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# ANNUAL GOVERNANCE STATEMENT

— 2017-2018 —



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## Scope of Responsibility

1. Eastleigh Borough Council is responsible for ensuring that its business is conducted in accordance with the law and that proper standards and public money is safeguarded and properly accounted for; used economically, efficiently and effectively. The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which its functions are exercised, whilst having regard to a combination of economy, efficiency and effectiveness.
2. The Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions (which includes arrangements for the management of risk).
3. This statement explains how Eastleigh Borough Council has complied with the CIPFA CIPFA/SOLACE framework 'Delivering good governance in Local Government' and meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2015 which accompanies the 2017/2018 Final Accounts of the Council. The Annual Governance Statement and Statement of Accounts are subject to a detailed review by the Audit & Resources Committee.

### The Annual Governance Statement

The Accounts & Audit (England) Regulations 2015 requires the Council to prepare and publish an Annual Governance Statement (AGS). The AGS explains how the Council makes decisions; manages its resources in line with priorities and achieves the required outcomes for service users and communities.

### 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 the community. 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, cost-effective services.

### Our commitment to delivering good governance

The Council's commitment to delivering the core principles and sub-principles of good governance are highlighted in the table below. Over the past year Eastleigh Borough Council has continued to go through a significant transformation programme with changes to its operating model and staffing structure. Work is ongoing to continue to change and improve our governance arrangements to ensure effective decision making, compliance and improvements to the way we work. A Corporate review of our governance arrangements will be carried out by the Internal Audit Team during 2018/19.

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## PRINCIPLE A

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

### Supporting Principles

- Behaving with Integrity
- Demonstrating strong commitment to ethical values
- Respecting the rule of the law

### Assessment of effectiveness 2017-18

- The Council has adopted a Code of Corporate Governance (CCG) which identifies how it runs itself in a lawful, structured, ethical and professional manner. The CCG is administered by the Performance & Governance Manager and is subject to an annual review where recommendations are incorporated into the AGS and presented to Audit & Resources Committee.
- A Code of Conduct is in place for both Councillors and staff contained within the Constitution – outlining the ethical standards and behaviours to be adopted and observed by elected Members and officers to ensure council business is conducted with fairness and integrity.
- A register of interests is published to ensure that any conflict of interests are open and transparent.
- A Councillor gifts and hospitality register is maintained by the Monitoring Officer and a staff gifts and hospitality register is also in place.
- The Council has an integrated Behaviours Framework in place for staff and Managers which is available via the intranet and outlines the attitude, approach, conduct and standards its officers should adhere to.
- The Council has a Whistleblowing policy and produces an annual Fraud Report.
- The Council is committed to safeguarding public funds and has an Anti- Fraud and Corruption Policy in place, which sets out its position with regards to managing risk of fraud, corruption, theft, ICT abuse and bribery.
- The Council ensures that its external providers act with integrity and compliance with ethical standards. Large items are purchased following competitive tendering process and invitations to tender valued over £5,000 are available on the Council's procurement page on its website.
- The Chief Financial Officer, the Monitoring Officer and Heads of Service are responsible for advising the Cabinet, Council and Scrutiny committees on legislative, financial and other policy considerations to achieve the Council's objectives and implement Councillors' decisions.
- The Council seeks feedback from its residents and other stakeholders through its complaints, compliments and comments procedure and has a two stage formal complaints process in place.
- Complaints or allegations relating to Councillors, who may have breached the Code of Conduct, are dealt with by the Monitoring Officer.
- The Council abides by its Constitution in its consideration of key decisions made by Cabinet which are published on the Council's website.

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## PRINCIPLE B

Ensuring openness and comprehensive stakeholder engagement

### Supporting Principles

- Openness
- Engaging comprehensively with institutional stakeholders
- Engaging with individual citizens and service users effectively

### Assessment of effectiveness 2017-18

- The Council has an up to date Freedom of Information Act 2000 Publication Scheme in place on its website with links to information and guidance for residents and stakeholders.
- The Council is committed to being open and transparent about the services it provides and has used the Local Government Transparency Code 2015 which recommends key information Local Authorities make available around spending, assets and organisational information.
- The Council has established channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation
- Meetings of the Council and its Committees are open to members of the public to attend. Residents and other stakeholders are welcome to record and film any council meeting and committee agendas, minutes and decisions, including Cabinet decisions are made publically available on the Council's website to ensure transparency and openness. All democratic meetings are also held in accessible venues around the Borough to ensure inclusivity and effective engagement.
- The Council has invested in a range of traditional, digital and social media channels to enable regular contact and engagement with its key stakeholder groups (including residents). The Council regularly informs and communicates with its audiences about its work, its purpose, aims and vision. The Borough News is the Council's free newspaper delivered to 55,000 homes across the borough four times a year.
- Partnership working is a priority for the Council and crucial to achieving and fulfilling the requirements of the Efficiency Strategy, There are a number of organisations and local authorities the Council has built relationships with to collaborate on new initiatives and developments in the borough and across the Solent region.
- The Council offers a Primary Authority partnership for businesses as a single point of contact for Environmental Health matters.
- A Community governance review is currently being carried out pursuant to the provisions of the Local Government and Public Involvement in Health Act 2007, and other relevant statutory provisions. The aim of the review is to ensure that arrangements for community governance across the Borough reflect 'the identities and interests of the community in the area' and are 'effective and convenient'.

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## PRINCIPLE C

Defining outcomes in terms of sustainable, economic, social and environmental benefits

### Supporting Principles

- Defining Outcomes
- Sustainable economic, social and environmental benefits

### Assessment of effectiveness 2017-18

The Corporate Plan sets out what the Council will do to achieve its vision and priorities.

The vision is encapsulated within ten corporate objectives aligned to four strategic themes.

- Economy
- Environment
- Health and Wellbeing
- Housing and Development

These are then translated into objectives and actions contained within Portfolio Plans and Corporate Plan strategy documents. The Corporate Plan provides clear direction to enable the Council to manage its

resources to deliver excellent services for local people in the future.

The Council has published a number of key documents outlining our aims for delivering housing in the borough and is currently developing its emerging Local Plan 2016-2036 with information is available on its website.

Asset management planning and capital investment is structured to consider and balance the combined economic, social and environmental impact of policies and plans when taking decisions about service provision.

Equalities as well as environmental and rural implications are considered during the decision making process to promote fair access to services.

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## PRINCIPLE D

Having clear arrangements in place to achieve our objectives

### Supporting Principles

- Determining Interventions
- Planning Interventions
- Optimising achievement of intended outcomes

### Assessment of effectiveness 2017-18

- The Medium Term Financial Plan (MTFP) is produced annually, taking into account known issues and applying a number of assumptions to the Council's finances. It provides, on a rolling basis, a projection

of the Council's finances over a four year period and in doing so establishes the broad financial principles around which councillors can develop portfolio plans

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and also consider, at a high level, the Council's budget strategy.

- The Council fosters effective relationships, collaborative working and contractual arrangements with other public, private, and voluntary organisations in delivering services that meet the needs of the local community as stated within the Corporate Plan.
- The Council has a number of key partnerships with other local authorities and stakeholders.
- Local Area Plans will be developed with Local Area Managers and Local Area Committees which will relate to

Corporate strategies and plans, while retaining local area distinctiveness.

The Local Area Managers undertake joint project work with partners and volunteers providing local perspective in developing and delivery of the corporate policy.

- An integrated Performance Management Framework is being finalised through which the achievement of objectives, quality of service and use of resources is measured at a corporate and operational service level. It will enable the organisation to better determine its effectiveness and areas for improvement.

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## PRINCIPLE E

Improving the organisation's capacity, including leadership capacity and developing our people

### Supporting Principles

- Developing the entity's capacity
- Developing the capability of the entity's leadership and other individuals

### Assessment of effectiveness 2017-18

- Robust HR policies and procedures are in place through the Council's People Strategy, which includes detailed guidance on the recruitment and selection process to ensure the organisation recruits the right people, with the right skills and qualifications. All new employees undertake induction , equality and diversity training and online information security training. The Council Behaviour Framework is introduced within induction with on-going training available afterwards.
- All Council Services are directly accountable to a Cabinet Member and are required to regularly report progress and performance in service delivery. All services are also overviewed by a member of Corporate Management Team.
- The Council operates a Policy and Performance Scrutiny Panel which holds to account Council services and other public service providers, for example, health, public transport and community safety.
- A new Councillor Induction and Development Programme is being implemented focusing on how the Council can support Councillors and enable them to make effective decisions, understand the needs of their communities and the priorities of the Council.

- The Chief Executive is designated as the Head of Paid Service with responsibility for driving forward the strategic agenda set by Cabinet.  
The Chief Executive, together with the Council's Corporate Management Team, is responsible for the leadership and direction of the Council including co-ordination and commissioning of council-wide activity and programme management.
- A corporate training budget is set aside to ensure staff have the required skills and aptitudes to perform their roles effectively.
- A staff performance development review process is in place where line managers agree individual performance targets and identify development opportunities for their direct reports in the coming year.

## PRINCIPLE F

Managing risk and performance through robust internal control and strong public financial management

### Supporting Principles

- Managing Risk
- Managing Performance
- Robust Internal Control
- Managing Data
- Strong Public Financial Management

### Assessment of effectiveness 2017-18

- Corporate Risk Management is coordinated by the Strategic Planning Manager, and monitored by the Strategic Risk Management Group. A member of the Audit and Resource Committee is appointed to the Strategic Risk Management Group annually and reports back developments and progress to the Audit and Resources Committee.
- Risks are reported through the use of risk registers and each Council directorate is required to update its own register. Strategic projects have their own individual risk registers which are reviewed and updated regularly by the Project Team. A corporate risk register exists to record high level risk which affects the work of several areas, or the whole Council.
- A new performance and governance framework is under development to ensure effective performance management from the corporate level, down to individual performance.
- The Council has a Policy and Performance scrutiny committee in place to review/scrutinise decisions made, or actions taken, in connection with the discharge of any of the Council's functions. The Council also operates an Audit and Resources Committee which ensures accountability of Council Services for overall performance, efficiency and value for money. This committee has delegated authority to approve the final accounts, provide independent assurance and ensures effective risk management is in place.

- The Council's assurance arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010). The Chief Internal Auditor is responsible for reviewing and reporting on the adequacy of the Council's internal control environment. The Chief Internal Auditor provides an annual internal audit opinion on the effectiveness of the Council's system on internal control to the Audit & Resources Committee which is used by the Council to inform its governance statement.
- The Council's Privacy Policy sets out how it protects any information that customers submit when signing up to services and the Council is committed to ensuring that privacy is protected.
- The Corporate Director - Support Services (Chief Financial Officer) and the Chief Internal Auditor will report to the Chief Executive, Management Team and the Audit & Resources Committee any actions that they consider are needed to strengthen the arrangements for managing the risk of fraud and corruption. The Chief Internal Auditor will report the number of allegations of fraud and corruption that have been received and the outcomes of cases where fraud is concluded from an investigation annually to the External Auditors and through the Annual Governance Statement.
- The EU General Data Protection Regulation (GDPR) comes into effect in May 2018 and the Council is reviewing its current Data Protection policies to ensure it is compliant with new guidelines.
- 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). The CFO is actively involved in ensuring that strategic objectives are aligned to the longer-term finance strategy. The CFO has input into all major decisions, advises the Cabinet on financial matters and is responsible for ensuring that budgets are agreed in advance, that the agreed budget is robust and that the finance function is fit for purpose.

## PRINCIPLE G

Implementing good practices in transparency, reporting and audit to deliver effective accountability

### Supporting Principles

- Implementing good practice in transparency
- Implementing good practices in reporting
- Assurance and effective accountability

### Assessment of effectiveness 2017-18

- The Council has adopted a Constitution which sets out how it operates, how decisions are made and the procedures which are followed to ensure these are

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efficient, transparent and accountable to local people. The Constitution is regularly updated by the Monitoring Officer, as required.

- The Council is committed to being open, accountable and transparent by making information available to the public as part of its normal business activities on its website (open data) page which incorporates the Freedom

of Information Model Publication Scheme and the Transparency Code 2015.

- The Council welcomes independent peer challenges and reviews and inspections from regulatory bodies. The Council's most recent peer challenge was conducted in November/December 2015.

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## Review of Effectiveness

4. 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 process is informed by:

- The views of Internal Audit as reported regularly to the Audit & Resources Committee
- The view of External Audit as reported regularly to the Audit & Resources Committee including the Annual Audit Letter and Audit Results Report
- The Chief Internal Auditor's Annual Internal Audit Report and Opinion on the adequacy and effectiveness on the Councils' internal control environment
- The work of managers within the Council who have responsibility for development and maintenance of the governance environment
- The work of the Strategic Risk Management Group, specifically their review of Unit and the Corporate Risk Registers
- Annual Staffing matters are reported to the Audit & Resources Committee.

## 5. Furthermore,

- The financial management arrangements of the Council conform to the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government 2010.
- The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council reviews the Constitution regularly to incorporate any necessary changes.
- The Local Area Committee structure means that the Council can take decisions at a local level.
- Members can "call-in" a decision (also known as a "Minority Order") which has been made but not yet implemented, to enable it to consider whether the decision is appropriate.
- Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate a three-year plan, from

which the annual workload is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant service lead and/or Corporate Director, Chief Financial Officer and Chief Executive. The report includes recommendations for improvements

that are included within an action plan and requires agreement by service leads, Chief Financial Officer and/or Corporate Directors and Chief Executive. The process includes follow-up reviews of recommendations to ensure that they are acted upon, usually within six months.

## Governance Issues

6. The following governance issues were identified as a result of the Corporate Governance review:

GOVERNANCE ISSUE	PLANNED ACTION
<b>Governance issues brought forward from 2016/17 governance review</b>	
<p>Internal Audit review of developers' contributions highlighted opportunities to streamline processes.</p> <p><b>Responsible Officer:</b> Chief Internal Auditor and IT Lead Specialist</p> <p><b>Completion date:</b> March 2019 (Brought forward from 2015/16 AGS)</p>	<p>Internal audit review will be completed by May 2018. Work is underway by to develop an enhanced process streamlining arrangements for administering section 106 agreements via Salesforce (the Council's primary software platform)</p>
<p>Absence of a Local Plan. (Brought forward from 2015/16 AGS)</p> <p><b>Responsible officer:</b> Strategic Planning Manager</p> <p><b>Completion date:</b> 2018</p>	<p>The Emerging Local Plan was agreed in December 2017 subject to the completion of final technical evidence and delegated signing off by the Chief Executive. Consultation on the new Local Plan to be launched in the summer of 2018 with proposed submission date of October 2018.</p>
<p>Whistleblowing Policy requires review and updating. (Brought forward from 2015/16 AGS)</p> <p><b>Responsible officer:</b> Lead Specialist HR</p> <p><b>Completion date:</b> Complete</p>	<p>New policy now published.</p>

<p>The need to establish clear governance arrangements which will allow partnerships to be evaluated. (Brought forward from 2015/16 AGS)</p> <p><b>Responsible officer:</b> Lead specialists /Chief Internal Auditor</p> <p><b>Completion date:</b> Complete</p>	<p>Internal audit have carried out a review of partnership arrangements with Southampton City Council in respect of building control and licensing. Recommendations have been taken forward with Lead Specialists.</p> <p>Internal Audit will continue to monitor progress of the implementation of these recommendations.</p>
<p>Internal Audit Review of cash and banking highlighted weaknesses in reconciliation processes</p> <p><b>Responsible officer:</b> Lead Specialist (Finance)</p> <p><b>Completion date:</b> Complete</p>	<p>Action has been taken by the Finance Lead Specialist.</p> <p>Internal Audit will also continue to monitor progress against this item. A review of Cash and Banking is included in the 2018/19 Internal Audit Plan.</p>
<p>Internal Audit Review of accounts payable identified opportunities to streamline processes around ordering, duplicate payments and reconciliation</p> <p><b>Responsible officer:</b> Lead specialist (Finance)</p> <p><b>Completion date:</b> Complete</p>	<p>Processes have been reviewed and where appropriate streamlined.</p> <p>Internal Audit will also continue to monitor progress against this item. A review of Accounts Payable is included in the 2018/19 Internal Audit Plan.</p>
2017/18 – GOVERNANCE ISSUES IDENTIFIED	PLANNED ACTION
<p>Ensure effective governance arrangements for sign off of new IT systems and processes</p> <p><b>Responsible officer:</b> Chair of Change and Improvement Board</p> <p><b>Completion date:</b> March 2019</p>	<p>A review of current arrangements regarding the sign off process in respect of new systems and processes going live is required to ensure all stakeholders are fully consulted and there is a clear audit trail in place.</p>
<p>Ensure effective vacancy management arrangements are in place</p> <p><b>Responsible officer:</b> Lead HR Specialist</p> <p><b>Completion date:</b> September 2018</p>	<p>Ensure we have effective arrangements and controls in place to recruit to 'hard to fill' posts to provide continuity of service.</p>

<p>Confirm appropriate controls are in place to effectively administer and comply with new General Data Protection legislation from May 25th 2018</p> <p><b>Responsible officer:</b> Legal Services Manager</p> <p><b>Completion date:</b> May 2018</p>	<p>Work has already commenced across the organisation to ensure the Council is prepared for new GDPR legislation</p>
<p>Staff policies are fit for purpose and up to date ensuring effective governance across the Council</p> <p><b>Responsible officer:</b> Performance and Governance Manager and HR Lead Specialist</p> <p><b>Completion date:</b> March 2019</p>	<p>A review of current staff policies is currently being undertaken with the majority of policies already reviewed.</p>
<p>Review of fraud procedures</p> <p><b>Responsible officer:</b> Chief Internal Auditor</p> <p><b>Completion date:</b> September 2018</p>	<p>A review of fraud procedures is required following a significant period of transformation within the organisation.</p>

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. This will be addressed through six monthly monitoring of our governance issues by the Performance and Governance Manager in consultation with the Chief Internal Auditor. An update on progress will be provided within the next AGS.



**Councillor Keith House**  
Leader of the Council



**Nick Tustian**  
Chief Executive