action Plan

In the Annual Governance Statement for 2014/15 (presented to Cabinet on 9 September 2015) an 8 point Action Plan for 2015/16 was set out to deal with governance issues identified during the review for that year. 5 points on that Action Plan have been completed; the 3 outstanding points will be carried forward onto the 2016/17 action plan.

The Action Plan to be worked on during 2016/17, containing 8 new items identified through the review undertaken on the 2015/16 year (and three items carried forward) is attached at Appendix B.

8. Assurance summary

From the review undertaken, the assessment and ongoing monitoring work completed³ and supported by the verification work undertaken by internal audit, we have reached the opinion that key systems are operating soundly and that there are no fundamental weaknesses.

No system of internal control could provide absolute assurances against material misstatement or loss; this statement is intended to provide reasonable assurance. There is an on-going process for identifying, evaluating and managing key risks. These risks are reflected in the audit plan, the Corporate Risk Register and are the subject of separate reports during the course of the year.

We are satisfied that an on-going process for identifying, evaluating and managing key risks exists. We propose over the coming year to take steps to address matters identified to further enhance our governance arrangements. We are satisfied that the steps outlined at Appendix B will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Cllr Brian Long
Leader of the Council

?? September 2016

Ray Harding
Chief Executive

?? September 2016

³ By the Audit and Risk Committee during 2015/16

APPENDIX A: EVIDENCE LIST – HOW THE PRINCIPLES OF CORPORATE GOVERNANCE HAVE BEEN ADHERED TO DURING THE 2015/16 YEAR

Policies, Strategies, Rules & Codes	Processes and Frameworks	Key documents	Functions
<ul style="list-style-type: none"> • Anti-fraud and Anti-corruption Strategy • Capital Strategy • Code of Conduct • Computer usage policy • Constitution • Data Protection and FOI policies • Data Quality Strategy • Employment rules • Equality and Diversity policy • Financial procedure rules and standing orders (within Constitution) • Financial regulations • Health and Safety Policy • ICT strategy and action plan • Medium Term Financial Strategy • Member/Officer protocol • Members' allowances scheme (Constitution) • Members' code of conduct (Constitution) • Officers' code of conduct (Constitution) • Pay policy statement • Procedure rules (contracts, employment, meetings) (Constitution) • Procurement regulations • Procurement strategy • Protocol on member / officer relations (Constitution) • Prudential code • Risk Management Strategy • Scheme of Delegation (within Constitution) • Training abroad with Council devices policy • Treasury Management Policy statement • Whistleblowing policy • Workforce learning and development 	<ul style="list-style-type: none"> • Benchmarking • Budget consultation • Budget process • Business continuity framework • Car Park Management • Civil Parking Enforcement • Competency frameworks • Complaints process • Corporate Business Plan • Customer Care Standards • Customer feedback process • Data observatory • Environment policy • Environmental Statement • EQIA policies • Equality Monitoring • Extended Managers Meetings • Health and Safety policy • Induction process (member and officer) • Internal Audit Strategic Plan • Job evaluation process • Legal Services • Managing performance (people) framework (including appraisal process) • Meeting timetable • Member allowances publication • Member training • MRF Partnership Case & Repair • MT/Union meetings • Officer membership of professional bodies • Performance Management (business) framework • PRP targets • Risk management process • Scrutiny framework (Constitution) • Senior Staff Salary publication • Staff Briefing • Training for Chairs 	<ul style="list-style-type: none"> • Agendas & Minutes • Alive Trust/Management Suite • Annual audit letters • Annual Directorate Plans • Annual Governance Statement • Assurance Statements • CCTV Operating Manual • CNC Building Control • Committee reports, agendas and minutes • Complaints reports • Consultation register • Corporate Risk Register • Council tax booklet • Council website • Delegation Agreement & SLA • Employee Handbook • Enforcement Policy • External inspection / review reports • Harassment Procedure • Internal Affairs • Intranet • JNC terms & conditions • Job descriptions/specs • Key decisions (within Constitution) • Law & governance • Members Bulletin • Publication Scheme (FOI) • Quarterly Performance Reports • Record of decisions • Registers of interest • Report templates • Salary scales • Senior management remuneration report • Service level agreements • Service plans • Standard timetable for circulation of agendas • Statement of Accounts • Statement of Internal Control (part of AGS) • Timetable of council meetings • Training programmes • Transparency publications • West Norfolk Partnership • Workforce development and plans • Working Protocol 	<ul style="list-style-type: none"> • Audit and Risk Committee • Community Information points • Democratic Services • External audit (and other reviews) • Finance service • Functions and responsibilities • Head of Paid Service • Health and Safety officer • Human Resources • ICT Development Group • Independent remuneration panel • Internal audit • Local Government Ombudsman (report) • Management Team • Monitoring Officer • Monitoring Officer report • Policy Development and Review Panels • PR/Communication • S151 officer • Scrutiny & Overview Liaison Committee • Social media • Standards Committee • Statutory reports • Terms of reference for committees (Constitution) • Website • Weekly CEO/Leader mtgs

APPENDIX B: ACTION PLAN FOR THE 2016/17 YEAR

	Item	Action	Responsible Officer	Target Date
1	<i>Carried forward:</i> Financial Procedures	Review and update the Council's Financial Regulations to reflect changes in legislation and current best practice	Assistant Director, Finance	March 2017
2	<i>Carried forward:</i> Public Services Network (PSN) compliance	Ensure PSN compliance during 2015/16 including progressing any actions identified as a result of the 2015 audit	Executive Director, Central and Community Services	March 2017
3	<i>Carried forward:</i> Payment Card Industry (PCI) compliance	i) Respond to issues identified during the 2015 PCI audit ii) Investigate and implement an upgrade to the current cash receipting system to ensure ongoing compliance	Executive Director, Central and Community Services	March 2017 March 2017
4	ICT Development Group	Adopt a Terms of Reference to make the group's remit clear	Executive Director, Central and Community Services	March 2017
5	Performance Management Framework	Review and refresh the Council's Performance Management Framework.	Executive Director, Central and Community Services	March 2017
6	Data Quality Strategy	Review and refresh the Council's Data Quality Strategy	Executive Director, Central and Community Services	March 2017
7	West Norfolk Strategy Group	Review the format and focus of the WN Strategy Group to ensure it continues to deliver benefits for the area	Executive Director, Central and Community Services	March 2017
8	Anti-fraud and Anti-corruption Strategy	Review and refresh the Council's Anti-fraud and Anti-corruption Strategy	Assistant Director, Finance	March 2017
9	Efficiency Plan	Devise process for robust monitoring of achievement against the Efficiency Plan	Assistant Director, Finance	March 2017
10	Internal Audit	Change to Internal Audit arrangements	Assistant Director, Finance	March 2017
11	Risk Management	Revised arrangements for the provision of risk management	Assistant Director, Finance	March 2017