Annual Governance Statement

Scope of responsibility

Eastbourne 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, which includes arrangements for the management of risk.

Eastbourne Borough 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 is available on the website (www.eastbourne.gov.uk)

This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011 which requires all relevant bodies to prepare an annual governance statement.

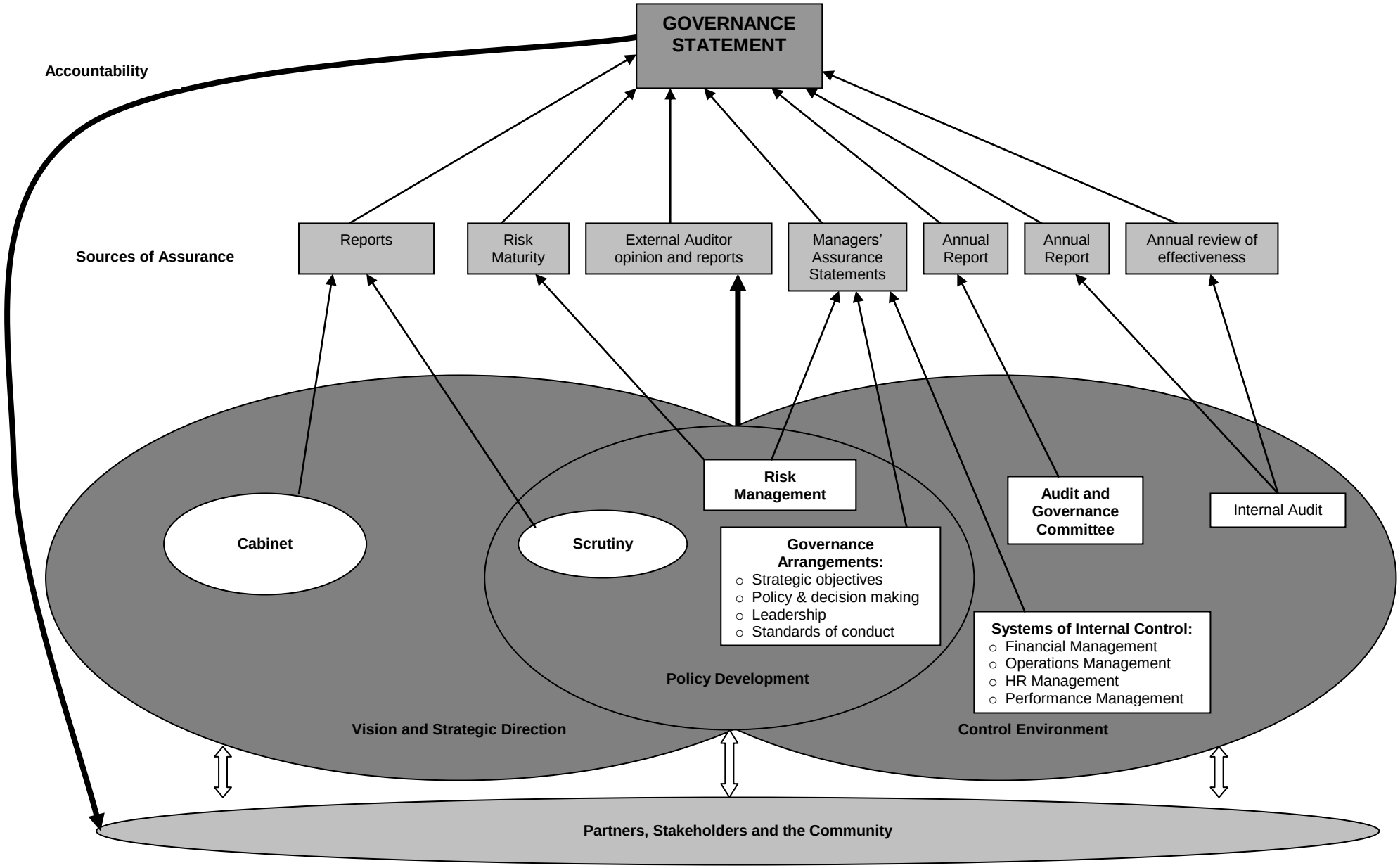
The purpose of the governance framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it is accountable 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 the Council for the year ended 31 March 2016 and up to the date of approval of the Annual Reports on financial Outturn and performance and Statement of Accounts.

THE GOVERNANCE FRAMEWORK



THE GOVERNANCE FRAMEWORK

The diagram of the Governance Framework at Eastbourne Borough Council demonstrates how the information concerning the needs, requirements and views of partners, stakeholders and the community are used in decision making processes across the authority and eventually feeds into the Annual Governance Statement as part of our accountability to the community.

Key elements of the systems and processes that comprise the authority's governance arrangements are described below.

The Council's Corporate Plan 2010-15 sets out the authority's vision, objectives, values and priorities. It brings together key actions and performance indicators to measure progress against priority projects. A public consultation was run to discover what the public wanted more/less spend on and which services they most/least valued. Information was also taken from a MORI Place Survey which was a statutory bi-annual consultation. Other data was used that placed Eastbourne in the wider context as well as the results of the 2009 Comprehensive Area Assessment. All this information was used to create the current corporate priority themes, 5-year vision statement and initial priority projects for the first year of the 2010-15 corporate plan.

The plan is reviewed annually with high level public consultation exercises taking place to re-test the top priorities ahead of a refresh of the plan. Each year the plan is approved by full Council. The Corporate Plan is available to view on the Council's website.

The priorities listed in the Corporate Plan are set up as programmes and key projects / activities feeding into these are specified. Each project is allocated an owner and the relevant objectives, milestones, performance indicators, planned activities and time tables are identified. All this information is uploaded into performance management software to allow for ease of monitoring and reporting. This is then regularly updated with information about progress against the objectives. There are monthly monitoring management and intervention arrangements in place through the Corporate Management Team and Scrutiny in addition to quarterly reporting to Cabinet

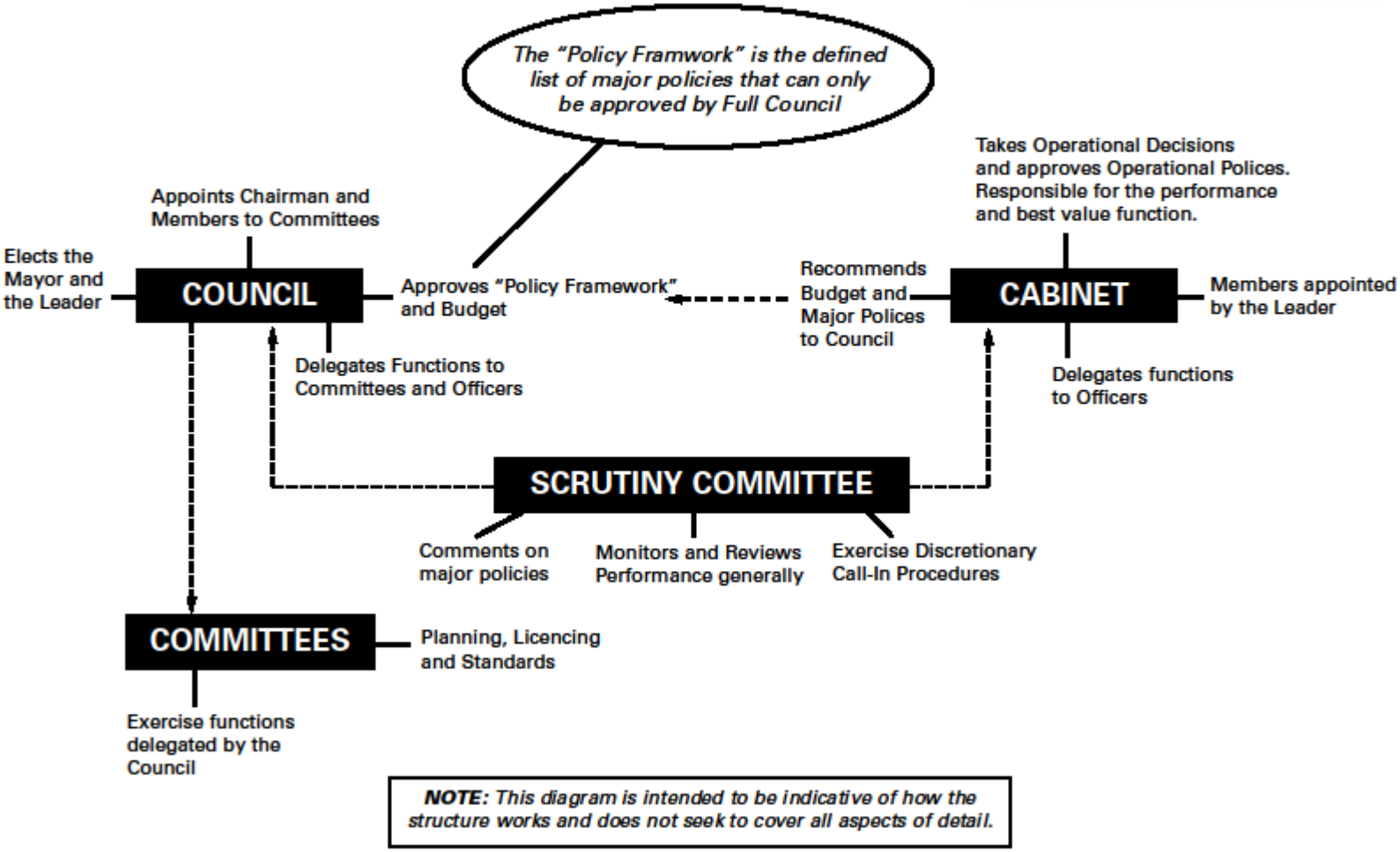
The Council is in the process of producing a new corporate plan for 2016-20. This has been approved in draft by the Cabinet and is due to be ratified by the full Council on 11 May 2016. The new plan builds on the work of the previous one and has been the subject of extensive consultation with local residents and stakeholders with over 1500 responses to those consultations. The overarching corporate priority themes remain unchanged but the vision statements going forward have been refreshed and updated, and are underpinned by both new and continued priority projects going forward. These priorities have been chosen both as a result of consultation responses received and also in respect of the current

economic climate and data demonstrating Eastbourne's standing on a local, regional and national comparative basis.

The Council is required to hold a written constitution under the provisions of the Local Government Act 2010. The constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to the people it serves. The Council's current constitution was originally adopted in May 2002 and has been the subject of update and amendment since that time. Some of the content of the constitution is required by law and other content is for the Council itself to determine. There is also a raft of legislation which is reflected in the constitution e.g. Access to Information. The constitution also details the responsibility for functions and roles across the Council including Council, Cabinet and committees

The Modernised Political Structure - How it Works

EASTBOURNE
Borough Council



NOTE: *This diagram is intended to be indicative of how the structure works and does not seek to cover all aspects of detail.*

(see The Modernised Political Structure – How It Works diagram). It also contains a Scheme of Delegation which allows officers to take decisions on behalf of the Council. The responsibilities of each officer are clearly documented.

Standards of behaviour and conduct of Members and staff are laid down in relevant sections of the constitution. Other relevant policies include the Anti Fraud and Corruption Policy (containing sections on Whistleblowing and the Bribery Act), disciplinary and grievance procedures and the Dignity at Work Policy. The Monitoring Officer and the Standards Panel have responsibility for considering complaints against Members. All policies and guidance are available to staff and Members on the Council's intranet.

All aspects of the decision making framework, including schemes of delegation, are contained in detail in the Council's constitution and summarised in the articles of the constitution. The content of this document is specifically ratified each year by the annual meeting of the Council. Any proposed changes to the Council's constitutional rules and delegations can be considered at any time, drafted, and put to the next available Council meeting for decision. Different elements of the constitution are owned by the Monitoring Officer and the Section 151 Officer as relevant. The Constitution is published in full on the Council's website.

The Data Quality Strategy is reviewed annually and any changes are signed off by the Audit and Governance Committee. Data Quality is managed day to day by managers using performance management software. Any issues are reported to the Corporate Management Team and reports are taken quarterly to the Scrutiny Committee.

The Council holds a Risk Management Strategy which sets out the way in which risks are to be identified, scored and recorded. This strategy is reviewed annually. Project, operational, departmental and strategic risk registers are now held on performance management software so that they can be updated regularly by managers who have complete ownership and responsibility for reviewing and updating the registers. The Strategic Risk Register is reviewed by the Corporate Management team quarterly.

The terms of reference for the Audit and Governance Committee include the requirement to review the effectiveness of the Council's arrangements for identifying and managing risks, internal control environment and corporate governance arrangements.

The Council holds an Anti Fraud and Corruption Policy which contains sections on Whistleblowing, Anti Money Laundering and the Bribery Act. This is reviewed annually to ensure that it is kept up to date. The Council now has a Corporate Fraud team which proactively seeks out cases of fraud across all areas of the Authority. The Council also participates in the biennial National Fraud Initiative programme which seeks to identify fraud by matching data with other authorities and agencies. An overview of these areas is set out in the terms of reference for the Audit and Governance Committee.

This Council is continuing with its transformation programme. Eastbourne is now working with Lewes District Council on a Joint Transformation Programme. This will create a more flexible, customer-focussed and cost-effective way of delivering services by integrating Eastbourne Borough and Lewes District to form a single team. These changes will both improve customer service and reduce costs enabling each authority to reach their savings targets by 2020. A strategy for integration of services across the Councils has been agreed and from January 2016 the authorities share a Chief Executive. The Cabinets of both authorities will next meet to consider the Joint Transformation Programme Business Case and Implementation Plan. The programme is being overseen by senior management and Members and is being managed using established project management protocols.

The chief financial officer role is held by the Deputy Chief Executive and s.151 Officer and is a member of the Council's Corporate Management Team. In this position the Deputy Chief Executive and s.151 Officer has input into developing and implementing strategies and advising on financial resources. The Deputy Chief Executive and s.151 Officer is responsible for developing the authority's financial strategies and will consider business decisions in line with these. The Deputy Chief Executive and s.151 Officer manages the Finance and Internal Audit teams and is a suitably qualified accountant. The Council therefore conforms with the governance arrangements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The Council holds Financial Procedure Rules and monthly budget monitoring meetings are held by Finance staff with managers responsible for budgets. Financial performance is reported regularly to Members.

The Internal Audit Manager proposes a risk-based audit plan for the year which is discussed with, and agreed by, the Corporate Management Team and the Audit and Governance Committee. It is ensured that the scope of the plan is sufficient to allow the Internal Audit Manager to be able to use the evidence gained during the year to base the opinion of the control environment upon at the end of the year. Each audit review carried out during the year is given an assurance rating based on the risks and controls in operation in that area. Each of these is taken into consideration when the annual report of the work of Internal Audit is written and feeds into the overall opinion of the control environment operating at the Authority.

The Internal Audit Manager undertakes an annual review of the Internal Audit function which assesses the function against the Public Sector Internal Audit Standards. The results of this self-assessment and any non-conformity with the standards is reported to the Audit and Governance Committee.

The role of Monitoring Officer sits with the post of Senior Head of Corporate Development and Governance. As monitoring officer, the post has appropriate autonomy and/or a direct reporting line to the Chief Executive. The function is also supported by a designated deputy and a network of officers trained in investigative procedures. Reporting line to members is to

a specifically constituted Standards Sub Committee which in turn reports to the Council's Audit and Governance Committee.

The Council has established an Audit and Governance Committee. The committee generally conforms to the best practice identified in CIPFA's "Audit Committees – Practical Guidance for Local Authorities". Its terms of reference include:

- To receive reports on and to monitor the operation of the Council's constitution;
- Have an overview on the Council's whistleblowing policy;
- Deal with audit or ethical standards issues which may arise;
- Carry out independent scrutiny and examination of the Council's processes, procedures and practices with a view to providing governance arrangements and risk and financial management;
- Meet the requirements of the Audit and Account Regulations Act 2011;
- Consider reports from the external auditors;
- To make recommendations to Council, the Cabinet or Scrutiny as appropriate with a view to improving the effectiveness, accountability and transparency of the decision making process and the Council's governance arrangements;
- Promoting and maintaining high standards of conduct within the Council and monitoring the operations of the Council's codes of conduct and registers of interest.

The Council holds a Whistleblowing Policy which forms part of the Anti-Fraud and Corruption Policy. This clearly sets out how concerns raised should be handled, recorded and reported. The Authority also has a Comments, Compliments and Complaints procedure. The public may contact the Council with a complaint via telephone, email, letter or online. A page on the website clearly explains the process. Complaints are managed and monitored using performance management software. Similarly the public can make complaints about Councillors. Information on how to do so can also be found on the website. These complaints are handled by the Monitoring Officer.

When there is a change of administration or a raft of new Councillors then a general induction programme is organised. Annually the leaders of the parties will discuss with members any specific training or development needs. Human Resources will then put together a programme of training events for Members to attend. There are also statutory updates. Senior officers have annual appraisals at which any training and development needs are identified. Some of this may be necessary CPD (continuing professional development) required for professional memberships.

Annual bespoke consultation is designed each year alongside the Corporate Plan, budget and service planning processes jointly owned by senior management and Scrutiny. This consultation uses a variety of methods including social media, online surveys, presentations to groups and open public sessions to test the proposed priority projects in the annual refresh of the Corporate Plan.

Other communications include:

- Comprehensive consultation on corporate priority themes and goals prior to the publication of each new 5-year Corporate Plan.

- Monthly electronic communiqué to a list of free subscribers (business partners and community groups) providing updates on progress of major projects.

- Frequent engagement with equality groups – DIG (Disability Involvement Group), Faiths Forum and Bourne-Out.

- A new scheme "Talk with Us" has been put together whereby ward Councillors in partnership with neighbourhood officers from other agencies (e.g. Police and Housing agencies) will visit communities for direct contact. Estate audits will also be carried out and all observations will be fed back into relevant projects at the Council.

- Annual Youth Fair to bring together agencies that provide services and activities with the youth of the town to increase awareness.

- Standing items on Cabinet and committee agendas enabling public rights of address on items to be discussed and/or open questions by members of the public.

- Improving service delivery from the Council with the introduction of the Neighbourhood First Team which has regular community contact and feedback surgeries.

All working partnerships have previously been the subject of equality impact assessments and are properly constituted. Elected member representatives appointed annually by full Council and listed in the Council's constitution.

REVIEW OF EFFECTIVENESS

The 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 senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework includes the following elements:

Internal Audit

The Council's Internal Audit section is an independent assurance function that reports on the adequacy of the whole system of internal control across

the Authority. The section generally conforms with the Public Sector Internal Audit Standards (PSIAS) and this has been reported to the Audit and Governance Committee. There are no major areas of non conformance to report within the Annual Governance Statement.

All reports from Internal Audit reviews are seen by the Section 151 Officer, Chair of the Audit and Governance Committee and the Portfolio Holder for Finance. Quarterly and annual reports on the work carried out by the Internal Audit function are considered by both the Corporate Management Team and the Audit and Governance Committee. The "audit opinion" of the control environment, including IT governance, given in the annual report feeds into the Annual Governance Statement.

The Strategic Risk Register has been adopted by the Audit and Governance Committee. The register is reviewed quarterly by the Internal Audit Manager and the Corporate Management Team and any changes are reported to the Audit and Governance Committee.

Corporate Management Team

The roles of this team are to provide strategic management and planning, oversee priority and budget setting, service planning and performance management. The team provides organisational leadership, engages with Cabinet on strategic issues/direction and, in partnership with members, develops relationships with key stakeholders.

Individual members of the team are responsible for the performance of their relevant department/service area, progress of their relevant portfolio themes and liaison with portfolio holding members.

The Corporate Management Team gives consideration to the Internal Audit Plan, Strategic Risk Register and Annual Governance Statement.

Consideration was given by the Corporate Management Team to any significant non-delivery of strategic objectives, potential exposure to loss through fraud, corruption or error and litigation through non-compliance. No instances were identified as significant governance issues.

Audit and Governance Committee

The Audit and Governance Committee is responsible, amongst other things, to carry out independent scrutiny and examination of the Council's financial and non-financial processes, procedures and practices to the extent that they affect the Council's control environment and exposure to risk. This is with a view to providing assurance on the adequacy and effectiveness of internal controls, risk, financial and performance management, fraud detection and prevention and the work of Internal Audit.

The Audit and Governance Committee reviews reports submitted by the Head of Internal Audit including the Annual Governance Statement, Internal Audit provision, all internal audits and the Strategic Risk Register. It also

considers the draft annual financial statements including the Annual Governance Statement in June and then the final statements following audit in September.

Scrutiny Committee

The Scrutiny Committee meets to review the delivery of services as a result of previous council decisions, the performance of existing policies and strategies, the submission of performance indicators and recommend appropriate courses of action to the Council or Cabinet.

The Scrutiny Committee reviews the delivery of services and performance and supports the work of the Cabinet and the Council as a whole. It allows Councillors outside the Cabinet and members of the public to have a greater say in Council matters by investigating issues of local concern. It also acts as the Council's Crime and Disorder Committee to look at the formulation and implementation of the Crime and Disorder strategies.

Cabinet

The Cabinet is responsible for most day-to-day decisions of the Council. The Cabinet is made up of the Leader of the Council and 5 Councillors from the majority political group, the Liberal Democrats. Each member is assigned portfolios identifying areas of responsibility for which they provide a political lead at Cabinet meetings and for working in consultation with officers.

The Shadow Cabinet is made up of 7 members of the Opposition, the Conservative group, with each member similarly being assigned portfolios.

Cabinet considers the External Auditor's Annual Audit and Inspection Letter and other commissioned audit reports. It also sponsors and recommends adoption of the accounts.

Managers' Assurance Statements

One of the sources of assurance for the Annual Governance Statement should come from Senior Managers responsible for the operation, management and monitoring of controls within their area of responsibility. The Managers' Assurance Statement is intended to collect this assurance by covering operational, project and partnership responsibilities as well as the Bribery Act, Safeguarding, RIPA and frauds over £10k. The senior manager can highlight concerns and the necessary actions required to improve governance. Assurance statements are sent out to Heads of Service, the monitoring officer and Eastbourne Homes Ltd. Once completed their contents are used to inform the governance statement.

Six Managers' Assurance Statements mentioned minor concerns around capacity and capability. The Council is continuing with a programme of change called "Future Model" which is redesigning the Council's services to be more focussed around the needs of customers as well as realising efficiency savings. The Council is involved in shared service agreements principally with Lewes District Council. This programme was designed to preserve and enhance the way the Council provides front line services whilst

dealing with funding reductions. The work has been ongoing for a number of years and it is acknowledged that changes had to be made to keep the authority sustainable in a challenging environment. There are also significant asset projects underway such as the development of Devonshire Park. Together this means that there is a significant volume and variety of change which brings a cumulative risk. The Council is aware of this and receives regular updates on its Sustainable Service Deliver Strategy (SSDS) and ongoing performance monitoring and reporting. Project boards and an overall cross party "DRIVE" board oversee the change programme. The Council has set aside financial resources to deal with short term needs via its strategic change fund and deploys additional resources on a project by project basis.

External Reviews

The external auditor's Annual Audit Letter and other commissioned audit reports are presented to, and considered by, the Audit and Governance Committee.

Reviews carried out by external agencies, e.g. APP; Benefit Performance Review; RIPA inspection, which impact on the governance framework are taken into consideration when preparing the Annual Governance Statement.

Eastbourne Homes Ltd

Governance arrangements at Eastbourne Homes Ltd (EHL) are also considered. Reviews are carried out and reports written by the internal and external auditors engaged by EHL which are reported to their own Audit Committee and Board. Ad hoc reviews are carried out on EHL systems by the internal auditors of the council. At the end of year the Audit Committee of EHL have a minuted disclaimer concerning fraud and corruption. EHL are also required to complete an assurance statement at the end of each year which helps inform the Annual Governance Statement.

UPDATE ON SIGNIFICANT GOVERNANCE ISSUES 2013/14

Area	Issue	Actions Planned	Update
Catering	Control weaknesses identified when the service was taken back in-house.	The service has been reviewed by Internal Audit and ongoing monitoring of the progress of recommendations made will be made until they are addressed. Work on addressing the recommendations is already progressing. A restructure has been carried out and additional resources identified through Service and Financial Planning.	All recommendations have been addressed. **ADDRESSED**

SIGNIFICANT GOVERNANCE ISSUES 2014/15

Internal controls across the authority were generally found to be sound.

There are no significant governance issues to report.

STATEMENT

We have been advised on the implications of the result of the review of effectiveness of the governance framework by the Audit and Governance Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Signed on behalf of Eastbourne Borough Council:

……..……
Leading Member

……..……
Chief Executive

Date: