

## **ANNUAL GOVERNANCE STATEMENT 2017/18**

### **1 Purpose**

- 1.1 The purpose of this report is to present the committee with the draft Annual Governance Statement for 2017/18 prior to its inclusion in the Statement of Accounts.
- 1.2 The Annual Governance Statement has been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting 2015/16 following the principles set out in the CIPFA Delivering Good Governance in Local Government Framework (2016).
- 1.3 The preparation and publication of the Annual Governance Statement (AGS) is a statutory requirement of the Accounts and Audit Regulations 2011. The Council is required to conduct a review at least once in a year of the effectiveness of its governance framework including the system of internal control, and to prepare a statement on internal control "in accordance with proper practices".

### **2 Recommendations for decision**

- 2.1 The Audit Committee is requested to:
  - a) Review the Annual Governance Statement 2017/18
  - b) Consider the robustness of the Council's governance arrangements
  - c) Approve the AGS prior to its inclusion in the Statement of Accounts

### **3. Supporting information**

- 3.1 Once it has been approved by the Audit Committee, the statutory Annual Governance Statement will be signed by the Leader of the Council and the Chief Executive at the same time as they sign the Annual Statement of Accounts.
- 3.2 The assurance gathering process is based on the management and internal control framework of the Council.

### **4. Options considered**

- 4.1 None – this is a statutory requirement.

### **5. Reasons for Recommendation**

- 5.1 To comply with legislation

### **6. Resource implications**

- 6.1 There are no resource implications to report.

# Annual Governance Statement 2017/18

## Introduction

The annual governance statement is a valuable means of communication. It enables an authority to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes.

Aylesbury Vale District Council (AVDC) 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, and used economically, efficiently and effectively. AVDC 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, having regard to a combination of economy, efficiency and effectiveness.

AVDC is responsible for putting in place proper arrangements for ensuring good corporate governance. These are embedded in the constitution, policies and procedures. We have not approved and adopted a separate single code of corporate governance. However the principles to which the Council operates are intended to be consistent with those contained in the CIPFA / SOLACE Framework Delivering Good Governance in Local Government.

## What is Corporate Governance?

Corporate Governance refers to “*the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved*” (The International Framework: Good Governance in the Public Sector, CIPFA/IFAC, 2014). The International Framework also states that:

*“To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity’s objectives while acting in the public interest at all times.*

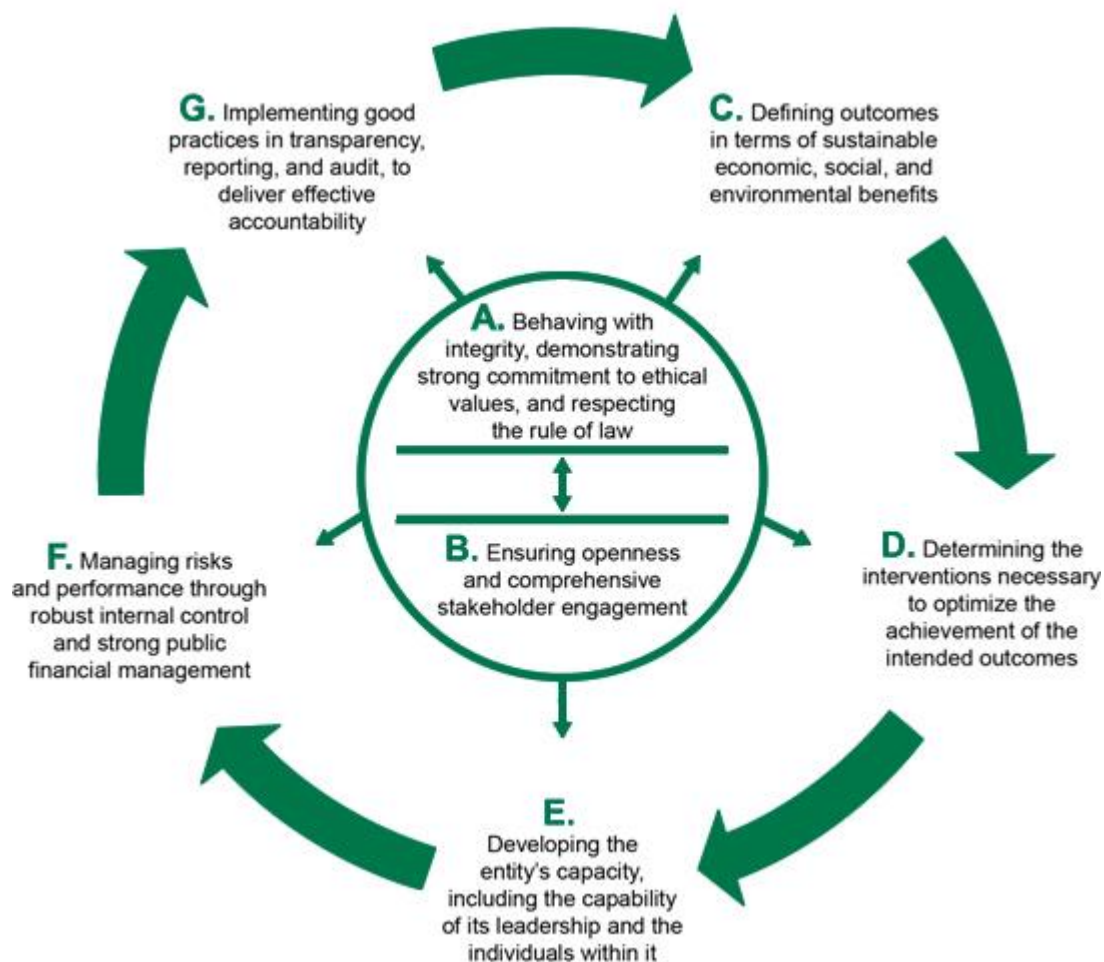
*Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders”.*

Our governance arrangements aim to ensure we meet our objectives and responsibilities in a lawful, timely, open, inclusive and honest manner and that our public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.

## The principles of good governance

The diagram below, taken from the International Framework, illustrates the various principles of good governance in the public sector and how they relate to each other. Both the Accounts and Audit Regulations 2015 and the national Code of Practice on Local Authority Accounting in the United Kingdom 2016 require that the Framework be adopted as ‘proper practice’.

Our governance framework comprises the systems, processes, culture and values, by which AVDC is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables us to monitor the achievement of our strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.



## How do we know our arrangements are working?

Each year we (AVDC) review our corporate governance processes, systems and the assurances on the governance framework and report this in the Annual Governance Statement. This Annual Governance Statement builds upon those of previous years. It summarises the governance framework which has been in place for the year ending 31 March 2018 and up to the date of approval of the statement of accounts and records any significant governance issues that need to be addressed over the coming year.

As we are continually changing and seeking improvement it is important that the governance arrangements are robust and flexible enough to manage change effectively and positively support our aims and objectives. We recognise that the governance framework cannot eliminate all risk and therefore only provides reasonable and not absolute assurance of effectiveness.

# A

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

All our councillors meet regularly together as the council. Most of these meetings are open to the public who can either attend in person or view the meeting live via a webcast. The conduct of AVDC's business is defined by formal procedures and rules, which are set out in the constitution.

The constitution explains the roles and responsibilities of the executive, non-executive, scrutiny and officer functions and the delegation arrangements that are in place. It also contains the 'Codes of Financial Management and Procurement' and the 'Code of Conduct for Members'.

## Council

Consists of 59 elected councillors, covering 33 wards. The council appoints the Leader who in turn appoints the cabinet. Council holds the cabinet and committees to account. They decide the council's overall policies and set the budget each year.

### Overview & Scrutiny

Four scrutiny committees, support the work of cabinet and council as a whole. They can hold public inquiries into matters of local concern. These lead to reports and recommendations which advise the cabinet and the council on its policies, budget and service delivery.

Scrutiny committees monitor the decisions of the cabinet. They can 'call-in' a decision which has been made by the cabinet but not yet implemented. This enables them to consider whether the decision is appropriate and they can recommend that the cabinet reconsider the decision. They may also be consulted by the cabinet or the council on upcoming decisions and the development of policy.

### Leader & Cabinet

Cabinet is made up of a leader and 7 councillors, each appointed for 4 years. The Leader is appointed by the council and then appoints a Deputy Leader and Cabinet Members.

The cabinet meets every month. Meetings are generally open to the public although some meetings or parts of meetings are held in private.

Cabinet's role is to develop, propose and implement policy. It guides the council in the preparation of its policy framework, including setting the budget and council tax levels. It discharges all executive functions not discharged either by a cabinet member or through delegation to officers.

### Regulatory Committees

#### Strategic Development Management

Carry out council's functions as a local planning authority for large growth related developments.

#### Development Management

Carry out council's functions as a local planning authority for functions not falling under the remit of the Strategic Development Management Committee.

#### Licensing

Carry out council's non-executive functions relating to licensing and registration.

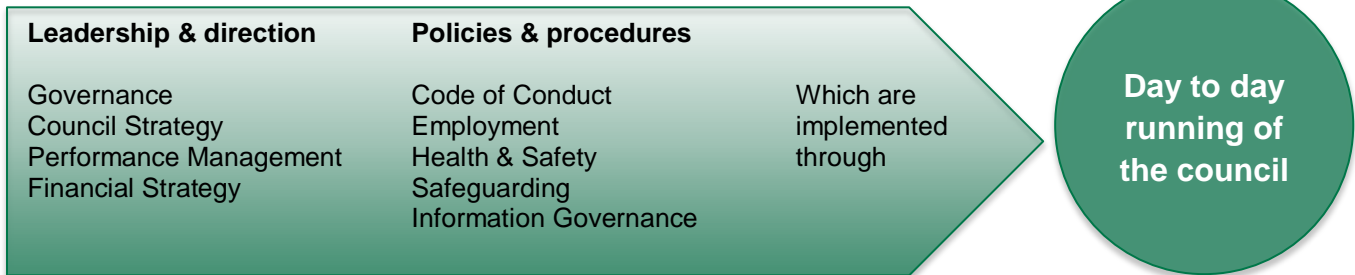
#### Audit

Provide independent assurance of the adequacy of risk management framework and associated control environment, independent scrutiny of the authority's financial and non-financial performance, and oversee financial reporting process.

Our **Chief Executive** is supported by the **Senior Management Team**, comprising 2 Directors and 6 Assistant Directors.

The council, cabinet and committees are responsible for

Senior Management Team are responsible for



### Our constitution

Our constitution is available on [our website](#) and sets out how we operate, how decisions are made and the processes that are followed to ensure decision making is efficient, transparent and accountable to local people. A number of the codes of practice and procedures within the constitution are required by law, whilst some are chosen to reflect good practice arrangements.

The constitution further sets out the role of key governance officers, including the statutory posts, and explains the role of these officers in ensuring that processes are in place to ensure we meet our statutory obligations and also for the provision of advice to councillors, officers and committees on staff management, financial, legal and ethical governance issues.

The statutory posts / roles are:

- Head of Paid Service - Chief Executive
- Chief Finance Officer (Section 151) - Corporate Director
- Monitoring Officer - Lead Legal & Monitoring Officer

The constitution has been updated to reflect recent changes in senior management, including the Scheme of Officer delegations which was approved by Council in May 2018.

### Standards of behaviour for members and staff

Member behaviours are governed by a code of conduct which is set out in the constitution. The code covers disclosable pecuniary interests as required by the Localism Act 2011 and also retains the requirements to disclose personal and prejudicial interests and those to register gifts and hospitality received in a member's official capacity together with interests in outside bodies, charities and pressure groups. The code of conduct was adopted by full council in July 2012. The Lead Legal and Monitoring Officer has been asked to review the Code with a view to making it simpler to understand by members and to clarify any uncertainties. This work will take place during the council year.

All members of the council have completed a register of their pecuniary and personal interests. Copies of guidance produced by the Department for Communities and Local Government on the revised code have been provided to every member and they have also received information from the Lead Legal and Monitoring Officer highlighting the key aspects. Specific refresher training, covering various aspects of the Code of Conduct and the completion of the Register of Interests form, has been provided to members this year.

The constitution also includes protocols covering member/officer relations, member involvement in commercial transactions and a members' planning code of good practice. The Corporate Governance Manager will be reviewing the protocol regarding working with commercial companies owned by the council.

There is a three-stage procedure for dealing with complaints that members have broken the code of conduct. As part of the Code of Conduct review the Standards Complaints will also be reviewed.

A code of conduct for employees was approved in 2013 in conjunction with trade unions and employee representatives. This covers all aspects of conduct at work from how to treat colleagues, to any conflicts of interest and deals with matters such as accepting gifts and hospitality.

All new officers undertake mandatory online training within their first few days at work covering areas such as:

- our comments, compliments and complaints procedure
- equality and diversity
- acceptable IT use
- health and safety

Information regarding our most up-to-date policies and processes is also easily available to all employees via Connect, our intranet site.

# B

## Ensuring openness and comprehensive stakeholder engagement

We appreciate the importance of engaging openly with all our stakeholders to ensure we continue to meet their needs and expectations efficiently and allowing them to be part of the decisions that affect them. Some examples of how we have communicated with our stakeholders over the past year include:

- **The Vale of Aylesbury Local Plan (VALP)** was submitted for examination by an independent planning inspector in February 2018. VALP will manage and direct the growth of our district, including new homes, infrastructure and commercial opportunities, through to 2033 in a way that will protect what makes our district a special place. Each significant stage of the Plan has been subject to extensive public consultation and engagement with Parishes, surrounding districts, county councils, Local Economic Partnerships and central government.
- Aylesbury will accommodate most of the growth identified in VALP and this has been reflected in the Government awarding Aylesbury with **Garden Town status**. We are working in partnership with Buckinghamshire County Council, Homes England plus two Local Enterprise Partnerships (Buckinghamshire Thames Valley and South East Midlands) to make the best use of the Government funding provided.
- In 2018, we appointed a **Parish Liaison Officer** to further strengthen our relationship with the parishes within our district. A Parish Conference was held in February 2018, bringing local Parish Councils together to discuss various topics of interest. Following feedback from this, Parish Conferences will continue to be held on a bi-annual basis.
- Our relationship with other Buckinghamshire District Councils (Wycombe, South Bucks and Chiltern), has continued as we worked together on a joint proposal to the Secretary of State regarding the **modernisation of local government**. Throughout the process we have worked with stakeholders including Parish/Town councils and local businesses to understand what really matters to them and develop a proposal that we feel meets their needs most effectively.

We use a variety of methods for consulting and communicating with local residents and other interested parties both to help guide our decision making and ensure everyone is kept up-to-date.

For maximum effectiveness, the channels used on each occasion are selected based on the target audience and the purpose of the communication. Our regular communication channels include:

- AV Times - a residents' magazine delivered to all households within the district
- Media relations - a pro-active programme with our local media (radio, TV, newspapers)
- Parish and community noticeboards
- Poster sites across the town centre
- Targeted literature
- Social media - our social media platforms include Twitter, Facebook, LinkedIn, Next Door and Instagram, giving different parties the opportunity to engage with us in the most convenient way for them
- Monthly eNewsletter - sent to registered residents with news from around the Vale

For consultations we use methods ranging from quantitative self-completion questionnaires to focus groups. Details of how to join these consultations are communicated through the channels above.



We also use our communication channels to support partner organisations such as an annual survey on behalf of the Community Safety Partnership, which in 2018 received a record 426 responses. Other examples of how we've supported our partners with their campaigns include Ask for Angela, a campaign to help individuals feel safe on a night out and 30Days30Ways, which highlighted top tips to help communities prepare for an emergency situation.

# C

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

Our vision statement sets out what AVDC is working to achieve.

**“To secure the economic, social and environmental wellbeing of the Vale”**

To enable us to realise our vision, everyone at AVDC is working:

- To **enable essential infrastructure for growth and sustainability** of the area, be it physical or social
- To **ensure fair and speedy access to essential services** and their referral to partners
- To **provide a healthy and dynamic institution** for making effective decisions about the area, to which everyone can contribute
- To **stimulate, innovate and enable economic growth** of the area, its regeneration and the attraction of inward investment
- To **provide or commission services and products** that customers and businesses have agreed add value to their lives

Our vision is the foundation for everything we do, across all services. By referring back to the vision statement, we ensure that we continue to move in the same direction, adapting and growing, whilst keeping the wellbeing of our residents and businesses at the centre of everything we do.

### Improving customer service

As part of our commitment to continual improvement we continue to develop our customer service offering. Our online services such as Webchat and our Amazon Alexa skill are proving to be successful, and renovations to our customer service centre have made it more welcoming and easier to access.

Our forward-thinking has also brought around changes to our bin collection service with investment in a new fleet of trucks. These will ensure we can maximise the efficiency and effectiveness of our service, providing our customers with the levels of service they expect as the district continues to grow. The new fleet are also more fuel efficient, helping us to protect the environment.

The introduction of the Homelessness Reduction Act, which gives us new statutory duties, has provided the opportunity for us to make a real difference to homelessness across Aylesbury Vale. An internal briefing session was held to provide information about what these changes mean for our customers, how individuals can help and how it would affect the organisation and our ways of working.

# D

## Determining the interventions necessary to optimise the achievement of intended outcomes

In September 2017 we concluded the organisational transformation aspect of the “Commercial AVDC” programme. This sets us up to better move forward and deliver the savings and efficiencies required. With the old council model broken, we’ve now become a more commercially focused organisation, providing the services our customers and communities really want in a cost-effective way.

AVDC is organised into five business sectors; Customer Fulfilment (anything that interacts or provides services for the customer, planning, waste collection etc.), Commercial Property and Regeneration, Community Fulfilment (green spaces, community safety, strategy and partnerships etc.), Business Support and Enablement and Commercial and Business Strategy. Our “Connected Knowledge” digital strategy and programme sits along side the business sectors. This structure helps us operate as a streamlined and efficient organisation focused on providing the services our customers and communities really want in a cost-effective way.

We use our behaviour framework as part of the recruitment process, learning and development and performance management programme. Five key commercially minded behaviours guide our employees on how they need to work in order to deliver commercially viable products and services which are both profitable and valued by the customer.

### Our five key commercially minded behaviours



### Medium term financial strategy and budget planning

Considerable effort at Member and officer level has been directed at establishing a budget framework that covers future years and marries the need to identify efficiency savings and new

income streams with corporate priorities. This work has once again delivered a balanced budget proposal for 2018/19.

General Fund revenue reserves and balances have been determined with full consideration of the risks identified. They are, therefore, deemed to represent a sufficient level of provision against the potential financial risk inherent within the Medium Term Financial Plan, provided the Council stays focused on delivering its targets.

Budget planning has been undertaken over an appropriate period of time and has allowed full understanding of the issues in an operational and financial context. Every effort has been made to include all Members in the financial planning process through the circulation of reports and associated information. Two Members' seminars dealing with budget planning issues were held. The views expressed during the scrutiny process have been fully considered by Cabinet.

Consideration has been given to corporate priorities, residents' views and the Council's Risk Register in formulating the budget proposals.

The budget formulation process at officer level has been subject to on-going review which has tested the validity of pressures and deliverability of savings options in order to ensure that Members have been made aware of all aspects and implications of actions when formulating the budget proposals.

Historically, in facing resource uncertainty, AVDC has always faced up to its financial challenges and created bold and innovative solutions. These are not without risks, and the Council's risk appetite has needed to change and expand in the face of the greater challenges facing the sector, and against the backdrop of preserving core services this strategy is both warranted and justified.

## Commercial AVDC

The council's approach to balancing its finances over the Medium Term Financial Plan has been based on the Commercial AVDC programme. This is a programme of continual change and innovation developed as the response to addressing the budget challenges following the changes to government funding and the desire to develop a more commercial response to the delivery of services for existing and new customers of traditional and new services. During the last year some of our achievements that exhibit the commercial approach include:

- First council globally to deliver comprehensive and delivery focused Alexa voice skills, enabling new ways for our customers to interact with us
- First public body that we are aware of to pilot artificial intelligence to assist with handling our customers enquires, freeing up time to spend with those customers who need our help more
- Through the Vale Lottery the Council has generated around £80,000 worth of new income for communities in Aylesbury Vale, as well as the delivery of 7 lotteries across the Country. This has increased income for AVDC, whilst also helping the wider sector and 173 communities across the country to raise new funds for their areas.
- Running and speaking at numerous conferences sharing our good practise and those of our partners and colleagues, as well as providing consultancy services to other public-sector providers enabling them to work in a more commercial way, whilst delivering income to the council.
- Moved more customer fulfilment functions on to the Salesforce platform thereby helping our staff to provide our customers with better, more efficient and faster service, and reducing our complex IT legacy systems

- The Council is mid-way through building 'The Exchange', a new restaurant and residential development in Aylesbury Town Centre, and has agreed a £100m Commercial Property Investment Strategy. These along with our other strategic commercial assets will enable the Council to continue to support its aims over the medium and long term.
- The Council is part way through building the new Pembroke Road Waste Depot, and is on target to launch the Commercial Workshop later in 2018.
- The Waste Team will be retiring its old HGV vehicles and bringing in a new fleet that will be built to the latest EURO 6 emission standards. This will improve emissions for the 500,000 miles the fleet travels each year and reduce fuel consumption as well.
- To mitigate the inevitable impacts on the natural environment due to the growth of Aylesbury Vale, we work with developers before an issue arises. The new Kingsbrook estate in Aylesbury, built in close collaboration with the Royal Society for Protection of Birds, has been recognised for its pioneering approach to wildlife.

In December 2015 we registered Vale Commerce, a limited liability company wholly owned by AVDC. Vale Commerce was started to test if it would be conceptually possible to run subscription services for additional residential and business services, and generate a new income stream for the Council whilst supporting the local economy. This was achieved to some degree, however it became increasingly apparent that the marketplace was congested and also challenging in terms of a subcontracting model. If it were to make a success of the approach a significant cash injection would have been required, which on balance and considering the viability of the business and receptiveness of the marketplace, the benefits at that time did not outweigh the risks and costs required. As such company trading was suspended in January 2018 and the company put into a dormant state. The intellectual property was transferred back to the Council for future use through the new commercial team, and plans are already under development as to how to maximise the value of the brands in on going work.

## Connected Vision

During the year work commenced on bringing together the different strands of the Commercial AVDC Programme and other external and internal priorities into a single statement of objectives. This is known as 'Connected Vision'. Our mission has been refreshed as part of this and is the driver of how we will deliver our vision. The mission as part of Connected Vision is:

**"to make AVDC the best Social Enterprise Business in the UK – providing World Class support for those that need it ".**

A social enterprise is defined as:

*"An organisation that by selling goods and services in the open market, social enterprises reinvest the money they make back into their business or the local community. This allows them to tackle social problems, improve people's life chances, support communities and help the environment".*  
(Social Enterprise UK)

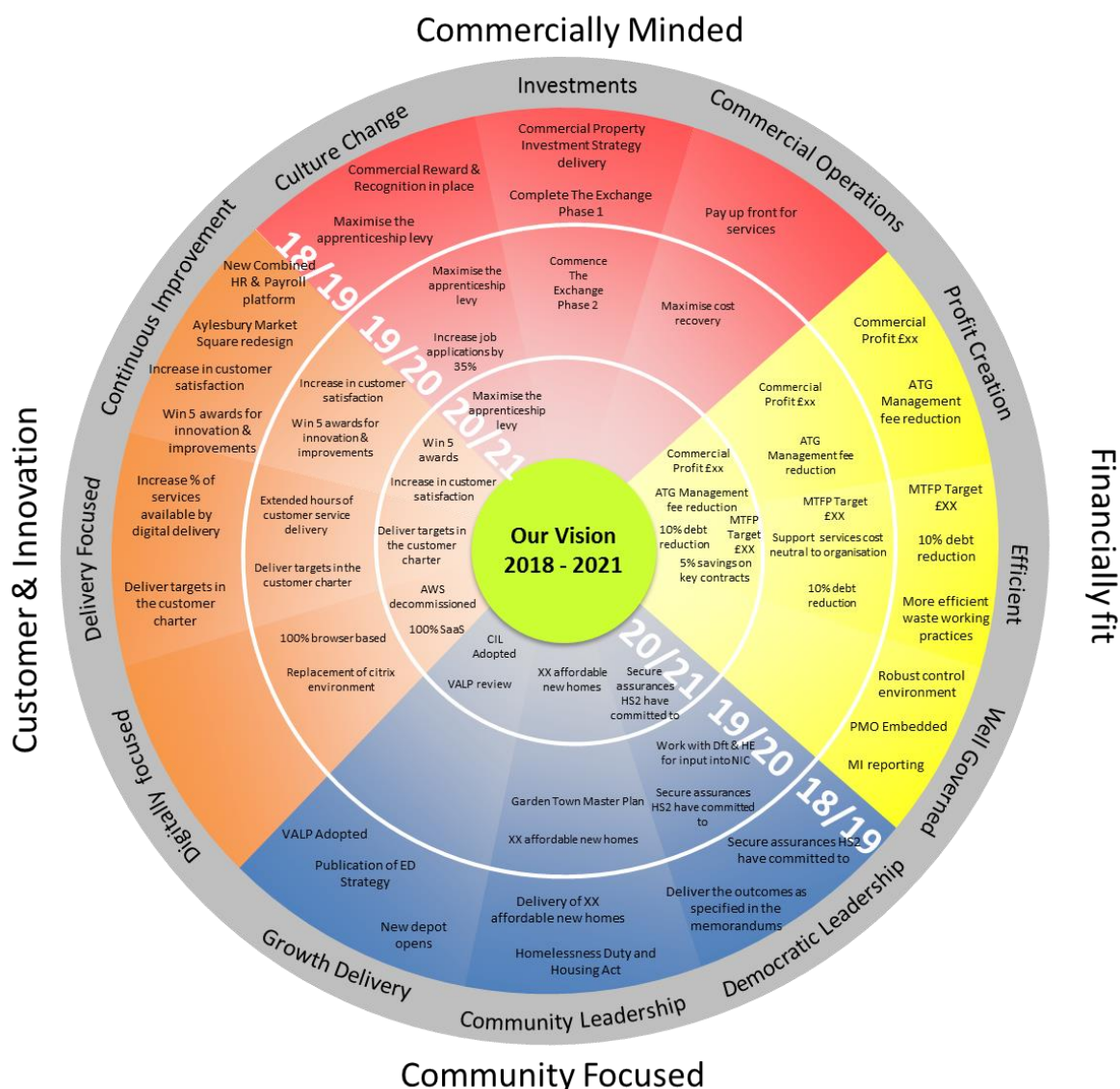
This approach adds to the direction we are taking in terms of commercialisation, but emphasises this is not for its own sake, rather with an end of achieving social improvement and wellbeing for the residents, businesses and environment.

Our Connected Vision document seeks to bring all the existing strands of work together in an attempt to demonstrate how they nest within the Council's wider vision and the milestones which will need to be passed on the way in order to ensure its achievement. This will help in the understanding of where individual actions sit and how they inter-relate. It will also help the organisation manage and direct its resources in the delivery of the vision.

The Connected Vision is expressed in a number of themes which create a framework in which the wider vision can be delivered. The four themes are:

- Financially Fit - ensuring we have the funds to fulfil the vision and use them wisely
- Customer & Innovation - ensuring the customer is at the heart and we are drive to innovate for them
- Community Focused - ensuring we deliver for the community at large
- Commercially Minded - to ensure we fulfil the overall Social Enterprise model

It is intended to publish a Connected Vision update annually, communicating on progress periodically.



## **Connected Knowledge**

In December 2016 we launched our Connected Knowledge - Technology Strategy 2017-2022, which sets out the vision and strategic aims we have for our future use of technology and data. Connected Knowledge is designed to be the catalyst for technological innovation and change, thereby propelling our organisation into the future. The programme is intended to support the Council with the necessary tools, policies, people and environment that further enhances the commercial mind-set and company culture. The Council is already widely acknowledged as championing this agenda within the public sector.

## **Programme and project management**

In recognition of the amount of change required to deliver our strategy and continually improve customer service, during the year we have invested in our project management capabilities. A Project Management Office has been established and new software is being developed to ensure good practice project management is embedded with robust governance arrangements. When a new project is proposed, a business plan is produced by a project team looking at the financial viability of the project, any risks involved, potential benefits to all stakeholders and how we can ensure it meets the needs and requirements of our customers. This is then presented to the Strategic Management Group to determine the viability of the project.

# E

## Developing the entity's capacity, including the capability of its leadership and the individuals within it

We offer a comprehensive training and development programme for all our staff and members. Details of all the training opportunities available are communicated through our Intranet system, internal posters and where appropriate, targeted emails. This programme includes:

- Induction process with an introduction to how we work
- Online training modules
- Annual staff conference
- Bite-size training sessions on a variety of topics to help individuals understand how processes and/or other teams work within the organisation
- Joint coaching scheme with Buckinghamshire County Council
- Events focused on particular areas of development for example Wellbeing Week,



We also run regular surveys to encourage staff and members to share their views regarding various aspects of working for the council. This includes giving the opportunity to suggest future training and development sessions.

Apprenticeships are encouraged across the council, for both new and existing members of staff. Our Apprenticeship Strategy for 2017-2022 identifies the potential for Apprentices to make a huge contribution to creating the skilled and aspirational workforce that meets the needs of Aylesbury Vale for the future. This understanding of the value of Apprentices in filling potential skill gaps, has been instrumental in the development of our Town Planners Graduate Scheme, which targets students nearing the end of relevant degrees offering them the chance to join AVDC to develop their skills in town planning.

An all-party Member Development Steering Group is also in place to oversee, monitor and help progress delivery of learning and development for elected Members to meet individual and corporate needs and in particular planning, licensing and safeguarding.

### Continuous improvement

Our commitment to supporting continuous improvement is underpinned by our REACH programme. This flexible approach to performance reviews focuses on individual and team development, supported by ongoing feedback.

REACH conversations between employees and their line manager take the form of regular (at least 4 times a year) "check-ins". Individuals and teams are encouraged to actively seek feedback from colleagues, customers and managers to help develop and improve what they do.

A week of activities focused on the five elements of REACH has been held to ensure everyone feels comfortable and engaged with the approach. Resources, including a REACH toolkit are also available on our Intranet.



# F

## Managing risks and performance through robust internal control and strong public financial management

We have a process in place for identifying, assessing, managing and reviewing the key areas of risk and uncertainty that could impact on the achievement of our objectives and service priorities. Responsibilities for managing individual risks are clearly allocated. Risks are regularly reviewed with the Strategic Board and the corporate risk register is routinely reported to Audit Committee and Cabinet.

Oversight and assurance over the management of key risks is also provided by a number of corporate governance groups, including, for example:

- Information Governance Group
- Health and Safety Strategic Board
- Safeguarding Group
- Business Continuity and Emergency Planning
- Finance Steering Group
- Major Capital Projects Development
- Connected Knowledge Programme Board
- Waste Transformation Board

Performance management through regular review and reporting of real-time management information against corporate targets has been further developed through 2017/18. Enhanced use of technology platforms is being embraced to ensure accurate, reliable information is available to inform decisions. Further development is required through 2018/19 to embed organisation-wide corporate performance monitoring and ensure this is consistently reported.

### Compliance with relevant laws and regulations, internal policies and procedures

We ensure compliance with established policies, procedures, laws and regulations through a range of measures, including:

- Awareness, understanding and training carried out by internal officers and external experts
- The drawing up and circulation of guidance and advice on key procedures, policies and practices
- Proactive monitoring of compliance by relevant key officers including the Section 151 Officer (Director with responsibility for Finance) and the Monitoring Officer

The Corporate Governance Manager develops a risk based annual audit plan which includes consideration of compliance across all areas of AVDC. Reports are produced for management, recommendations for improvements agreed and implementation monitored through to completion. Internal and external audit updates and reviews are reported to the Audit Committee.

Under Section 5 of the Local Government and Housing Act 1989, the Monitoring Officer is required to report to AVDC where, in his opinion, a proposal, decision or omission by AVDC, its members or officers is, or is likely to be, unlawful and also to report on any investigation by the Local Government Ombudsman. It has not been necessary for the Monitoring Officer to issue a formal report for the year 2017/18.

The Section 151 officer also has a legal responsibility to issue formal reports if they have particular concerns about the financial arrangements or situation of the council. No such formal reports have been issued during the 2017/18 financial year.

Our policies and procedures are reviewed and updated to respond to changes in legislation or enhancements in best practice working. For example, during 2017/18 a full review of all Employment related policies commenced in full consultation with staff and union representatives. This process is expected to be completed by November 2018. In addition, the revised Health & Safety Policy and Strategy was approved in September 2017.

## Information governance and data protection

A major area of focus during the year has been preparation for the new General Data Protection Regulation (GDPR) which came into force in May 2018. A programme of work commenced in November 2017 to ensure any significant gaps in terms of compliance with the new regulations were fully addressed, including:

- Information asset registers and record retention schedules have been developed identifying the data held by teams, how long this data needs to be held for and outlining the procedures for disposing of data records.
- Privacy Notices and Terms and Conditions have been updated
- Training sessions have been held for all staff and Members, and included in the induction process
- Data Stewards have been appointed across the council, providing teams with the help and support they require
- Engagement with suppliers to update terms and produce a risk assessment of the activities they carry out on our behalf.

Information governance is overseen by the Information Governance Group (IGG) which is chaired by the Director with responsibility for Finance who fulfils the role of Senior Information Risk Owner (SIRO). The Assistant Director for Commercial and Business Strategy is the Data Protection Officer. This group comprises of managers from key departments who are empowered to take decisions on information management.

In October 2017, our Information Management Strategy was approved. This provides a foundation to help us continually improve by promoting better, more creative management of information, encouraging appropriate sharing and transparency, while ensuring data security and compliance with data protection legislation. The IGG's key responsibility is to ensure that the Information Management Strategy is maintained and that actions are taken to implement the strategy and kept it up to date. The IGG routinely receives reports on any data breaches and monitors the actions taken in response to them.

# G

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

As part of our commitment to transparency and making information available to residents and businesses, we publish relevant data such as our contracts register on our [website](#). Most of our council meetings are also open to the public with agendas and minutes available to download from our [website](#).

Our commitment to transparency is further demonstrated through the open publication of all internal audit reports and the corporate risk register.

### Whistle-blowing and complaints procedures

The Whistleblowing Policy and reporting procedures are available on [our website](#). This forms part of the Anti Fraud and Corruption Policy Strategy. There have been no whistle-blowing reports in 2017/18.

There has been no use of the Regulation of Investigatory Powers Act during 2017/18.

There was an Inspection Report by the Office of the Surveillance Commissioner (dated 9 June 2016) which recommended that the council revise its RIPA Policy document with some minor amendments. These amendments have been made and were purely for clarification and updating purposes. There was no criticism of the council and the arrangements were considered satisfactory. The next inspection is due in 2019.

We have a Customer Comment, Compliments and Complaints Policy which includes a public document explaining the process. There are also detailed procedures for staff who are dealing with a complaint. All staff are required to complete the Customer Comment, Compliments and Complaints e-learning module.

The Standards Committee considers any complaints made against members relating to breaches of the code of conduct. Details of how to make a complaint and the committee's procedure for dealing with member complaints are available on our [website](#). There were no complaints against councillors which led to a full investigation in 2017/18. There were a total of 12 councillor Code of Conduct complaints (against a total of 9 councillors - some of the complaints were made by different complainants but relating to the same issue) that did not proceed beyond Stage 2 Initial Assessment (of the 9 councillors, 2 were district councillors and 7 were parish councillors). The Code of Conduct itself and the Standards Complaints process are being reviewed with a view to clarifying uncertainties in the definitions used and to streamline the process - this work is to be carried out in the current council year.

### Anti-fraud and corruption

The Corporate Governance Manager and the Director responsible for Finance are responsible for developing and maintaining AVDC's anti-fraud and corruption strategies.

CIPFA's 'Code of Practice on managing the risk of fraud and corruption' supports organisations seeking to ensure they have the right governance and operational arrangements in place to counter fraud and corruption. We have assessed our level of performance against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption. and a high level action plan has been developed to strengthen our position in managing the risk of fraud. Fraud awareness training was provided for managers in summer 2017.

# Review of Effectiveness

AVDC has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within AVDC who have responsibility for the development and maintenance of the governance environment, the Corporate Governance Manager's (Head of Internal Audit) annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The governance framework enables us to identify any areas of our activities where there are significant weaknesses in the financial controls, governance arrangements or the management of risk. The annual review of effectiveness has considered the following areas:

- the authority
- the executive
- the audit committee / finance and scrutiny committees
- the standards committee
- Internal audit
- Chief Financial Officer
- Other explicit review/assurance mechanisms

The key governance officers have been involved in the preparation of this statement and are satisfied that the arrangements in place are working effectively and that no matters of significance have been omitted.

## Internal Audit

Our internal audit operates under regulation 6 of the Accounts and Audit Regulations and in accordance with the CIPFA Public Sector Internal Audit Standards.

The Head of Internal Audit (Corporate Governance Manager) is required to deliver an annual internal audit opinion and report that can be used by the organisation to inform its Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the Council's system of internal control).

This is achieved through the completion of a risk-based plan of work, agreed with management and approved by the Audit Committee, which is designed to provide a reasonable level of assurance. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.

Where recommendations for the improvement of controls or systems are made at the end of an internal audit review, these are agreed with the responsible managers together with details of the required action and an expected date for implementation. Any concerns regarding overdue actions are reported to the Audit Committee as part of the regular progress reports.

Based on the results of the work undertaken during the year, the Head of Internal Audit's overall opinion is that governance, risk management and control in relation to business critical areas is

generally satisfactory. However, there are some weaknesses in the framework of governance, risk management and control which potentially put the achievement of the Council's objectives at risk. Improvements are required in those areas to enhance the adequacy and effectiveness of governance, risk management and control. Further detail is provided below.

## Significant governance issues and action plan

During the year, internal audit reports highlighted a number of weaknesses were identified that should be reported in the Annual Governance Statement. These relate to the "high risk" reports issued for General Ledger and Housing Benefits. As noted last year, there is also a general theme relating to a lack of consistently reported and monitored management information.

### *General Ledger*

A number of audit reports in recent years have highlighted issues with the finance system including the initial implementation of the system, the design of processes and controls, and poor engagement and speed of response to requests for support from the supplier. System improvements have been hindered by internal factors, primarily the level of work required following restructure to remodel the finance structures in line with organisational change and an under resourced team with appropriate expertise. The issues have not had any significant impact on the integrity of the financial accounts, but have resulted in inefficiency, inconsistencies, manual work-arounds and a general lack of reporting to support good financial control.

In recent months much progress has been made to address these issues with additional internal resource and increased consultant capacity to meet the operational and development needs of AVDC. This has also allowed more focus on month-end control procedures to improve the integrity of financial information and reporting.

### *Housing Benefits*

Since the prior year issues reported in the Annual Governance Statement, significant improvements have been made to processes and controls including increasing the quality checks being performed each month, full team training and the monitoring of the monthly subsidy forecasts to quickly identify any concerns.

However, there are still challenges, with the biggest concern being around housing benefit overpayment. Consistent with the national picture, levels of overpayment debt remain high. Since the audit report was issued historic reconciliation issues between the finance and benefits systems have been resolved, but further work is needed to automate the matching process and establish ongoing reconciliation procedures. Resource has recently been increased to focus specifically on recovery of housing benefit overpayment debt.

### *Management Information*

Consistent with 2016/17, a number of internal audit reports have again highlighted inadequacies in the level of management information, both at a corporate and service level to enable effective monitoring and oversight of both financial and non-financial performance, and to inform decisions.

Two new posts were created during the restructure to support enhanced Business Intelligence at a corporate level and progress is now being made on capturing and reporting Corporate level performance indicators. Capacity in the finance team has been strengthened to enable better and more timely reporting of financial information. At a service level, improvements have also been made with better system reporting and monitoring by managers. This remains an area of focus during 2018/19.

### *Company Governance*

During the year internal audit reviewed the Council's governance arrangements over its investment in Aylesbury Vale Broadband (AVB). Reports were presented to Audit Committee in March 2017 and September 2017 setting out a number weaknesses and making recommendations to address them.

In December 2017, AVB's assets were sold to Gigaclear plc, the leading provider of full fibre broadband in rural locations. A motion was passed at Full Council to perform a further independent review to:

- assess the governance arrangements over AVB from the development of the original proposal through to the position culminating in the decision to sell AVB and the conclusion of the sale
- comment on whether these helped the Council secure value for money and deliver the objectives approved by Full Council resulting from its investment in the company
- draw lessons from the Council's governance arrangements for AVB which could be applied to other commercial undertakings

This was reported to Audit Committee in June 2018. The report highlights some good practice and goes on to make a series of 22 separate recommendations, drawing upon lessons which can be learned from the Council's experience with AVB, that could be applied to commercial investments in the future. These recommendations will be taken forward to further strengthen the governance arrangements over current and future commercial interests.

### *Action plan*

Progress in addressing the issues outlined above will be monitored by the Audit Committee through its oversight of internal audit work.

# Approval of the Annual Governance Statement

This statement explains how AVDC has complied with the principles of corporate governance and also meets the requirements of regulations 4(2) and 4(3) of the Accounts and Audit Regulations, which requires all relevant bodies to prepare an annual governance statement in accordance with proper practices in relation to internal control.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Audit Committee and plan to address weaknesses and ensure continuous improvement of the systems in place.

Signed:.....

Leader

Signed:.....

Chief Executive

On behalf of Aylesbury Vale District Council