

THURROCK COUNCIL

Annual Governance Statement 2016/17

1.0 Scope of responsibility

Thurrock Council is responsible for ensuring its business is conducted in accordance with the law and proper standards and public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The council also has a statutory duty to put in place 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 duty, 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.

A revised Local Code of Corporate Governance was developed to ensure it reflects the seven principles of the recently refreshed CIPFA/SOLACE "*Delivering Good Governance in Local Government Framework 2016 Edition*". The seven principles are:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

This statement explains how the council has complied with the revised code and has met the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

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 (2015)*.

2.0 The purpose of the governance framework

The governance framework comprises the systems, processes, and culture and values, supporting the direction and control of activities of the council. These enable it to engage with and be accountable to the community. It also supports the council in monitoring the achievement of strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of this 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. It enables the evaluation of the likelihood of those risks being realised, the impact should they be realised and provides the ability to manage them efficiently, effectively and economically.

The council had the governance framework described below in place for the year ended 31 March 2017 and up to the date of approval of the statement of accounts.

Thurrock Council
Released under FOI

3.0 The Governance Framework

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies.

To demonstrate its commitment to Principle A, Thurrock Council has:

Defined and documented roles and responsibilities for Cabinet, Council, Overview and Scrutiny and all Committees of the council, along with officer functions, with clear delegation arrangement and protocols for effective communication within the Council's Constitution. The Constitution is regularly reviewed and updated, with amendments discussed with the Constitution Working Group, General Services Committee and thereafter agreed periodically at Full Council meetings.

All decisions are made in accordance with the requirements of the Constitution and the scheme of delegation, which forms part of the Constitution. The Monitoring Officer will report to Council or to Cabinet if it is considered any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration.

Codes of Conduct which define the high ethical standards and standards of behaviour expected from elected members and officers and ensure the council's business is conducted with fairness and integrity.

An Anti-Fraud & Corruption Policy which was finalised and was adopted by the council in November 2015. It sets out the council's position in regards to allegations of fraud, theft, bribery, corruption and money laundering.

Whistleblowing Policy and Procedures which were introduced in August 2015 and the profile of whistleblowing has been further raised through their inclusion on the council's website.

Processes for considering any complaints that come into the council. These cover member complaints which are dealt with by the Monitoring Officer, officer or service complaints which are dealt with by the Information Management team and Adult & Children's Social Care complaints, which have their own complaints systems and processes which are regulated by the Commission for Social Care Inspection (CSCI).

The Chief Finance Officer (Director of Finance & IT), the Monitoring Officer and Heads of Service are responsible for advising the executive, council and scrutiny committees on legislative, financial and other policy considerations to achieve the council's objectives and are responsible for implementing councillors' decisions.

Principle B - Ensuring openness and comprehensive stakeholder engagement.

Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders.

To demonstrate its commitment to Principle B, Thurrock Council has:

Meetings of the Council and its Committees which members of the public can attend unless there are good reasons for not doing so on the grounds that items are exempt under schedule 12A of the Local Government Act 1972. The public have the right to see the agenda and minutes once they are published and they are available on the council's website.

Established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. This is underpinned in the Community Engagement Strategy 2011 – 2016 the objectives of which are:

- Develop and support communities and local people to get involved;
- Support councillors to be leaders for their communities; and
- Establish a coordinated, efficient partnership approach to community engagement with a focus on value for money.

Carried out regular consultations with residents and service users to identify their priorities for service improvement and how satisfied they are with the council's services.

Supported the principle of sharing services with other local authorities. The council shares its legal services with the London Borough of Barking and Dagenham (LBBB) and supplies legal services to Brentwood Council and a number of other authorities. The Counter Fraud & Investigation Service also supplies a service to Southend Council, Castle Point District Council, the Ministry of Justice and a number of other central government bodies.

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources.

To demonstrate its commitment to Principle C, Thurrock Council has:

An annual Corporate Plan which was agreed by Cabinet in July 2016 which sets out what the council will do to achieve its vision and priorities in 2016/17. The plan is supported by the Corporate KPI (Key Performance Indicator) Framework which details the statistical evidence the council will use to monitor the progress and performance against those priority activities.

A Forward Plan for both Council and Cabinet meetings which is used to provide the required 28-day notice of such decisions and also includes decisions that are proposed to be taken over the next four months by the Leader of the Council, the Cabinet, Cabinet Members and Officers of the Council.

2 Strategic Leadership Boards and 9 Strategic Management Boards. The aim of strategic boards is to proactively contribute to the improvement of Thurrock Council by:

- identifying and prioritising changes which are most likely to lead to sustained improvements in the way that Thurrock Council operates as a corporate entity.
- making sure that changes are appropriately resourced, and effectively programme/performance managed.
- making sure that the council has appropriate knowledge and skills in order to deliver high quality and efficient corporate services.
- making sure that changes are effectively communicated through management teams, corporate communications and other channels as appropriate.
- taking the lead to monitor and report on progress and take appropriate action where improvements are not being achieved.

The boards are decision-making bodies that are solution-focused in the way their business is conducted. Directors' Board will sign off the annual work plans and priorities and will also be responsible for resolving areas of conflict and any shortfalls in resources to deliver the plans.

A Social Values Framework that describes how the council will consider the social, economic, environmental and equality aspects when procuring services from suppliers.

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

To demonstrate its commitment to Principle D, Thurrock Council has:

A Medium Term Financial Strategy (MTFS) that sets out a stable financial framework within which the council operates and is reviewed throughout the year. It supports the Medium Term Financial Plan reported to councillors during the budget setting process.

A Performance Management Framework through which the achievement of objectives, quality of service and use of resources is measured. The Performance Management Framework, which works on the "Plan-Do-Review-Revise" cycle and covers all areas of performance management including the scorecard process, corporate planning cycle, risk and opportunity management, use of statistical evidence and data quality.

A corporate scorecard process which monitors the key performance indicators relating to progress against key strategic objectives within the Corporate Plan/MTFS. This is monitored by the Performance Board on a monthly basis.

A Local Development Framework which sets out how we will use land and has been the basis to achieve both our partners' and the council's wider objectives.

Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods.

To demonstrate its commitment to Principle E, Thurrock Council has:

Robust HR policies and procedures which include detailed guidance on the recruitment and selection process.

A mandatory induction programme, equality and diversity training and on-line information security training for new employees.

An induction programme for newly elected members and opportunities for longer serving members to update their skills. There is also mandatory training for members on equality and diversity and for those moving on to quasi-judicial committees or the Standards & Audit Committee.

A staff Performance Development Review (PDR) process which requires line managers to agree individual performance targets and identify development opportunities for their direct reports in the coming year. This is supported by a six monthly 1 to 1 meeting to check progress and a year-end annual appraisal to measure achievement, with pay progression being related to performance.

Executive and scrutiny arrangements in place consisting of a Leader/Cabinet model and Overview and Scrutiny Committees which consider specific areas of the council's business. The scrutiny function allows a committee to question and challenge the policy and performance of the executive and promote public debate.

A management structure that includes a Chief Executive who leads a management team (Directors' Board) which includes the Corporate Director - Children's Services, Corporate Director - Environment and Place, Corporate Director - Adults, Housing and Health, Director of Finance & IT (Section 151 Officer), Director of Commercial Services, Director of HR, OD and Transformation, Director of Strategy, Communications and Customer Services, Director of Public Health and the Deputy Head of Law & Governance (Monitoring Officer).

Principle F - Managing risks and performance through robust internal control and strong public financial management.

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes.

To demonstrate its commitment to Principle F, Thurrock Council has:

A Risk and Opportunity Management (ROM) Policy, Strategy and Framework and a Strategic/Corporate Risk and Opportunity Register which are regularly reviewed and the outcomes from the reviews reported to Standards & Audit Committee, via Directors Board and Performance Board.

Aligned the refresh of service risk/opportunity registers with the annual service planning cycle. Where risks and opportunities are identified, they are included in service plans. Service managers are responsible for the regular monitoring of progress against the service plan and the management of risks/opportunities as part of the performance review process.

6 scrutiny committees and 2 review panels which report annually to the council. Scrutiny committees provide constructive challenge to the executive on policies and performance. .

The Director of Finance & IT is the Section 151 Officer responsible for the overall management of the financial affairs of the council. The Director of Finance & IT is responsible for all financial systems, procedures and supporting records of the council. Any new or amended financial systems, procedures or practices are agreed with the Director of Finance & IT before implementation.

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner.

To demonstrate its commitment to Principle G, Thurrock Council has:

An Internal Audit Service that provides an independent assurance function that primarily operates in accordance with best practice professional standards and guidelines. It reviews on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the council's objectives, and contributes to the proper, economic, efficient and effective use of resources.

Internal audit reports which are presented to the Standards & Audit Committee on a quarterly basis and at the July meeting through the Chief Internal Auditor's Annual Report which gives an assurance opinion on the overall internal control, risk management and governance environments. Any individual internal audit review judged "Red" or "Red/Amber" is subject to timely action plan and follow up audit.

A process, through the Standards & Audit Committee, for members to oversee and monitor the council's response to the findings and recommendations of internal and external audit reports and call in officers if necessary.

Produced an Accounting Statement that includes the external Auditor's independent opinion and the council's financial statements.

Produced an Annual Governance Statement which details the council's system of internal control and its commitment to achieve good governance.

Published information on the council's website in accordance with the Local Government Transparency Code 2015.

4.0 Review of effectiveness of the governance framework

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 managers within the council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

The following highlights our review of our governance framework and sets out the assurances of committees, officers and external organisations.

REVIEW OF OBJECTIVES

To ensure we are doing the right things in the right way and for the right people, in 2011/12 the council undertook a major review of the Corporate Plan and adopted the Corporate Plan and Medium Term Financial Strategy (MTFS).

The Corporate Plan and MTFS sets out the strategic direction of the Council and how it contributes to the delivery of the Community Strategy. In addition, it also addresses how the council will meet the financial challenges in delivering the priorities.

The Corporate Plan and MTFS cascade the Community Strategy into the council's corporate strategic planning process and inform key service plans and objectives. The plan sets out the council's strategic objectives for 2016 and how it will achieve those objectives.

The council updated and reviewed the Corporate Plan in July 2016 to ensure it remains current. The MTFS is regularly reported to members and is updated on a rolling basis.

INSPECTIONS

ADULT SERVICES

There was an announced visit by the Care Quality Commission (CQC) to the Extra Care Service on the 11th to 13th October 2016. The overall rating of the service was requires improvement. In respect of the individual areas inspected, the results were as follows:

- Is the service safe? Requires improvement
- Is the service effective? Requires improvement
- Is the service caring? Good
- Is the service responsive? Requires improvement
- Is the service well-led? Requires improvement

The CQC provided the service with an action plan to address the key findings.

There was an unannounced visit by the Care Quality Commission (CQC) to the Homecare Reablement Team Service on the 1st, 8th, 17th and 29th November 2016. There had been a previous inspection in May 2016 which identified a number of breaches of regulations. The overall rating of the service following the May inspection was requires improvement. In respect of the individual areas inspected, the results were as follows:

- Is the service safe? Inadequate
- Is the service effective? Requires improvement
- Is the service caring? Requires improvement
- Is the service responsive? Requires improvement
- Is the service well-led? Requires improvement

The CQC provided the service with an action plan to address the key findings and followed up with an unannounced visit in November. The service was clearly improving with an upward direction of travel in 4 of the 5 areas although the overall rating was still requires improvement. The results of the individual areas were as follows:

- Is the service safe? Requires improvement
- Is the service effective? Good
- Is the service caring? Good
- Is the service responsive? Requires improvement
- Is the service well-led? Good

CHILDREN'S SERVICES

There were 2 OFSTED Inspections carried out at Thurrock Schools (excluding Academies). The overall results were as follows:

- Holy Cross RC Primary School – Good
- St Thomas of Canterbury RC Primary School – Good

LEGAL FRAMEWORK

The authority has approved changes to the Senior Management Structure which aim to ensure the council becomes and remains more focussed on service outcomes and on delivering quality services to all of the communities in Thurrock.

The authority continues to share its Director of Law & Governance with the London Borough of Barking and Dagenham by way of a section 113 secondment under the Local Government Act 1972 with the Deputy Head of Law & Governance fulfilling the role of the council's Monitoring Officer. The legal services of both authorities continue to work together under a Memorandum of Understanding ensuring effective collaboration that includes protocols for joint management, data sharing and conflict of interest protocols.

The Constitution has been regularly reviewed during the year by the Monitoring Officer in conjunction with the Constitution Working Group, General Services Committee and Full Council to ensure it remains up to date and appropriately addresses legislative changes such as the new statutory

Prevent duties. Consequential amendments have included changes to portfolios held by Cabinet Members, Management / Directorate structures and minor formatting and typographical errors.

Legal or Monitoring Officer implications are a mandatory requirement of every report and / or motion of Council thereby informing decision makers of relevant legal comments.

A legal advisor, from the shared Legal Service of 65 admitted lawyers generally attends all formal decision making meetings.

The Deputy Head of Law & Governance & Monitoring Officer is a member of the weekly Director Board at the council, together with attending regular monthly Governance Group meetings of Chief Statutory Officers with Group Leaders.

Legal advisors also regularly attend relevant boards.

The Monitoring Officer manages the investigation of any disclosures of malpractice made under the Council' Whistle blowing Policy and procedures and monitors the implementation of recommendations arising from any investigation.

The Monitoring Officer is the Senior Responsible Officer for the Regulation of Investigatory Powers (**RIPA**) and monitors both the RIPA policy and countersigns authorisations.

There are embedded review procedures for Members' and Officers' declarations of interests and declarations of gifts and hospitality, together with monitoring and reviewing Local Government Ombudsman decisions and supporting Standards and Audit Committee in its oversight function.

Legal & Democratic Services provides regular briefings and training to senior managers, legal officers and Members on new legislation and key changes in the law in a local authority context and / or matters of particular significance to the council' work together with regular training events – some of which have been attended by a wide range of other authorities.

The council has an Induction and Member Training programme of internal and external training events. Extensive Induction Handbooks are produced for all Members, with training for holders of key positions such as Cabinet, chairs of committees together with mandatory annual training for planning and licensing committee Members and Overview & Scrutiny training.

The Monitoring Officer did not need to use any statutory powers during the year.

FINANCIAL FRAMEWORK

FINANCIAL REPORTING

Formal budget monitoring for both revenue and capital income and expenditure took place every month during the financial year.

Every month, Heads of Service are required to submit a return to Corporate Finance, providing the reasons for current variances and including forecasts for the end of year outturn position.

Corporate Finance collate the Heads of Services' returns into the monthly budget monitoring report which is considered by Directors Board monthly and Cabinet quarterly.

This highlights the key variances enabling management and Cabinet to challenge them.

They also enable resources to be realigned to ensure overall service delivery is managed effectively.

For all committee reports for which a decision is required, a "financial implications" section is included assessing financial consequences of the decision being taken. This is verified by a member Corporate Finance.

Corporate Finance officers keep up to date with the latest developments in accounting practice to support the preparation and presentation of the financial statements. As in previous years, staff prepared for completion of the financial accounts by attending the Ernst and Young training day and/or various CIPFA workshops.

The annual Statement of Accounts and Annual Audit letter are available to the public and are published on the council's web site. We can make them available in accessible formats. To assist the public in understanding the accounts, we have included an explanatory foreword in the Statement of Accounts that explains their purpose and summarises the key messages arising from them. We have also included a glossary of terms to aid understanding.

BUDGET MONITORING

Corporate Finance officers meet with all Service Heads and their staff monthly during the financial year to discuss performance against budget and actions to be taken. We use this information to support the budget monitoring reports presented to Cabinet. It also informs decisions to make budget transfers or to prepare supplementary estimates as required.

Every year the council sets a comprehensive and balanced budget, which has been shown to provide adequate resources to deliver the services of the council.

The council's budget planning cycle is well established. We complete the annual budget for consideration by Cabinet by February, before it is discussed

and approved at Council later that month. The process is supported by Scrutiny Committee review of the budget between October and February each year.

The Chief Finance Officer presents an outturn report to Cabinet annually reflecting the overall performance against budget for the previous year.

TREASURY MANAGEMENT STRATEGY

The council's Treasury Management Strategy, which the Council agrees annually, sets out its policy on managing its loans, cash and investments. This ensures the council has sufficient cash to meet its needs, returns are maximised, costs are minimised whilst the security of the council's financial assets is maintained. The strategy has regard to the CIPFA Code of Practice for Treasury Management in Public Services and the CIPFA Prudential Code for Capital Finance in Local Authorities.

We report performance against the strategy to Cabinet half yearly.

Cabinet take responsibility for ensuring effective scrutiny of the Treasury Management strategy, policies and performance in accordance with the CIPFA Prudential code and CIPFA Treasury Management code, which were revised in November 2011.

All the arrangements detailed above demonstrate the Cabinet and the Chief Financial Officer's team exercise collective responsibility for financial matters. The Chief Financial Officer takes responsibility for the stewardship of use of resources and financial accountability.

ORACLE

The council uses the Oracle financial system to generate all financial information required by stakeholders.

The financial system is stable but the quality of reporting remains under review with a programme in place to address this.

COMMENT ON THE ROLE OF THE DIRECTOR OF FINANCE & IT

The Section 151 Officer (the Director of Finance & IT) has a responsibility to ensure an effective internal audit function is resourced and maintained. The council's internal audit function is led by the Chief Internal Auditor. In January 2017, 2 additional Assistant Internal Auditors were appointed to ensure there were adequate resources to maintain the service.

The council requires internal audit to provide an effective service in accordance with professional standards, and internal audit officers must abide by the Institute of Internal Auditors Code of Ethics and receive suitable training and development to maintain the appropriate skills, experience and competence. The performance of internal audit is subject to annual review through an annual report to the Standards & Audit Committee who also consider key issues from specific audit reports.

AUDIT (INTERNAL/EXTERNAL) AND THE HEAD OF INTERNAL AUDIT

Internal audit is an independent assurance function that primarily operates in accordance with best practice professional standards and guidelines. It reviews on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's objectives, and contributes to the proper, economic, efficient and effective use of resources.

The Chief Internal Auditor's overall opinion is included in the Internal Audit Annual Report for the year ended 31st March 2017 and will be submitted to the Standards & Audit Committee in July 2017. The overall control environment was given an Amber assurance opinion; Risk Management was Amber whilst corporate governance remained Green. The change from Green to Amber for the assurance opinion issued on the control environment was as a result of an agreed change to the assurance opinions of individual reports where Amber/Red opinion were previously deemed to be positive but it was agreed they should actually be negative.

The External Auditor issued an unqualified audit opinion and unqualified value for money statement for 2015/16.

RISK AND OPPORTUNITY MANAGEMENT

In accordance with the Risk and Opportunity Management (ROM) Policy, Strategy and Framework the Strategic/Corporate Risk and Opportunity Register was regularly reviewed during 2016/17 and the outcomes from the reviews reported to Standards & Audit Committee, via Directors Board and Performance Board.

The annual review of ROM arrangements was undertaken in 2016 using the ALARM/CIPFA Risk Management Benchmarking Model. This model is used to test and compare the council's performance against the major risk management standards and the criteria that informs the risk management element of the Annual Governance Statement.

The results of the review and proposals to maintain and further embed the practice across the organisation were reported to the Standards & Audit Committee in February 2017.

The challenge in the short to medium term is to maintain or improve the practice across the organisation to ensure that adequate risks and opportunity management arrangements remain in place, are further embedded and form part of the decision making process both at operational and strategic levels.

ANTI-FRAUD AND CORRUPTION, WHISTLEBLOWING AND MONEY LAUNDERING

The council has an Anti-Fraud & Corruption Policy which was finalised and adopted by the council in November 2015. It sets out the council's position in regards to allegations of fraud, theft, bribery, corruption and money laundering. The policy takes into account national best practice. The council's

Counter Fraud & Investigation Directorate has sole responsibility for the prevention, detection and deterrence of any fraud, bribery and corruption promoting an anti-fraud culture through a zero tolerance approach. A programme of training and awareness was rolled out across directorates and subject matter experts from the Counter Fraud & Investigation Directorate have been assigned to each council service area.

The council has a Whistleblowing Policy and Procedures which are effective from August 2015 and has further raised the profile of whistleblowing through inclusion on the council's website.

BUSINESS CONTINUITY

As part of the council's plans to meet its savings targets, it was agreed that business continuity would be devolved down to local managers and there would be no central coordination through the Emergency Planning Team. However, it is important to note that business continuity is a statutory duty for local authorities under the Civil Contingencies Act 2004.

Reductions in the risk to the business continuity in some areas of the council have been achieved by joint working, for example the legal partnership between the Council and the London Borough of Barking and Dagenham which has improved capacity to deliver emergency legal work during disruption. In respect of IT, discussions have taken place with Southend Council and an arrangement agreed to have a number of terminals available to maintain critical services if a disaster were to occur. The arrangement is reciprocal with Southend Council being able to access terminals in Thurrock if the disaster were to occur within their borough.

GROUP RELATIONSHIPS

Gloriana Thurrock Ltd is the council's wholly owned regeneration company whose principle aim is "to help deliver the council's growth agenda by developing new housing and commercial projects to stimulate market confidence within the Borough and to provide quality housing to meet housing needs and improve the lives of Thurrock residents". Any profits made by the company will be used for further developments and/or to support services.

Gloriana is funded from loans granted via the Council, and any land considerations are sold at market value in return for shares/equity. The sale of the land is agreed by full Council. Any projects undertaken by Gloriana are overseen by the Gloriana Board which meets monthly and is made up of senior council officers from Regeneration, Housing and Finance who form the company's directors, and an external director from the HCA. There is also a stakeholder group made up of the Leaders and Deputy Leaders of the 3 main political parties in Thurrock who meet quarterly with members of the Gloriana Board to discuss current and future projects.

A review of the robustness of the governance arrangements, decision making and monitoring processes around Gloriana is included within the annual audit plan for 2017/18 and a service review is due to be undertaken in 2018/19 as

part of the council's overall service review programme across all areas of its business.

STANDARDS & AUDIT COMMITTEE

The Standards & Audit Committee undertake the core functions of an audit committee by providing independent assurance the Authority's financial and risk management is adequate and effective and there is a sound system of internal control that facilitates the effective exercise of its functions, including:

- keeping under review the Authority's own audit standards and whether they are relevant and represent best practice.
- considering or reviewing the following and the action taken on them and advising the Council and/or the Cabinet, as appropriate:
 - (a) internal and external audit plans and progress against plans;
 - (b) summaries of external and internal audit reports and progress against recommendations made in audit reports;
 - (c) the annual report of the internal auditor and the Annual Governance Statement;
 - (d) approving the annual statement of accounts and whether appropriate accounting policies have been followed;
 - (e) reports from inspection agencies, including the external auditor's Annual Audit letter and Audit Results Report to those charged with governance;
 - (f) keeping under review the Authority's control environment and anti-fraud and anti-corruption arrangements, including compliance with the Financial and Contracts Procedure Rules; and
 - (g) keeping under review the relationships between external and internal audit and other inspection agencies.
- reviewing the performance of the council's appointed Internal Audit provider.

Our Standards & Audit Committee also undertakes standards functions pursuant to the abolition of the old statutory Standards Committees by the Localism Act 2011.

The authority has also adopted a new local Code of Conduct for Members that reflects the Nolan principles, appointed three Independent Persons and established a complaint procedure for complaints against Members.

The Standards functions include:

- promoting and maintaining high standards of conduct by Members and co-opted Members of the authority;
- receiving periodic reports from the Monitoring Officer on dispensations granted / refused, complaints received against Members, complaints resolved informally, complaints resolved after an investigation and a Members Advisory Panel Hearing and assessing the operation and effectiveness of the Members' Code of Conduct;
- advising on training or arranging to train Members and co-opted Members on matters relating to the Members' Code of Conduct;

- assisting Councillors and co-opted Members to observe the Members' Code of Conduct;
- to receive referrals from the Monitoring Officer into allegations of misconduct in accordance with the authority's assessment criteria;
- advising the council upon the contents of and requirements for codes/protocols/other procedures relating to standards of conduct throughout the council;
- maintaining oversight of the council's arrangements for dealing with complaints;
- informing Council and the Chief Executive of relevant issues arising from the determination of Code of Conduct complaints;
- appointment of Members' Advisory Panel (a Working Group of the Committee) to hear and make recommendations to the Monitoring Officer concerning complaints about Members and co-opted Members referred to it by the Monitoring Officer;
- on referral by the Monitoring Officer to grant dispensations after consultation with the Independent Person pursuant to S33(2) (b), (c) and (e) of the Localism Act 2011; and
- hear and determine appeals against refusal to grant dispensations by the Monitoring Officer pursuant to S33 (2) (a) and (d) of the Localism Act 2011.

The Monitoring Officer received no complaints during 2016/17 which passed the council's agreed threshold criteria requiring a hearing or was relevant to a Members' official role and duties.

SCRUTINY COMMITTEES

The Council reviews at its meeting the Annual Report of the Scrutiny Committees which details the work of its committees and their main achievements for that municipal year. The aim of this is to improve the effectiveness of the scrutiny function. These committees continue to help develop council policy, review performance in meeting council objectives and satisfy themselves there are robust governance arrangements in place.

As part of the scrutiny function, the council currently operates 6 scrutiny committees as follows:

- Corporate Overview and Scrutiny Committee;
- Children's Services (including Education) Overview and Scrutiny Committee;
- Health and Wellbeing Overview and Scrutiny Committee;
- Cleaner, Greener and Safer Overview and Scrutiny Committee;
- Planning, Transport, Regeneration Overview and Scrutiny Committee; and
- Housing Overview and Scrutiny Committee;

The terms of reference for each of the six scrutiny committees mentioned above are set out in the Constitution and are reviewed and agreed annually by Council.

EXTERNAL SOURCES OF ASSURANCE ON THE GOVERNANCE FRAMEWORK

The main assurance on the council's governance framework comes from the External Auditor through the Annual Audit Letter and Certification of Claims report. The Annual Audit Letter was reported to the Standards & Audit Committee in November 2016 and reported that:

- The council was issued with an unqualified Audit Opinion on the 30th September 2016;
- An unqualified Value for Money assessment was issued on the 30th September 2016;
- There were no issues to report on the accuracy of the consolidation pack the Council prepared for the Whole of Government Accounts which was submitted to the National Audit Office on the 30th September 2016; and
- There were no identified areas of concern with respect to the Annual Governance Statement.

The Certification of Claims report was reported to the Standards & Audit Committee in February 2017 and acknowledged that the level of errors identified in the general classification and calculation of overpayments had continued to reduce.

INFORMATION GOVERNANCE

The council is required to ensure it complies with Data Protection Act 1998 and the Freedom Of Information Act 2000 when considering its arrangements around information governance. Each September, the Information Manager provides an Annual Access to Records Report to the Standards & Audit Committee which gives a detailed breakdown of all requests made under these Acts and whether they were completed within the required timeframes.

LOCAL GOVERNMENT AND HOUSING OMBUDSMAN

The Local Government Ombudsman (LGO) and Housing Ombudsman's (HO) services provide a complaints handling service to make sure that local public services are accountable to the people that use them and that things are put right when they go wrong. Each September, the Information Manager provides an Annual Complaints Report to the Standards & Audit Committee which gives a summarised breakdown of all complaints that were dealt with by the LGO/HO Ombudsman and the outcomes of their findings.

5.0 Significant governance issues

During 2016/17, we addressed the following issues to improve the council's governance arrangements:

Significant Governance Issues from 2015/16				
Identified from	Issue	Description	Responsible Officer (s)	Progress
CQC Review	Number of recommendations	There was a CQC "Review of Health Services for Children Looked After and Safeguarding in Thurrock" carried out in October 2015. Whilst the review concentrated on the NHS elements of the service, the findings were reported back to the Council as the commissioner of services through Public Health.	Director of Children's Services, Director of Public Health	<p>A paper entitled Twenty-First Wellbeing Services for Children and Young People went to Cabinet on 12th October 2016 which aims to provide an integrated children's services offer by providing more co-ordination between children's services, public health and the clinical commissioning group. This forms the basis of responding to the findings of the CQC inspection.</p> <p>At present, a complex and overlapping range of services is in place to meet the health and wellbeing needs of young people. Several commissioners and providers are involved, making coordination between services difficult and access for families, potentially confusing. The aim is to make it appear that it is a single service from the service user's perspective, rather than a number of different services.</p>

Significant Governance Issues from 2015/16				
Identified from	Issue	Description	Responsible Officer (s)	Progress
				A tendering exercise has been undertaken to procure a parcel of services under a Healthy Families Contract and an Early Offer of Help contract, both of which will run for 5 years.
OFSTED Inspection	Rating – Requires Improvement	There were 3 inspections of Thurrock maintained schools. 2 received Good rating but Bonnygate Primary School was given a requires improvement rating.	Director of Children’s Services/ Headteacher	Additional assistance provided to the school including a representative of the local authority on the governing body. The school was re-inspected in May 17 and received a Good rating.
OFSTED Inspection	Rating – Requires Improvement to be Good	OFSTED undertook an “Inspection of services for children in need of help and protection, children looked after and care leavers and Review of the effectiveness of the Local Safeguarding Children Board”. The overall rating was that “Children’s services in Thurrock Council require improvement to be good”. There were a total of 16 recommendations which the council needed to address.	Director of Children’s Services	The Director of Children’s Services formed a Development Board which meets regularly to discuss the OFSTED Action Plan. As at the end of March 2017, 9 recommendations had been completed, 5 were near to completion and 2 were on-going as circumstances meant the service had to review how it could action them. This represents good progress in addressing the recommendations and working towards a Good rating for the service.

We propose over the coming year to take steps to address the matters set out below to further enhance our governance arrangements.

Significant Governance Issues for 2016/17			
Identified from	Issue	Description	Responsible Officer (s)
Internal Audit	Red assurance Internal Audit Reports	<p>There were 2 reports issued with a Red Assurance opinion for reviews undertaken in 2016/17. These were the reviews of Acquisitions & Disposals of Land and Buildings (excluding council houses) and HR Recruitment & Selection.</p> <p>In respect of all other areas where recommendations were made, management have given assurance that these will be implemented. Internal Audit has processes in place to follow up all recommendations made and report the outcome to senior management and the Standards & Audit Committee.</p> <p>In respect of the 2 Red reports issued above, HR Recruitment & Selection was followed up 2 months after the report was issued and all recommendations had been actioned. The follow up review of Acquisitions & Disposals will be followed up in 2017/18 due to changes to the senior management structure in the Assets team.</p>	Senior management and Chief Internal Auditor.
Risk Register	General Data Protection Regulations	<p>The new General Data Protection Regulation (GDPR) comes into effect from May 2018. The new rules are designed to give citizens across the EU more control of their personal data and create a high level of data protection in a digital era across the member states. These requirements will affect most parts of the council and represent a significant risk if the council fails to respond and there is a breach of the regulations.</p> <p>The Information Commissioner's advice is that organisations immediately begin preparations to implement the GDPR and they have issued a 12 step</p>	Information Manager and Chief Internal Auditor

Significant Governance Issues for 2016/17			
Identified from	Issue	Description	Responsible Officer (s)
		<p>checklist to assist organisations in doing this.</p> <p>It has been agreed that Internal Audit will undertake a review in 2017/18 to check the council's preparedness to meet the new regulations.</p>	
Risk Register and Internal Audit	Cyber Security	<p>Recent events have shown that no matter what sector organisations operate in, public or private, the increasing reliance on internet based activities makes organisations more vulnerable to 'cyber attacks'. There are substantial risks of being hacked, being unable to use key systems or access key data, all potentially leading to reputational loss. Cyber security is not just the proactive prevention of cyber-attacks, but also the identification and activation of both strategic and technical responses following an attack.</p> <p>It has been agreed that Internal Audit will undertake a review in 2017/18 to check that the council has the relevant technical security controls in place to protect both the council and customer's information from cyber-attack.</p>	Head of IT and Chief Internal Auditor
Internal Audit	Commissioning & Contracts (including compliance with procurement rules)	<p>There have been a number of instances, both with large and small contracts where officers have failed to comply with the council's contract procedure rules. Changes in the way in which goods and services can be procured with the move to iprocurement and payment by purchase cards for some off contract spend reduce the burden of having a paper audit trail but rely on officers having sufficient detailed narrative and evidence to support payments. Internal Audit will continue to undertake ad hoc reviews of contract management and Procurement Services will monitor on contract and off contract spend.</p>	Director of Commercial Services, Corporate Procurement, Strategy and Delivery Manager and Chief Internal Auditor

Significant Governance Issues for 2016/17			
Identified from	Issue	Description	Responsible Officer (s)
Internal Audit	Transformation Programme	As part of the response to the continued financial pressures that local authorities are working under, they have to look at better and more efficient ways to provide services, utilise land and buildings, develop technological solutions etc. This has led to a number of programmes and projects which fall under the title of transformation. However, there is a risk that these programmes and projects, which can be very large and complex through to small and straightforward, do not take a holistic view of the council's operations so links are not made between the programmes and projects which could result in duplication, competing priorities and a lack of value for money.	Directors Board and Transformation Board
External and Internal Audit	Oracle access arrangements	<p>Oracle is the main financial accounting system the council operates. However, it has been identified in a number of internal audit reviews that the process for allocating access and permissions to staff who use the system is basic and carries a high level of risk.</p> <p>When someone requires access to Oracle, the manager is asked to provide the name of someone else doing a similar job role and then the access is mirrored. This staff member may already have access to parts of the system they should not be able to access, particularly if they have changed role or job and their previous access has not been removed, so mirroring their access results in the new staff member also having a level that is in excess of that required to do their job. This has also been picked up by the External Auditors and as a result, they have indicated they will have to carry out additional transaction testing and walkthrough testing. They have determined that they cannot place reliance on the access control arrangements as unauthorised staff could make changes to the system, figures etc.</p>	Director of Finance & IT, Head of IT, Oracle Improvement team

We are satisfied these steps will help to enhance the governance framework and will monitor their implementation and operation as part of our next annual review.

This statement from the Leader of the Council and Chief Executive, provides reasonable assurance to all stakeholders that within Thurrock Council, processes and systems have been established which ensure decisions are properly made and scrutinised and that public money is being spent economically and effectively to ensure maximum benefit to everyone who is served by the council.

Signature

Date

Lyn Carpenter, Chief Executive

Signature

Date

Cllr Robert Gledhill, Leader of the Council

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Thurrock Council
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