

Tonbridge & Malling Borough Council Annual Governance Statement 2012-13

Scope of responsibility

Tonbridge & Malling Borough Council 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 duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy efficiency and effectiveness.

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

The Council has approved and adopted a code of corporate governance which has been developed in consideration of the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the authority's code is on our website or can be obtained from the Finance team. This statement explains how the Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

The purpose of the governance framework

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the 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 ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Tonbridge & Malling Borough Council for the year ended 31 March 2013 and up to the date of approval of this statement.

The governance framework

The Council's Local Code of Corporate Governance sets out the arrangements in place to govern the Council's activities in five key areas; the arrangements in place in the council to ensure good governance is in place in the Council's operations are set out below.

Community Focus

The Council's vision is to provide excellent public services, good value for money and effective community leadership. This vision is set out and communicated to the residents of the Borough, the Council's partners and Members and Officers in the Council's Corporate Performance Plan 2012/15. The plan spans a three year period and details the Council's Key Priorities and action it will take

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alongside its partners to deliver the vision. The plan is reviewed and updated every year to ensure the priorities and actions detailed remain current and to provide an overview of performance and achievements in the previous year. The Plan is considered and approved by Members prior to publication.

The Council has established arrangements to communicate and consult with members of the public on the Council's work and key policy changes and this informs the development of strategic priorities and the Corporate Performance Plan.

Service Delivery Arrangements

Delivering excellent quality services while providing good value for money is fundamental to the Council's vision and this is demonstrated in the focus within the Corporate Performance Plan on redesigning services and further improving efficiency across all services. The delivery of the Corporate Performance Plan is supported by detailed operational plans prepared by individual services, which in turn are fed down to team and individual objectives through performance management arrangements. During the 2012-13 financial year the Council underwent a senior management restructure; this resulted in the appointment of a Director with specific responsibilities for Transformation within the organisation.

Performance of the Council and its partners in achieving its objectives is measured against the Key Indicators documented within the Corporate Performance Plan. Performance is monitored by the Corporate Management Team and the Executive on a quarterly basis giving details of the progress to date and what management action is being taken to correct any adverse performance. This is supplemented by operational performance monitoring and measurement for which individual services are accountable to the Corporate Management Team.

The decision-making framework of the Council is set out in the Constitution including statutory functions and the scheme of delegation of responsibilities. The Constitution is kept under review by the Monitoring Officer and Management Team with any proposed changes presented to the Council for adoption. The Executive are responsible for taking most operational decisions. Key decisions are published in advance via the Forward Plan, which is published at monthly intervals. All Member meetings held by the Council are open to the public, unless the items being discussed are considered to be private under the Local Government Act 1972; these will include staffing and legal matters and those of a contractual nature.

The Overview and Scrutiny Committee is responsible for reviewing and scrutinising the decisions made by and performance of the executive and/or committees and council officers. Decisions made by Cabinet, Committee or a Cabinet Member at an Advisory Board can be subjected to scrutiny via a call-in procedure allowing challenge within five working days of the decision being taken.

The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Structures & Processes

The Council's Constitution details the roles and responsibilities that are delegated to Members and Officers and specifies which decisions may be made by individuals and which are reserved for the collective. The Constitution includes the council's Financial and Contract Procedure Rules setting out the council's standing orders and financial regulations. The specific roles and responsibilities of officers are set out through the scheme of delegation including the specific responsibilities of the Chief Executive (as Head of Paid Service), the Section 151 Officer and the Monitoring Officer, ensuring effective arrangements are in place for the discharge of these functions.

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Effective communication between officers and Members is ensured through the Protocol on Member/Officer Relations documented within the Constitution. Arrangements are in place ensuring both Members and officers declare any interests that may impact on the Council's decision making process. Such interests are recorded on a register which is maintained and monitored by the Monitoring Officer and is available on the Council's website.

Risk Management & Internal Control

The core functions of an audit committee as defined by *CIPFA's Audit Committees: Practical Guidance for Local Authorities* are fulfilled by the Council's Audit Committee though some aspects are shared with the General Purposes Committee. The Council's Constitution sets out the responsibility of the Audit Committee to provide independent assurance of the adequacy of the risk management framework and associated control environment. To do so, the Committee has adopted a Risk Management Strategy that sets out the roles of officers and Members in the identification and minimisation of risk.

Risk management practices are embedded within the organisation through the annual service and strategic planning processes, which ensure that risks to the achievement of the Council's objectives are identified and managed appropriately. All risks identified are scored on the basis of their likelihood and impact and existing controls and required actions to further mitigate risks are captured in risk registers. The framework sets out the responsibility of officers leading on areas with partnership arrangements to ensure that the partner has an adequate risk management strategy and sufficient insurance cover to protect the interests of the Council.

The Council's standard report template requires officers and Members to carry out a risk assessment of the action recommended in the report ensuring risk is considered in all decision-making of the authority. This assessment also covers legal, financial and value for money considerations and equality issues where relevant.

The Council has an effective Internal Audit function which operates in line with proper practices; for 2012-13 this is governed by the CIPFA Code of Practice for Internal Audit in Local Government, 2006. The Review of Effectiveness of the System of Internal Audit conducted in 2012 concluded that a good system of internal audit is in place within the council. The Chief Internal Auditor role as delivered in the Council meets the requirements as set out in the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations. The Audit Committee are responsible for the council's anti-fraud and corruption arrangements including whistle-blowing. The Chief Internal Auditor is responsible for the maintenance of the Council's Anti-Fraud & Corruption Strategy and Confidential Reporting Code and has arrangements and resources in place to investigate any allegations made under either document. All staff have been required to read and accept the Strategy and Code through the Council's IT solution and both are available on the Council's website for referrals from the public.

Standards of Conduct.

Standards of conduct among officers and Members are governed through the Council's Officer Code of Conduct and Members Code of Conduct.

The Member Code of Conduct is based around ethical behaviour as dictated in the seven principles of public life and requires objective and impartial decision making. The Code is communicated to all new Members on induction and upholding standards of Member conduct is the responsibility of the Council's Standards & Training Committee. The Committee are also responsible for ensuring Members receive suitable induction and ongoing training and support.

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All staff have been required to read and understand the Officer Code of Conduct through the Council's IT Solution and all employees are bound by it as detailed in employee contracts. The Council has an appraisal scheme in place for all staff that seeks to ensure staff achieve agreed levels of performance with the monitoring and management of officer performance is the responsibility of line managers. In addition the Council's statutory officers are subject to Continuing Professional Development (CPD) through their respective Professional Organisations.

The Council's duty to ensure that all activities undertaken are in accordance with the law is discharged in part by the Council's Constitution including its Financial Procedure Rules and Contracts Procedure Rules and supported by strategies/policies relevant to council activities that are made available to staff and the public via the Council's intranet and internet sites respectively. All strategies/policies are allocated to a lead officer who is responsible for their periodic review and updating.

Update on emerging issues identified in the 2011-12 Annual Governance Statement and further impacts for 2013/14 and beyond.

The Council's 2011-12 Annual Governance Review Process and the Annual Governance Statement did not identify any governance issues arising requiring action. In the context of new legislation including the Localism Act and significant changes in Government funding, four specific emerging issues were identified in the 2011-12 Annual Governance Statement for the Council to continue to make progress and give consideration to. An update for each of these is provided below together with further impacts identified for 2013/14 and beyond:

- Budget issues – The Council achieved the savings target set for the 2013/14 budget; however the implementation of the Government-led initiatives below and the ongoing reduction in formula funding have increased the savings to be achieved in the remainder of the Medium Term Financial Plan.
- Government-led initiatives impacting on the Council's finances – The issues surrounding the implementation of council tax support and business rates retention scheme have been included within the budget for 2013/14 and beyond. Other issues raised in the 2011/12 Annual Governance Statement continue to be considered for financial impact.
- Icelandic bank investment – During 2012/13 the council has recovered 49% of the original investment made with the Icelandic Bank Landsbanki. The expectation is that the full sum will be recovered from the banks Administrators over the forthcoming years.
- Localism Act 2011 – We continue to monitor the potential impact of the Localism Act 2011 on the council's activities.
- Tonbridge and Malling Leisure Trust – The Council has decided to outsource its leisure facilities to a newly established Trust during 2013/14, the revenue impact to the authority will assist in the savings targets identified within the MTFS.
- Tonbridge Town Centre Redevelopment – The recent proposals put forward by Sainsbury's to redevelop Tonbridge Town Centre will have resource implications for the authority.
- Evaluation of the forthcoming Spending Review – This is due to be announced during 2013/14 and its impact will be assessed and reported to Members at that time.

Review of effectiveness

Tonbridge & Malling 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 executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of

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internal audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The effectiveness of the Council's governance arrangements has been evaluated through a self assessment against the detailed principles and arrangements suggested in CIPFA's *Delivering Good Governance in Local Government, Guidance Note for English Authorities*, 2012 Edition.

We have been advised on the implications of the result of the **review of the effectiveness of the governance framework** and that the arrangements **continue to be regarded as fit for purpose in accordance with the governance framework**. The areas to be specifically addressed with new actions planned are outlined below.

Enhancements to the Governance Framework identified in the 2012-13 Review

It should be noted that no significant governance issues were identified in the Annual Governance Review; however the review did identify four areas where the governance arrangements could be further enhanced and it is considered that this demonstrates the robustness of the review process. The areas for enhancement are detailed below:

- Overview & Scrutiny Committee annual reporting – the Council is considered to have a robust and active scrutiny function, however it is considered that transparency could be further improved if this committee published an annual report on its activities.
- Monitoring Officer Review – the Council is to consider the implementation of a Monitoring Officer Review similar to that carried out by the Chief Internal Auditor in order to demonstrate an effective and adequate legal monitoring arrangements.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed
J Beilby
Chief Executive
Date

Signed
N Heslop
Leader of the Council
Date

Lead Member and Chief Executive on behalf of Tonbridge & Malling Borough Council.