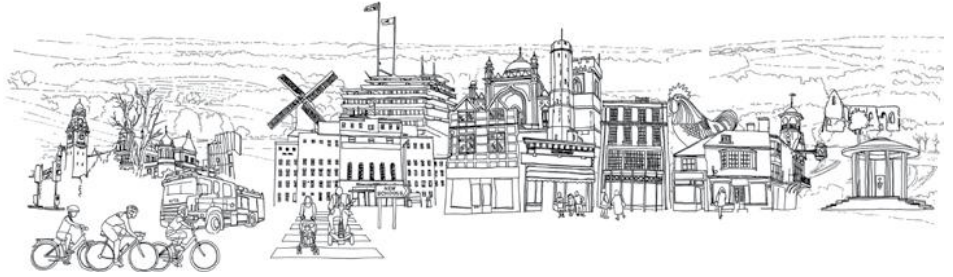


Annual Governance Statement 2015/16

OVERVIEW

The 2015/16 review has provided a satisfactory level of assurance on the governance arrangements for the year



Our Corporate Strategy, Confident in Surrey's future



Listen



Responsibility



Trust



Respect

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. We are committed to fulfilling our responsibilities in accordance with the highest standards of good governance to support our Corporate Strategy "Confident in Surrey's future." The council's Governance Strategy sets out our approach to good governance and is supplemented by our Code of Corporate Governance.

The annual review of governance is overseen by the Governance Panel (the panel) which comprises the Director of Legal, Democratic and Cultural Services [chair], the Director of Finance, senior representatives from HR and Organisational Development and Strategy 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 2015/16 annual review of governance has provided a satisfactory level of assurance on the governance arrangements for the year.

We are pleased to present the Surrey County Council Annual Governance Statement for 2015/16, which outlines the council's governance arrangements and achievements during the year and highlights areas to continue to strengthen governance in 2016/17.

THE GOVERNANCE ENVIRONMENT

Purpose and outcome

Surrey County Council's Corporate Strategy, 'Confident in Surrey's future', provides clear direction for staff as well as a signpost for residents, businesses and partner organisations and incorporates 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 Medium Term Financial Plan and the Investment Strategy. Performance is measured through a variety of key indicators relating to wellbeing, economic prosperity and resident experience and progress is published on the external

website. The Chief Executive also reports progress to full County Council twice a year.

The Statutory Responsibilities Network, chaired by the Chief Executive, continues to meet on a fortnightly basis and provides a forum for statutory officers to discuss key issues, share knowledge and offer challenge.

We continue to fulfil a wide range of critical responsibilities as well as developing new and innovative projects. The New Models of Delivery Network is enabling and assisting services in identifying and assessing opportunities in a structured way to respond to changing expectations and to manage the impact of reduced funding.

To provide the basis for longer term sustainability, the council has established an extensive transformation programme. A Public Value Transformation Board comprising the Leader of the Council (Chair), the Chief Executive and the Director of Finance provides strategic oversight and challenge to ensure the transformation programme is driven by public value and contributes significantly to the council's financial sustainability.

The Continuous Improvement and Productivity Network identifies areas for improvement to bring about greater productivity and ensure that we deliver services of the highest standard to our residents. The Customer Promise provides a framework for customer service standards, which is bringing improvements to the resident experience.

The council's external auditors' 2014/15 report on value for money published in July 2015 concluded that 'the council has good arrangements in place across a number of key areas with the exception of the arrangements for promoting and demonstrating the principles and values of good governance within the council's Children's Services directorate.' A Children's improvement plan is being delivered to address the January 2016 improvement notice issued by the Department for Education following the Ofsted inspection report published in June 2015. The plan aims to strengthen service and whole system capability and capacity.

THE GOVERNANCE ENVIRONMENT

Purpose and outcome

Our Children's Services Improvement Board oversees the systematic approach to improving services for children. Partner agencies are key members of the board and make a significant contribution to its work.

Governance arrangements continue to be strengthened through the implementation of management action plans in the areas highlighted in the 2014/15 AGS including children's direct payments, looked after children's personal finances, long term agency resource and contract management.

Leadership and behaviour

Changes to the senior officer leadership team were implemented during 2015, including the consolidation of roles. The new arrangements are providing focused strategic leadership through the current challenging and financially constrained environment and will ensure ongoing continuity and effective arrangements at the top of the organisation.

The functions of the Monitoring Officer (Director of Legal, Democratic and Cultural 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 reports directly to the Chief Executive and is a member of Chief Executive's Direct Reports, the Statutory Responsibilities Network and the Public Value Transformation Board. She has regular meetings with and has direct access to the Chief Executive, the Leader, Monitoring Officer, Chief Internal Auditor, External Auditor and other key Members and strategic directors. The Director of Finance and the Chief Executive have regular support meetings with the key strategic directors. Strategic budget workshops led by the Director of Finance are held with Cabinet and the Leadership Team on a regular basis and finance briefings for all members have been held throughout the year. Additional meetings have also been held as deemed necessary in light of the financial challenges emerging from the Local Government financial settlement in 2015.

The roles, responsibilities and delegated functions for officers and members are set out in the

THE GOVERNANCE ENVIRONMENT

Leadership and behaviour

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 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 include the 7 Standards of Public Life. 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 engage with and support staff by providing regular updates and key messages through emails, the intranet via a blog and a programme of staff visits.

Transparency and stewardship

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 produces an Annual Report that highlights key data on performance and notable achievements; and includes summaries of the AGS and audited accounts. The 2014/15 Statement of Accounts was audited and approved for publication by the end of July 2015.

THE GOVERNANCE ENVIRONMENT

Transparency and stewardship

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 from key services, as well as the Chief Property Officer and Chief Internal Auditor, to ensure a broad perspective for challenge.

The risk management strategy outlines the council's approach to risk and is supplemented by the risk management plan. 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 approach is adopted. The Leadership risk register is regularly reviewed by the Statutory Responsibilities Network, Audit and Governance Committee and Cabinet.

The council has six member Boards who provide challenge to the Cabinet. 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 the committee have received training on risk culture, treasury management and fraud.

The Surrey Pension Fund Committee takes decisions on behalf of the council as the administering body for the Local Government Pension Scheme and meets four times a year. The Surrey Local Pension Board, established in 2015, assists the Surrey Pension Fund Committee in the exercise of its functions but has no decision making powers. A Local Fire Pension Board was also established in 2015 to assist the Surrey Fire and Rescue Authority in the administration of its Firefighters' Pension Scheme.

An Effective audit opinion was given following the annual internal audit of Organisational Ethics. The review concluded that the routine actions of members and officers, and the consequent decisions taken by the council, are based on strong ethical principles.

The annual review of the effectiveness of the system of internal audit concluded that appropriate controls were in place during 2015/16 to ensure an effective internal audit service was provided.

THE GOVERNANCE ENVIRONMENT

Transparency and stewardship

The overall opinion of the Chief Internal Auditor on the internal control environment for 2015/16 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. Controls over the council’s key financial systems continue to be sound, although the Chief Internal Auditor has reported an increase in the proportion of audit reviews resulting in an adverse audit opinion (‘significant improvement needed’ or ‘unsatisfactory’) in 2015/16. This may be a reflection of the unprecedented change, increasing demands for services and declining resources that the council is currently facing.

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.

People

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.

During October and November 2015 staff participated in a staff survey, which has provided evidence of how colleagues feel about working for our organisation. Positive messages have come out of the survey but also some areas that we need to work on over the next few months.

To create a more networked organisation we are developing Communities of Practice to bring together groups of people with shared interests. Our aim is to utilise this knowledge and experience more effectively to provide the best and most efficient services to residents.



THE GOVERNANCE ENVIRONMENT

Engagement and collaboration

The council continues to build on the strong relationships with key partners such as Surrey's Districts and Boroughs and other public bodies. Our public service transformation projects are progressing, including the Surrey Family Support Programme and health and social care integration.

Surrey County Council and East Sussex County Council's business and support services partnership, known as Orbis, continues to develop and integrate services. In addition, Orbis Public Law, a legal services partnership between Surrey County Council, East Sussex County Council, West Sussex County Council and Brighton & Hove City Council, launched in April 2016 and will provide a sustainable and cost effective legal service.

We have joined up to work with East Sussex County Council, West Sussex County Council and 23 districts and boroughs on devolution to allow us to make collective decisions on matters affecting the whole area, such as building transport links between communities and finding new ways to encourage businesses and jobs to the region.

We have worked closely with the health sector throughout 2015 and have ambitious plans for 2016 regarding transformation and integration.

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 regularly used to bring together information in a visual and user friendly way.

The Surrey Residents Survey, jointly commissioned with Surrey Police, regularly gathers customer satisfaction data. Formal customer feedback procedures ensure that feedback is both consistent and appropriate and regularly reported.



FOCUS FOR 2016/17

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

The demographic demand pressures we face continue to grow and at the same time our resources are declining. We will be focusing on influencing national decision making over the next year to help sustain services for the residents we serve.

Devolution gives us an opportunity to move more of the decisions and funding from Central Government so that we can do things differently to meet local needs.

We will focus on improving Services for Children, including Early Help and Special Educational Needs and Disability (SEND).

Integration is a huge part of the work that is being done in Health and Social Care and presents us with a great opportunity to provide better outcomes for residents. We are re-thinking our current ways of working and collaborating with health partners to help deliver local integrated community-based health and social care.

The new Public Value Transformation programme will help us focus on the innovation and transformation needed in these areas for the next five years and beyond. It will require continued focus and determination across the council and with key partners to provide outcomes that residents want.

We will continue to develop a strong organisational culture, with a focus on succession planning and workforce development. We will also continue to make important investments and improvements for staff and members to ensure they have the right training, support, equipment and working environments needed to work effectively. This will provide high standards of customer care for all our stakeholders.

Work will be undertaken in ensuring we meet our responsibilities within the new Local Audit and Accountability Act 2014 regarding appointing an external auditor.

Leader of the Council

Chief Executive
June 2016



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