

Annual Governance Statement 2014/15

8 CONTEXT

The 2014/15 review has provided a satisfactory level of assurance on the governance arrangements for the year



Our Corporate Strategy, Confident in Surrey's future

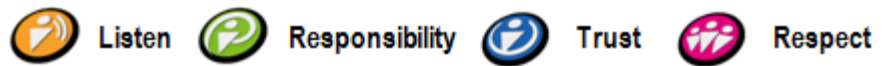
Surrey County Council (the council) has a responsibility for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The council is required to prepare an Annual Governance Statement (AGS) under the Accounts and Audit (England) Regulations 2011.

The council is committed to fulfilling its responsibilities in accordance with the highest standards of good governance to support its Corporate Strategy "Confident in Surrey's future" and the council has adopted a Code of Corporate Governance through which good governance is evidenced. This AGS outlines the council's governance arrangements and achievements during 2014/15 and highlights areas to continue to strengthen governance in 2015/16.

The annual review of governance is overseen by the Governance Panel (the panel). The panel comprises the Director of Legal and Democratic Services [chair], the Director of Finance, senior representatives from HR and Organisational Development and Policy and Performance, the Chief Internal Auditor and the Risk and Governance Manager. The panel meets four times a year and reports to the Statutory Responsibilities Network and the Audit and Governance Committee. The 2014/15 review has provided a satisfactory level of assurance on the governance arrangements for the year.

THE GOVERNANCE ENVIRONMENT

Purpose and outcome



The Corporate Strategy, 'Confident in Surrey's 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 service plans. The Chief Executive reports progress on delivering the Corporate Strategy to full County Council on a six-monthly basis.

The council's strategic framework for innovation is supporting the development of new ideas and approaches. The New Models of Delivery Programme is enabling and assisting services in identifying and assessing opportunities in a structured way. The council's 'Improvement toolkit' uses a range of concepts, principles and tools that identify and support effective service delivery from the residents' and service users' perspective. The Digital Transformation Programme is looking at ways in which technology can be used as a platform to improve service delivery and support partners.

There has been an increased emphasis on commercial activity and Boards have been put in place to provide oversight. A Shareholder Board monitors the council's trading activity and ensures satisfactory performance of the trading companies created and owned by the council. An Investment Advisory Board provides strategic oversight of the Investment Strategy and evaluates investment opportunities prior to presentation to Cabinet. Both these Boards are member led and are supported by relevant internal and external professional advisors. 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. The arrangements have been further strengthened by a new member led Transformation Sub-Group that will scrutinise partnership models and the Shareholder Board.

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 member Boards. A Continual Improvement and Productivity Network oversees and tracks performance and improvement.

THE GOVERNANCE ENVIRONMENT

Leadership and behaviour

During 2014/15 the formal directorate/service arrangements have been supplemented by the establishment of four key leadership networks; Statutory Responsibilities, Continual Improvement and Productivity, New Models of Delivery, Prosperous Places; and the Extended Leadership Team (senior managers). These networks tackle key challenges and opportunities focussed on cross-cutting priorities and strengthen the one team approach by broadening the leadership within the council.

The Chief Executive continues to engage with and support staff by providing regular updates and key messages through emails and the intranet via a blog. He also regularly visits offices across the county by himself and with the Leader to meet, listen, learn and engage with staff. All heads of service have quarterly meetings with the Chief Executive.

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

The council's financial management arrangements fully comply with the Chartered Institute of Public Finance and Accountancy's Statement on the Role of the Chief Financial Officer (CIPFA, 2010). The Director of Finance meets her financial responsibilities and ensures fully effective financial management arrangements are in place. She has reported directly to the Chief Executive throughout 2014/15 and is a member of Chief Executive's Direct Reports and the Statutory Responsibilities Network. She has regular meetings with and has direct access to the Chief Executive, the Leader, Monitoring Officer, Chief Internal Auditor and External Auditor. The Director of Finance and the Chief Executive have regular support meetings with key budget holders. Budget workshops led by the Director of Finance are held with Cabinet and the Leadership Team on a monthly basis throughout the budget planning cycle. In addition, a programme of finance briefings for all members has been held throughout the year.

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 additional Cabinet Members, with each Member holding the brief for a particular portfolio of services. Four Associate Cabinet Members

THE GOVERNANCE ENVIRONMENT

Leadership and behaviour

support Cabinet portfolio holders in the most complex areas but do not have voting rights. Decisions can be taken by individual members of the Cabinet or collectively by the full Cabinet (excluding Associates).

The Staff and Member Codes of Conduct set out the expected high standards of conduct 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 Staff Code of Conduct is being refreshed following the

internal audit of Organisational Ethics so that it explicitly references the Standards in Public Life.

Transparency and stewardship

The council produces an Annual Report that demonstrates the delivery of priorities over the year through highlighting key data on performance and notable achievements; and includes the AGS and summary audited accounts. The 2013/14 Statement of Accounts was audited and approved for publication by the end of July 2014 (previously September).

A Capital Working Group, comprising of senior managers, recommends the council's capital budget and oversees monthly monitoring. The Investment Panel continues to ensure all proposed service capital investments have robust business cases before formal decision by Cabinet or Cabinet Member as

appropriate. It is chaired by the Director of Finance and comprises senior leaders 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's risk management strategy is part of the Constitution and is reviewed annually. The Strategic Risk Forum, chaired by the Director of Finance, brings together lead officers from across the council to review and challenge risk and ensure a consistent risk approach is adopted. The Leadership risk register is regularly reviewed by the Statutory Responsibilities Network, Audit and Governance Committee and Cabinet. The Cabinet attended a risk workshop, facilitated by the Director of Finance, to review the Leadership risk register.

THE GOVERNANCE ENVIRONMENT

Transparency and stewardship

The council's external auditors' latest report on value for money positively concluded that 'the council has adequate or better arrangements in place.'

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 range of communication channels are 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 business through the publication of expenditure invoices for spend over £500 and salaries of staff who earn over £58,200 (named from (£100,000)).

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

The council has six member Boards who provide challenge to the Cabinet. Each Board will have a Performance & Finance Sub-Group to undertake scrutiny of budgets and corporate performance measures. The Council Overview Board, comprising the Board chairmen, 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 provides independent assurance on the council's control environment, the adequacy of the risk and governance arrangements, financial reporting and ethical standards. During the year a task group of the committee undertook a self-assessment of the committee's effectiveness in line with CIPFA best practice. The review concluded that the committee is generally effective and made a number of recommendations that are being implemented and progress will be reported through the committee's annual report.

The Surrey Local Government Pension Fund Board takes decisions on behalf of the council as the administering body for the Local Government Pension Scheme and meets four times a year. A new Local Pension Board has been established to assist the Surrey Pension Fund Board in the exercise of its functions but has no decision making powers. There has also been the establishment of a Local Fire Pension Board to assist the Surrey Fire and Rescue Authority in the administration of its

THE GOVERNANCE ENVIRONMENT

Transparency and Stewardship

Firefighters' Pension Scheme.

An Effective audit opinion was given following an internal audit of Organisational Ethics. The review concluded that the council has effective arrangements in place to ensure its decisions are open, accountable and in line with recognised ethical standards.

The annual review of the effectiveness of the system of internal audit, undertaken by the Chief Internal Auditor, concluded that appropriate controls were in place during 2014/15 to ensure an effective internal audit service was provided.

The overall opinion of the Chief Internal Auditor on the internal control environment for 2014/15 is "some improvement needed." A few specific control weaknesses were noted; generally however, controls evaluated are adequate, appropriate and effective to provide reasonable assurance that risks are being managed and objectives met.

The People Strategy sets out the council's aims and objectives in relation to employees and the wider workforce, including volunteers, charities and members of the public who help the council to help residents.

The council makes a considerable investment in skills and professional development training to ensure safety, compliance, safeguarding and high standards of professionalism and customer care. The training and development programme includes a range of e-learning and classroom based courses, online guidance and websites. A high performance development programme is in place to ensure staff are resilient and are able to perform strongly in challenging and uncertain circumstances.



People

THE GOVERNANCE ENVIRONMENT

Engagement and collaboration

The council created two new companies in 2014/15. Surrey Choices Ltd is delivering Adult Social Care day services and community support and a property company has been created to strengthen the council's ability to invest in a diversified and balanced portfolio of assets.

The council continues to build on the strong relationships with key partners such as Surrey's Districts and Boroughs and other public bodies, and is making good progress on emergency service collaboration, the Surrey Family Support Programme and health and social care integration. A 'Collaborate event' was held in November 2014 that brought together over 400 leaders, senior managers and partners from across Surrey, Sussex and the South

East to explore how services can be transformed by working together more effectively.

Surrey County Council and East Sussex County Council's business and support services have been brought together in partnership, known as Orbis, which will operate as one function under the management of a Joint Committee. The vision of the partnership is to create a resilient organisation that delivers value for money and is expected to develop and grow over time.

The trading standards services at Surrey County Council and Buckinghamshire County Council have been merged to form a new joint service, overseen by a Joint Committee. The shared strengths of the joint team allows for more effective protection to support residents and local businesses in both counties.

There has been continued focus on aiding the recovery post flooding. The council has worked with residents and businesses to help access grants for repairs to homes and repair flood damaged roads and bridges.

The council continues to develop Surrey-i, which publishes information about the council's residents and communities. It gives access to essential data, including customer needs, demand and supply side data. Snapshots are used to bring together information in a visual and user friendly way and these can be seen in the latest Annual Report.

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

CONTINUALLY STRENGTHENING GOVERNANCE

We are continually strengthening and enhancing our governance arrangements



During 2014-15 concerns emerged regarding performance in Children's Services. As a result an Improvement Board was established chaired by the Deputy Leader and comprising the Lead Member for Children and representatives from the Liberal Democrats, Independents and UKIP. This Board will continue in 2015-16 to provide oversight of a detailed improvement programme.

Governance arrangements have been strengthened through the implementation of Management Action Plans in all the areas highlighted in the 2013/14 AGS, which were information governance, social care debt and children in care health and dental checks. Improvements have also been made in the procedures for profiling and monitoring capital spend.

There are a number of areas where there is a need to enhance the governance arrangements during 2015/16, in particular:

- **Children's and Safeguarding Service**
 - There is a need to reduce reliance on long term agency resource particularly in management/supervisory roles;
 - As the number of children in receipt of direct payments increases, the council must ensure it has robust systems in place to demonstrate that social care reviews are conducted in a timely manner in line with stated policy; and
 - The council needs to improve its administration of looked after children's personal finances to ensure it meets its statutory duty as the corporate parent.
- **Contract Management** – there is a need to ensure that the council's central contract management system contains key information on significant contracts to enable effective contract monitoring and timely procurement.

8 FOCUS FOR 2015/16

Strong governance arrangements will support the increasing number and scale of challenges we are facing

The scale of the strategic challenges the council is facing is increasing and the growing demand for services accelerated by new legislative responsibilities, alongside continuing to meet existing responsibilities. These include the implementation of the new duties incorporated in the Care Act and working with partners on the Better Care Fund Plan. The environment for delivering Adult Social Care and Children's Services is increasingly demanding due to complexity of cases, volumes and national concerns such as children in need. We will maintain our focus on programmes such as Family, Friends and Communities to assist with social care needs and demands. Strengthening our understanding of residents' experiences and our capability to co-design and co-deliver solutions is key to delivering our strategic goals.

The new Government brings potential changes to policy and future funding and long term financial planning will be challenging. We know we are going to have to continue thinking and working differently to find the best solutions for Surrey. Realising the opportunities identified by innovation work and seizing opportunities opened up by latest technology and digital developments will help to support the changes we want to make for residents, manage growing demands and ensure our county's economy remains strong and sustainable.

We will continue to make important investments and improvements for staff and members to ensure they have the training, support, equipment and working environments needed to work effectively and provide high standards of customer care for Surrey residents, business and the voluntary and community sector.

Leader of the Council

Chief Executive
July 2015

