

## Annual Governance Statement 2013/14

### Context

Surrey County Council (the 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. 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, including the arrangements for the management of risk.

The council is committed to fulfilling its responsibilities in accordance with the highest standards of good governance to support the 2018 vision “to be delivering great value for Surrey residents” and the council has adopted a Code of Corporate Governance (the code), through which good governance is evidenced.

This Annual Governance Statement outlines the council’s governance arrangements and achievements during 2013/14 and highlights areas to continue to strengthen governance and internal control in 2014/15. It also meets the requirements of regulation 4 of the Accounts and Audit (England) Regulations 2011, which requires the council to prepare an Annual Governance Statement.

The annual review of governance is overseen by the Governance Panel (the panel). The panel comprises the Head of Legal and Democratic Services [chair], the Chief Finance Officer, senior representatives from HR and Organisational Development and Policy and Performance, the Chief Internal Auditor and the Risk and Governance Manager. The review has provided a satisfactory level of assurance on the governance arrangements for the year.

### The governance environment during 2013/14

#### Purpose and Outcome

The Corporate Strategy, ‘Confident in our future’, provides clear direction for staff as well as a signpost for residents, businesses and partner organisations and has the council’s four values of Listen, Responsibility, Trust and Respect at its heart. It is underpinned by a suite of supporting documents such as the interactive Medium Term Financial Plan, Investment Strategy and directorate strategies. The Chief Executive reports progress on delivering the Corporate Strategy to full County Council on a six-monthly basis.

The council has established a strategic framework for innovation and is developing new ideas and approaches through new models of delivery that aim to ensure that services are sustained and improved. The framework has been cited as an example of good practice within the Grant Thornton report Local Government Governance Review 2014, Working in Tandem. The council’s ‘Lean programme’ also uses a range of concepts, principles and tools that identify and support effective service delivery from the residents and service users’ perspective.

The council has established two Local Authority Trading Companies during the year and has put in place a Shareholder Board (comprising Members and the Chief Executive) that makes decisions on behalf of the council and oversees activity. Similarly, the council has progressed its Investment Strategy by investing in new assets during the year and has established a member led Investment Advisory Board to provide strategic oversight of this strategy. Both these Boards are supported by relevant internal and external professional advisors. In addition, a high level Programme Board, including the Strategic Director for Business Services, Section 151 Officer and Monitoring Officer, monitors the overall progress of the ‘New Models of Delivery Programme.’

Scorecards are used to monitor progress against the corporate strategy objectives, measured through a variety of key indicators related to staff, costs, residents, and performance. Finance, performance and risk information is reviewed by senior management and scrutinised by Select Committees and Cabinet. The Leadership risk register is regularly reviewed by the Continual Improvement Board and Audit and Governance Committee.

The council's Fairness and Respect strategy sets out priorities for improving outcomes for Surrey residents that are linked to the Corporate Strategy.

#### Leadership & Behaviour

The roles, responsibilities and delegated functions for officers and Members are set out in the Constitution of the Council. The Scheme of Delegation for members and officers is regularly reviewed and updated in consultation with services and the Cabinet, before being approved by full County Council.

The Cabinet comprises the Leader, Deputy Leader and eight Cabinet Members, with each Member holding the brief for a particular portfolio of services. During 2013/14 the Cabinet has been further supported by four Associate Cabinet Members who do not have voting rights, but support the Cabinet portfolio holder in the most complex areas. Decisions can be taken by individual members of the Cabinet or collectively by the full Cabinet (excluding Associates).

The functions of the Monitoring Officer (Head of Legal and Democratic Services) and Chief Finance Officer/Section 151 Officer (Chief Finance Officer and Deputy Director for Business Services) are specified by statute and between them they are responsible for ensuring lawfulness, fairness and financial prudence in decision-making.

The Chief Finance Officer meets her financial responsibilities and ensures fully effective financial management arrangements are in place by attending key meetings where significant financial issues are discussed, including the Continual Improvement Board, all Cabinet meetings and Audit and Governance Committee. She also has regular meetings with the Chief Executive, Monitoring Officer, Chief Internal Auditor and External Auditor, and has direct access to the Leader and the Chief Executive at all times. Throughout 2013/14 she continued to be able to instigate whole Cabinet / Corporate Leadership Team budget related workshops as required as these occurred monthly throughout the budget planning cycle, in addition to monthly finance briefings for all members and additional finance induction workshops specifically targeted at members joining the council following the May 2013 elections. Although during the year the Chief Finance Officer reported to the Strategic Director for Business Services, this did not impact on her powers and responsibilities in respect of the financial affairs of the council.

The Staff and Member Codes of Conduct set out the high standards of conduct expected by the council and training is provided through induction. The Codes of Conduct are supplemented by the Member/Officer Protocol, which provides principles and guidance for good working relations, and the Strategy Against Fraud and Corruption. The Monitoring Officer and the Member Conduct Panel deal with allegations of breaches of the Member Code of Conduct. The register of pecuniary interests for all members can be viewed online.

The Chief Executive continues to show his commitment to engage with and support staff by providing regular updates and key messages through emails and the intranet via a monthly blog. He also visits offices across the county with the Leader to meet and engage with staff.

#### Transparency and Stewardship

The council produces an Annual Report that demonstrates the delivery of priorities over the year through highlighting key data on performance, notable achievements and includes the AGS and summary accounts. The council also produces the four primary financial statements each quarter (Movement in Reserves, Income & Expenditure, Balance Sheet and Cash Flow) to provide management with robust information for measuring performance. The 2013/14

Statement of Accounts will be audited and approved for publication by July 2014. In the past this formal approval has been in early September.

The Investment Panel continues to ensure all proposed service capital investments have robust business cases before formal approval by Cabinet or Cabinet Member as appropriate. It is chaired by the Chief Finance Officer and Deputy Director for Business Services and since 2013/14 comprises five senior managers including the Chief Property Officer, Chief Internal Auditor and Head of IMT, as well as other heads of service to ensure a broad perspective for challenge.

The council is continuously improving its use of systems and technology to enhance and strengthen monitoring and reporting. New easy to use budget monitoring tools and performance systems were introduced in 2013/14 and are providing officers and members with up to date and consistent financial information.

The council's external auditors' report on financial resilience positively concluded that 'whilst the council faces some significant risks and challenges during 2013/14 and beyond, its current arrangements for achieving financial resilience are adequate, or better.'

The council's risk management policy statement and strategy are part of the Constitution and are reviewed annually. The Strategic Risk Forum was established in 2013/14 and draws together lead officers from across the council to review and challenge risks and ensure a consistent risk approach is adopted. During the year it has given particular focus on developing the council's awareness of its risk culture.

The council has six select committees who provide challenge to the Cabinet and continue to strengthen their policy development and review role. The Council Overview and Scrutiny Committee, comprising the select committee chairmen and representatives of the opposition parties, takes a council-wide view and leads on collaborative scrutiny issues.

Every County Council, Cabinet and Planning and Regulatory Committee meeting is webcast to enable people to watch meetings online.

The Audit and Governance Committee comprises six councillors (the Chairman is a Residents' Association/Independent Councillor) who have been specifically chosen to enable robust challenge and assurance from a position of knowledge and experience. The committee is focused on providing independent assurance on the council's control environment, the adequacy of the risk and governance arrangements and financial reporting.

A Pension Fund Board was established during the year to take decisions on behalf of the council as the administering body for the Local Government Pension Scheme. The formal and make up of this Board is recognised as representing best practice and follows a review of governance arrangements carried out by an independent advisor.

The annual review of the effectiveness of the system of internal audit encompassed a self assessment of conformance with the Public Sector Internal Audit Standards (PSIAS) and a review of the level of member and officer focus on audit findings and recommendations. The 2013/14 review concluded that in all significant respects, the council's Internal Audit function complies with PSIAS. The review provided positive assurance that senior officers across the council have a good level of awareness of audit activity taking place and of progress in implementing audit recommendations.

The gifts and hospitality register for officers is online and provides a means for staff to easily register anything offered or accepted, making the entire process transparent.

The council's Whistle-blowing policy encourages staff to raise concerns, such as bullying or harassment or fraud, through an anonymous, confidential and independent hotline. A variety of

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communication channels are constantly used to publicise the policy and the supporting arrangements.

As part of the Council's policy on transparency and openness, information is made available to residents and businesses through the publication of expenditure invoices for spend over £500 and salaries of staff who earn over £58,200 (named from £100,000).

The performance of each directorate is monitored by the production of a scorecard of performance, which is presented to management teams to highlight areas of concern and success and encourage steps taken to improve upon success and remedy failings. These scorecards are then published online on a monthly basis.

### People

The People Strategy is annually refreshed to reflect the council's people priorities. It covers employees and the wider workforce, including volunteers, charities and members of the public who help the council to help residents.

The council continues to invest in staff and Members to ensure engagement and motivation. Staff are given access to a number of tools and support through the STARS (Stretching Talent and Raising Skills) training and development programme that includes a range of e-learning and classroom based courses, online guidance and websites. Workplace coaches and a pilot high performance development programme (planned for roll out in 2014/15) are in place across the organisation to support staff with career development and/or find solutions to issues and problems.

The council holds the Charter for Elected Member Development. A career pathway for members has been created to encourage all members to work on their personal development and highlight key skills and learning that is needed to help them progress through their career path.

### Engagement and collaboration

The Surrey Residents Survey, which is jointly commissioned with Surrey Police, gathers customer satisfaction data and the results form part of the corporate scorecard. Customer feedback procedures ensure that feedback is both consistent and appropriate and that outcomes are reported through a quarterly digest.

The council continues to develop Surrey-i, which publishes information about the council's residents and communities. It gives public service professionals, partner organisations and the public improved access to essential data, including customer needs, demand and supply side data. Information is now available in snapshots (eg on crime and health), which bring together information in a visual and user friendly way.

The council has strengthened the public participation arrangements for each of its 11 local committees that deal with local County Council decision making.

The Council worked together with residents and partners to cope with the severe flooding as well as aid the recovery post flooding. This included staff relocating from the Runnymede Centre to allow it to be used as a base for the army to help to support residents.

The council is part of the Governments Public Service Transformation Programme and is working closely with partners on projects including emergency service collaboration, Supporting Families and health and social care integration. The vision is that services will shift towards prevention and earlier intervention in order to deliver better value for money.

The SE7 Councils, consisting of seven South East councils, are continuing to work together to identify savings from joint working. Strong progress is being made in the waste and highways workstreams. The council is also building on successful arrangements with East Sussex County Council to develop further efficiencies.

### Internal control environment

The internal control environment is a significant part of the governance framework and is designed to manage risks to a reasonable level. The overall opinion of the Chief Internal Auditor on the internal control environment for 2013/14 is “**some improvement needed**”. Controls evaluated are judged to be generally adequate, appropriate, and effective to provide reasonable assurance that risks are being managed and objectives should be met. However, there are a number of areas where there is a need to enhance the governance arrangements in place, in particular:

- **Information Governance** - further work is required to raise awareness of the information governance risks across the organisation. Key to this is not only the need to ensure policies and procedures are clear and up to date and easily accessible to staff but to ensure local controls are in place to ensure compliance with them.
- **Social Care Debt** – improvements identified through Internal Audit and service led reviews, need to be fully embedded. This will ensure that more of the monies due to the council are received in a timely manner and appropriate action taken where credit balances exist.
- **Children in Care Health and Dental Checks** – there is a need to reduce the current delay between the time Children’s Services are notified of a completed health check and the corresponding paperwork being received so that the completion of the health check can be properly validated.

Management Action Plans are in place to address the recommendations made by Internal Audit and actions will be implemented by the identified responsible officers.

### Focus for 2014/15

The council’s strategic plans need to remain focussed on continuing to strengthen our relationships with residents, businesses and all partners, developing innovative solutions, and planning and managing our finances carefully and responsibly.

The council will continue to take a more networked approach that ensures it acts as one team in delivering strategic objectives and priorities. This will help ensure high performance in the day to day delivery of services while mobilising the resources of the whole organisation to secure the most effective new ways of working.

Effective learning remains a key part of our approach. The learning process is crucial if we are to meet our responsibilities to residents now and in the future. As part of this we have a duty to understand and address any mistakes we do make.

Developing a strong and resilient organisation that can respond effectively to whatever lies ahead is key and strong relationships will be ever more essential over the coming years. Our relationship with partners and residents will determine our ability to deal with the challenges we face and successfully transform services.

Signed:

Leader of the Council  
July 2014

Chief Executive  
July 2014

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