


Agenda Item No:	8	
Committee:	CORPORATE GOVERNANCE	
Date:	14 JULY 2015	
Report Title:	ANNUAL GOVERNANCE STATEMENT 2014/15	

Cover sheet:

1 Purpose / Summary

Regulation 4(2) of the Accounts and Audit Regulations 2011, require the Council to conduct an annual review of the effectiveness of its system of internal control and publish an Annual Governance Statement, in accordance with CIPFA “proper practice”. The CIPFA Finance Advisory Network has issued detailed practical guidance for meeting the requirements of these Accounts and Audit Regulations.

2 Key issues

During 2006/07 the Corporate Governance Committee approved a Local Code of Governance for the Council (minute CG22/06). This set out the Policy within which a framework for governance of the Council is monitored.

Each year a statement is produced which assesses compliance of the Council’s actual governance arrangements with the themes within the Local Code of Governance. This statement is commonly referred to as the Annual Governance Statement, which itself includes “Governance Issues” arising in the year to which it refers and an action plan to address those issues. Appendix A provides an update on actions taken for the “Governance Issues” from 2013/14.

The assurance framework map at Appendix B illustrates the typical sources of information for evidencing compliance with the Council’s Local Code of Governance. This provides continual monitoring throughout the year via performance management, risk management and budgetary control.

An Annual Governance Statement has been produced for the year 2014/15 and is included at Appendix C. This summarises the position for the year in respect of governance and internal control, and again highlights any “Governance Issues”.

The statement is signed by the Chief Executive, Chief Finance Officer and Leader of the Council as further assurance of the standard of governance that has been achieved by the Council. The statement must accompany the Council’s financial statements.

3 Recommendations

The Committee considers the content of the statement and approves its content for inclusion in the Council’s published statement of accounts 2014/15.

Wards Affected	All
Forward Plan Reference	N/A
Portfolio Holder(s)	N/A
Report Originator(s)	Jonathan Tully – Internal Audit Manager
Contact Officer(s)	Rob Bridge – Corporate Director & Chief Finance Officer Carol Pilson – Corporate Director Jonathan Tully – Internal Audit Manager
Background Paper(s)	CIPFA Delivering Good Governance in Local Government CIPFA Addendum to Good Governance in Local Government CIPFA Code of Practice for Internal Audit Accounts and Audit regulations 2011 FDC Local Code of Governance

Appendix A: Update of Governance issues from 2013/14

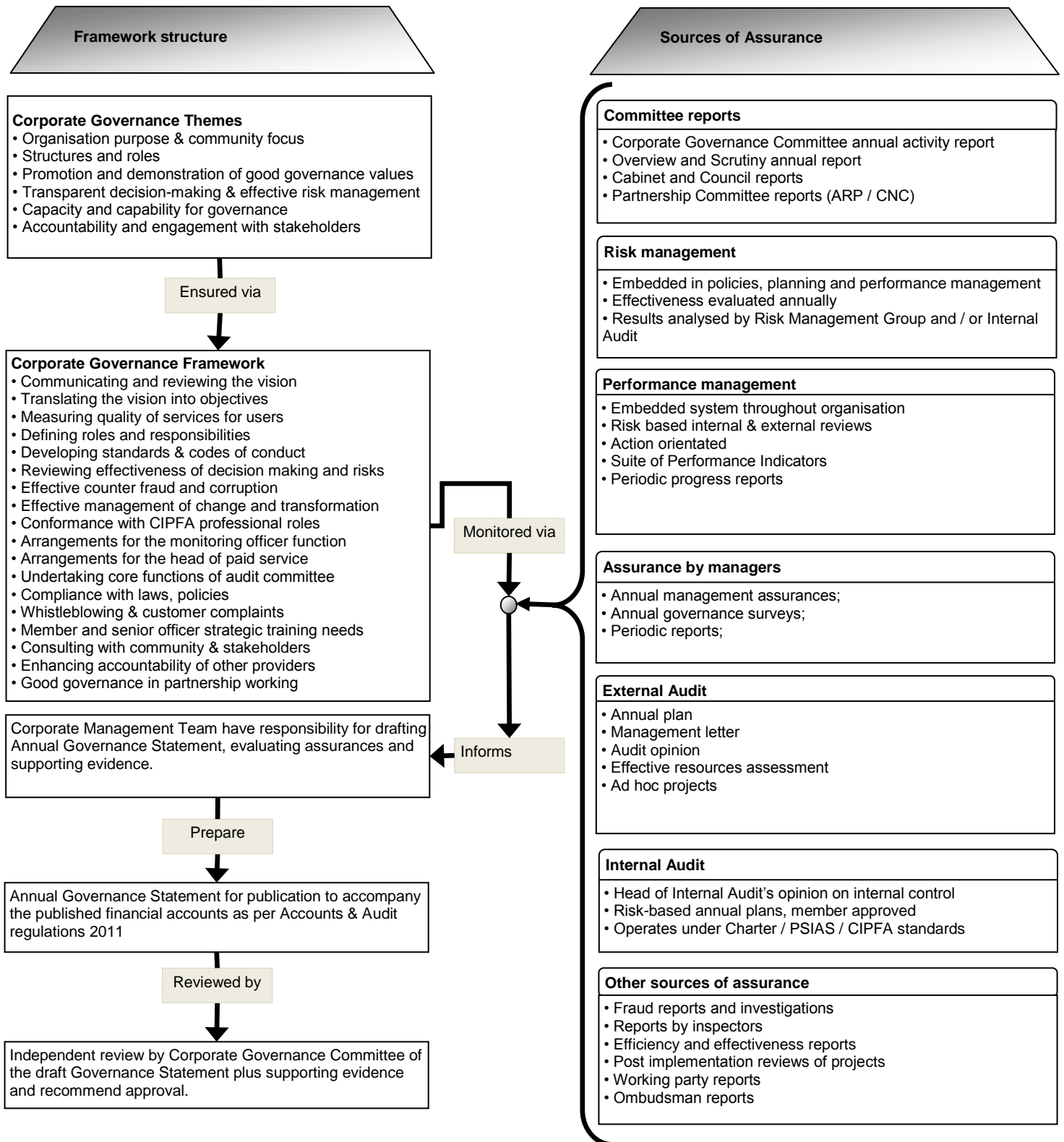
	Issue raised	Action	Update
1	<p>The Council faces continuing financial challenges, both in 2014/15 and over the medium term, resulting from changes to central government funding.</p> <p>The Council has successfully delivered £6m of savings since 2010 which is over 30% of our revenue budget through partnership arrangements, transformation and modernisation of teams, procurement and income generation.</p> <p>The Council must continue to be prepared to respond to financial challenges and to minimise the impact on Fenland.</p> <p>In 2013/14 Members approved the Council's approach to Service Transformation, to identify further efficiencies as part of the Medium Term Financial Strategy. Developing alternative delivery models, with partner organisations, can bring new risks as well as rewards. Service Transformation is based on the two principles, that the quality of service remains acceptable to the Council and that proposals generate efficiency savings towards the Council's budget gap.</p>	<p>The Chief Finance Officer, with the Chief Executive will review the impact of change upon the Council in conjunction with the Leader, the Finance Portfolio Holder, and Cabinet.</p> <p>The Corporate Management Team has put in place heightened monitoring and response arrangements to provide the Cabinet with information regarding the impact of Central Government funding changes.</p> <p>The Corporate Management Team will monitor the available funding, balances and reserves, using robust financial controls to respond to any financial changes and identify joint opportunities for efficiency.</p> <p>The Corporate Management team will monitor governance arrangements, and communicate shared risks, opportunities and assurance.</p>	<p>The Corporate Management Team (CMT) continues to monitor and keep Cabinet apprised of the impact of funding changes. Despite the challenges the Council has demonstrated prudent financial management and reported a surplus on the General Fund in 2013/14</p> <p>Cabinet have noted and considered the draft Medium Term Financial Strategy, and General Fund Budget 2015/16, which has highlighted a further 16% reduction in grant funding. Cabinet and CMT have identified and continue to identify and deliver efficiency savings to ensure a balanced budget is achieved in future years. This includes reviewing the Council's approach to Service Transformation, and delivering savings as part of the Council's Medium Term Financial Strategy.</p> <p>The Council is continuing to explore opportunities for savings through Service Transformation. The CNC building control partnership is budgeted to have a positive effect of £52k pa.</p> <p>The Council is also exploring income generation, such as leasing buildings to partners which is looking very promising.</p>

	Issue raised	Action	Update
2	<p>The Council recognises the importance of continuous improvement and utilises external inspections to measure the performance of the organisation.</p> <p>Regular reviews include Customer Service Excellence and Investors in People accreditation.</p> <p>The Council also invited a Local Government Association (LGA) peer review, which measured the health of the organisation. This recognised that the Council was fit for purpose, had effective leadership, and effective support for delivering priorities, but also recognised there were areas for improvement including within the planning service.</p> <p>This led to a further Planning Advisory Service (PAS) peer review which provided assurance of work which helped deliver many good and some excellent outcomes, and also helped to identify further opportunities for improvement.</p>	<p>Reviewing effectiveness, managing change and setting clear priorities are elements of good governance.</p> <p>The outcome of both the LGA peer review, and the PAS review, has been shared with members. The PAS review helped inform an action plan which is supported by the Corporate Director, Head of Planning, Committee Chairman and Portfolio holder, to help implement positive changes that will further support council priorities.</p>	<p>The Council has continued to deliver the PAS peer review action plan. Feedback from reviews, and actions plans, are the basis of delivering continuous improvement to support council priorities. Consequently Council have approved constitutional changes, and updated the Planning Scheme of Delegation, to improve efficiency. Also Cabinet have approved a Health and wellbeing strategy, which helps deliver the Communities priority through promoting health and wellbeing.</p> <p>Service Transformation has delivered savings without compromising on the quality of service offered. Current examples include joining ARP to deliver the Council's Revenues and Benefits service, along with CNC to deliver Building Control.</p> <p>Ongoing reviews of internal processes have also helped identify opportunities for improvement, such as moving to a hybrid cloud storage solution for ICT. Whilst delivering these changes, the external auditors have given an unqualified audit opinion.</p>

	Issue raised	Action	Update
3	<p>The Councils approach to managing fraud and corruption risk may need to adapt over the medium term in response to external change.</p> <p>It is expected that the Single Fraud Investigation Service (SFIS) will undertake all benefit investigations, as part of the universal credit development under the DWP, from late 2015.</p> <p>The Anglia Revenues Partnership (ARP) will be responsible for administration of council tax and business rates. It is important that the Council's good collection rates and proactive fraud work is maintained.</p> <p>Corporate and internal fraud risks will continue to be managed internally.</p> <p>Both the National Fraud Authority and Audit Commission are closing, with workload being reallocated to other agencies and public sector bodies.</p>	<p>Recovery of Council Tax and Business rates will be managed by the ARP partnership. A monthly Operational Improvement Board will support a Joint Committee to monitor the performance of the ARP, which will report to Overview and Scrutiny at least annually.</p> <p>The approach to integration with SFIS will be managed with the ARP, so that the Council minimises the impact to staff and continues to be effective at delivering its priorities.</p> <p>Fraud and corruption risks will continue to be appraised as part of the Internal Audit Plan.</p> <p>Any strategic changes, that impact the Council's counter fraud capability, will continue to be reported to the Corporate Governance Committee as part of the annual review.</p>	<p>Anti-fraud work is scheduled to transfer to the SFIS in September 2015, in line with other members of the ARP. Cabinet has agreed that a permanent Counter Fraud team is retained to continue investigating fraud and error as part of ARP. The ARP Operational Improvement Board is negotiating with major precepting authorities and exploring different ways of delivering this after the transfer. Any significant changes will continue to be reported to the Corporate Governance Committee and Cabinet.</p> <p>ARP completed a bid to the Department for Communities and Local Government Counter Fraud Fund, designed to explore innovative approaches to tackling non-benefit fraud. Although not successful ARP will continue to explore alternative funding solutions to develop an in house service. FDC and ARP are part of a broader Cambridgeshire Anti-Fraud Network which is tackling non-benefit fraud.</p> <p>ARP is also opting into the Fraud and Error Reduction Incentive Scheme (FERIS), which will offer financial reward to local authorities who reduce fraud and error in their Housing Benefit caseload. Performance will continue to be monitored by the Operational Improvement Board.</p>

	Issue raised	Action	Update
4	<p>The Council must be prepared to address any impacts that may arise as a result of changes in regulation, legislative powers and national policy.</p> <p>Examples that could affect governance arrangements with the 2014/15 financial year include:</p> <p>The Electoral Registration and Administration Bill which will introduce Individual Electoral Registration and replace current household registration;</p> <p>The Anti-social Behaviour, Crime and Policing Act which makes provision about anti-social behaviour, crime and disorder.</p> <p>CIPFA code of practice on managing the risk of fraud and corruption could establish a new framework for good counter fraud practice in the public sector.</p> <p>Local Government Transparency Code 2014 which updates previous guides.</p>	<p>The Corporate Management Team will respond to changes and will continue, using heightened monitoring and response arrangements, to provide the Cabinet with information regarding the impact of Central Government Policy changes.</p>	<p>The Corporate Management Team has worked with Cabinet to respond to significant Central Government Policy and legislative changes that impact on local services.</p> <p>The risk from legislative change is recorded in the Council's Corporate Risk Register, and will continue to be monitored and reported as new risks are identified.</p> <p>The Council has changed its processes for electoral registration in response to the introduction of individual electoral legislation (IER). There was a significant push from Central Government to ensure the maximum number of electors register to vote under IER in time for the 2015 elections, therefore we conducted additional communications and made direct contact with residents who had not registered, for which we have received additional funding from the Cabinet Office.</p>

Appendix B: Assurance Map



Appendix C: Annual Governance Statement



1 Scope of responsibility

Fenland District 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, and used economically, efficiently and effectively. 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, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Fenland District Council is responsible for putting in place proper arrangements for the governance of its affairs, and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions, and which includes arrangements for the management of risk.

Fenland District Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at www.fenland.gov.uk or can be obtained from the Chief Finance Officer. This statement explains how Fenland District Council has complied with the code and also meets the requirements of regulation 4 (3) of the Accounts and Audit Regulations 2011 in relation to the publication of an annual governance statement.

2 The purpose of the governance framework

The governance framework comprises the systems and processes for the direction and control of the authority and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Fenland District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Fenland District Council for the year ended 31 March 2015 and up to the date of approval of the annual performance report and statement of accounts.

3 The governance framework

Fenland District Council has a responsibility for ensuring a sound system of governance to meet statutory requirements requiring public authorities to adhere to proper practices in reviewing the effectiveness of their system of internal control and preparing an annual governance statement.

This governance statement meets that requirement and sets out brief details of the arrangements that the Council has in place regarding the key systems and processes comprising the Council's governance framework, which incorporates the Local Code of Governance adopted by the Council covering six core principles and the accompanying supporting principles contained within the "CIPFA/SOLACE Framework for delivering good governance in Local Government 2006".

Elements of the framework

The key elements of the systems and processes that comprise the authority's governance arrangements are as follows:

Communicating vision

The Corporate Planning Framework of the Council ensures the delivery of services and projects to improve quality of life for Fenland residents. Partners, through the Fenland Strategic Partnership, meet and establish priorities for delivery to address the statutory duty of promoting the well-being of the district.

The Council, through its [Corporate Plan](#) establishes its objectives by consultation with its key regional/local partners and the public as well as with reference to statutory duties, local needs and national priorities. The Corporate Plan communicates the Council's vision of its purpose and intended outcomes for citizens and service users.

Reviewing the vision

The Council's capacity to deliver its vision is reviewed within operational plans that support the Corporate Plan each year. Service quality is measured via customer communication channels and by measurement of performance indicators against similar service providers. Testament to the high quality service the Council provides is the achievement of corporate Customer Service Excellence. CMT and managers, as well as the Council's Policy and Communications Team and Overview and Scrutiny Committee review processes for efficient and effective use of resources.

Translating the vision into objectives

The Corporate Plan objectives are then cascaded down to team and staff objectives. Achievement of corporate objectives is monitored regularly via the performance monitoring framework and monitoring reports to Portfolio Holders, the Overview and Scrutiny Panel and Full Council. Progress against intended outcomes is reported in the Council's Annual Report.

Measuring quality of services for users and value for money

The Council's Corporate Plan drives the medium term financial strategy and resource allocation. Measures of service delivery against the corporate objectives are determined, which measure factors such as quality and efficiency and effective use of resources. These measures are jointly monitored on a monthly basis through Cabinet/CMT Portfolio Holder briefings and scrutinised by the Overview and Scrutiny panel. The key performance information of the Council, plus summary financial information, is captured in the [Annual Report](#).

A commitment to continuous improvement is achieved through training, consultation, performance measurement, complaints and comments.

The Council utilises internal and external inspections to inform the performance standards and methods of operation for its key services. Customer Service Excellence accreditation and Investors in People accreditation has in particular helped to ensure high standards of customer care and staff development. Additional examples include inviting Local Government Association peer review and Planning Advisory Service peer review to provide an external perspective and to help identify further opportunities for improvement.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability. Development and maintenance of the system is undertaken by managers in accordance with prescribed and best practice guidelines from professional bodies and institutions. Examples include:

- Comprehensive budget setting systems.
- Regular reviews of periodic and annual financial reports which indicate financial performance against the forecasts.
- Setting targets to measure financial and other performance.
- A Medium Term Financial Strategy.
- Clearly defined capital expenditure guidelines, authorisation and monitoring.
- Where appropriate, formal project and risk management disciplines.

Defining roles and responsibilities

The Council has adopted a Constitution, which sets out how the Council operates, how decisions are made, and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people.

The Constitution details Member structures and roles, including relationships to Senior Officers. It enables determination of delegated and reserved powers and details those matters reserved for collective decision of the Council. Committee Rules of Procedure enable Committee Members to have access to relevant information and officers to support decision-making. The Overview and Scrutiny Panel has the power of call-in, entitling it to recommend re-consideration of decisions made, but not implemented. The Corporate Governance Committee has responsibility for reviewing governance arrangements.

Developing standards & codes of conduct

The Council has in place the Code of Conduct for Council Members. All Council Members are required to sign a registration of interests within 28 days of their acceptance of office. A standing item of all Council meeting agendas is the item requiring declaration of interests.

The Council has in place a Conduct Committee and a Monitoring Officer to promote and maintain high standards of conduct by members.

There is a staff Code of conduct, Capability and Disciplinary procedure, Anti-fraud and corruption policy, Whistle blowing policy, Values statement and Competency framework. The Human Resource Services of the Council monitor and report upon the effectiveness of staff codes for conduct.

Reviewing effectiveness of decision making

The Council has a robust and comprehensive performance management framework in place that ensures monitoring on performance, finance and risks in relation to achievement of service and corporate objectives. The process ensures inclusion of Corporate Management Team and Cabinet Members. The Council has a Policy and Communications team to enhance the control environment by ensuring the accurate and timely measurement and management of key performance indicators and data quality in performance information.

The Council identifies its key systems and ensures that robust continuity and risk management arrangements exist, to maintain delivery of key services and financial systems

Reviewing effectiveness of managing risks

The Council has a Risk Management Strategy and Standard that has enabled the monitoring of risk within projects, Service Plans, performance management, financial planning, policy setting and decision making. The Council has a balanced risk appetite that allows new ideas to be explored and encourages innovation. The Risk Management Framework enables risks to be escalated to an appropriate authority in the organisation to be managed. The Corporate Risk Register is reported as appropriate, at least 6 monthly, and Risk Management Strategy is reviewed annually by Corporate Governance Committee.

Effective counter fraud and corruption

The Council has an Anti-fraud & corruption strategy and policy that ensures effective counter-fraud and anti-corruption arrangements are developed and maintained. Arrangements are evaluated against best practice guidance from professional bodies such as CIPFA Counter Fraud Centre, the National Audit Office and the National Fraud Authority. The policy is reviewed for effectiveness annually by the Corporate Governance Committee.

Effective management of change and transformation

The Corporate Management Team are responsible for managing risks from imposed legislative and economic change, and identifying opportunities to improve service delivery.

The Council has developed a number of successful partnership and shared service arrangements, and continues to seek innovative opportunities to be efficient through Service Transformation. The strategic approach to modernisation and transformation is based on maintaining or improving services by reviewing processes and changing the way they are delivered.

Where appropriate these are managed by the Council's performance management framework and corporate risk management framework.

CIPFA Statement on the Role of the Chief Financial Officer in Local Government

Fenland District Council operates arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

CIPFA Statement on the Role of the Head of Internal Audit

Fenland District Council operates arrangements that conform to the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010).

The Internal Audit Team operates to the standards set out in the CIPFA 'Application note for Local Government' which is based on the IIA 'Public Sector Internal Audit Standards'.

Undertaking core functions of audit committee

The Council has a Corporate Governance Committee that reports annually to Council. Their purpose is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

The Committee meets at least four times a year to deliver its core functions. This includes key duties, set out within the Council's constitution, which enables it to act as the principle non-executive advisor to the Council. The Committee follows best practice established by CIPFA, and demonstrates delivery of its core functions, its effectiveness and independence by reporting annually to Council.

Arrangement to discharge the monitoring officer function & head of paid service

The Council's statutory officers are the Head of Paid Service – the Chief Executive, the Corporate Director & Chief Finance Officer and the Corporate Director & Monitoring Officer. They are responsible for ensuring that the Council operates within the law and in accordance with established policy and procedure.

Compliance with relevant laws and regulations, policies and procedures

The Monitoring Officer will report to the full Council if they consider that any proposal, decision or omission would give rise to unlawfulness or maladministration. The Chief Finance Officer is specifically responsible for the proper discharge of the Council's financial arrangements and must advise Members where any proposal is unlawful, or where expenditure is likely to exceed resources.

The Corporate Management Team has responsibility for ensuring that legislation is implemented and complied with within service areas. Assurance that this is achieved is obtained from Internal Audit reviews, the work of the Council's Legal Service, external inspector's reports, review of complaints and ombudsman's reports and self-assessments completed by the Corporate Directors of the Council.

Whistleblowing & customer complaints

The Council maintains and promotes a corporate whistleblowing policy that is regularly reviewed against best practice such as British Standards Institution PAS(2008) and guidance from Public Concern at Work.

The Council operates a '3Cs' process which monitors the number of Compliments, Correspondence and Complaints received and the time it taken to respond. Monitoring

this information helps identify trends and enables the Council to provide an efficient service by adapting our service to the customer's needs.

Member and senior officer strategic training needs

The development of member and officers skills in relation to their roles is monitored and ensured via training and awareness sessions throughout the year identified from induction and through the staff annual appraisal system, which is linked to Corporate and Service Planning.

The Council promotes and provides regular training in respect of its Financial Regulations and Code of Procurement to aid financial control and effective expenditure.

The Council is Investors In People accredited and is committed to continued development of its employees.

Consulting with community & stakeholders

The Council ensures that channels for communication with all sections of the community and other stakeholders are extensive and enable open consultation and feedback on decisions and performance in line with Customer Service Excellence.

Enhancing accountability and effectiveness of other providers

The Council works in partnership with other public sector bodies to share experience and bring local perspective to cross cutting work in Cambridgeshire. This helps to enhance the accountability for service delivery and effectiveness of other public service providers.

Good governance in partnership working

The Fenland Strategic Partnership governs some decision-making and control of financial commitments between key partners and the Council. Other commitments are documented within strategies and project plans.

In addition the Council has developed a number of successful partnerships and shared service arrangements. Examples include efficient delivery of services through the Anglia Revenues Partnership, Home Improvement Agency, CNC Building Control; and effective use of assets by sharing accommodation with other Public Sector Organisations through Community Hubs.

The Governance Framework extends into the Council's relationships with its key partners and provides assurance as to the performance and achievement of shared objectives and intended outcomes. Performance is published in the Council's annual report, Overview and Scrutiny reports and Full Council reports.

4 Review of effectiveness

Fenland District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Management Team and Management within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit' annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

As well as the annual review, the governance and control frameworks are maintained and reviewed by a series of comprehensive processes throughout the year. The following actions and processes have been applied in maintaining and reviewing the effectiveness of the system of internal control over the last twelve months:

Council

The Council has agreed a number of policies and corporate documents that help deliver its vision and objectives:

- A three year Corporate Plan, with priorities was approved. This links various plans and cross cutting strategies, to ensure delivery of Corporate and District-wide objectives.
- The Medium Term Financial Strategy has been reviewed and updated and is embedded in the business planning process. Additionally the Council has approved treasury and investment strategies, the General Fund budget and Council Tax levels.
- The Fenland Local Plan was adopted, following public consultation and approval from an independent inspector. The Local Plan sets the planning framework for the district to 2031, including growth targets and planning policies.
- Members have approved constitutional changes, and updated the Planning Scheme of Delegation, to improve efficiency of the planning service.
- The Licensing Act 2003 has been amended to give the status of Responsible Authority to the Licensing Authority. The Council can make representations to applications, via an amended scheme of delegation, which will improve efficiency and reduce the risk of legal challenge. Members approved changes to the constitution and the Statement of Licensing Policy to reflect this.
- The Council Tax Support Scheme was reviewed and approved. In response to an unplanned flooding event Members also agreed that a fixed period Council Tax exemption would be offered in respect of properties left unoccupied.

The Council has maintained its capacity and capability to be effective through ongoing reviews of governance arrangements:

- Members elected a new leader for the period until the end of the current term of the Council.
- Members approved the appointment of the Monitoring Officer as per Section 5 of the Local Government and Housing Act 1989.
- Members approved constitutional changes that amended the process for the handling of initial complaints in relation to member conduct. These changes reflect current practice, developed since the Localism Act.
- Following an electoral review of District ward boundaries, by the Local Government Boundary Commission for England, Members approved the Community Governance review for consultation.
- The Openness of Local Government Bodies Regulations 2014 clarified rules on recording meetings, and members have approved constitutional changes to reflect this, which supports transparency and accountability.
- As part of the ongoing Service Transformation and efficiency savings, Members endorsed the proposal to join CNC Building control. The Council are full partners, with member representation on the CNC Partnership Joint Committee.
- Members noted changes to the governance arrangements of the Anglia Revenues Partnership. Waveney and Suffolk Coastal District Councils have joined as full partners. This will improve governance of the Joint Committee and mitigate the risk of decisions affecting all partners. This working arrangement also enables all seven authorities to pool their Revenues and Benefits resources to generate shared savings.

Cabinet and Corporate Management Team

Effective financial control resulted in the Council responding to budgetary changes, and achieving an under-spend in the revised General Fund budget. Additionally, the original approved contribution from balances of £50,000 was not required. The Council has benefited from the growth in business rates, contributing to a surplus on the Business Rates Collection Fund. Significant planned efficiencies have been delivered, plus continuous improvement is being considered through Service Transformation.

The Corporate Management Team has ensured a robust and resilient budget for the following year. Within the year the Portfolio Holder for Finance, and the Cabinet, have received regular budget monitoring reports showing the Council's financial performance.

The Cabinet and Corporate Management Team have ensured maintenance of acceptable standards in financial reporting, standing and control as reported upon by the Council's external auditors.

Appropriate arrangements are in place for identifying and delivering structured member training and skills development needs. The staff and councillor induction process continues to encompass statutory obligations and identification of further induction training specific to individual services and roles.

The Corporate Management Team has ensured robust data management and security standards, and has committed to sharing data lawfully with other public sector bodies to improve outcomes for Fenland residents.

Effective communication and consultation has been maintained, through the principles of the Customer Service Excellence inspection standard, with all stakeholders and sections of the community. Subsequently the Council achieved successful reaccreditation following a rigorous inspection.

A number of key decisions were made that both communicated and reviewed the Council's vision and translated these into objectives for the Council and its Partnerships. This demonstrated a commitment to good governance, and included approving and reviewing:

- Corporate Plan 2015-18
- Annual report;
- Council Tax Support Scheme;
- Fees and charges 2015-18;
- Corporate Debt policy
- Capital investment in George Campbell Leisure Centre
- Joining CNC building control partnership
- ICT modernisation including hybrid cloud storage solutions
- Accommodation review and opportunities for partnership working
- Fenland Health and wellbeing strategy 2015-18

Corporate Governance

The Corporate Governance Committee has completed a work plan that helps monitor effective governance. The Committee:

- Approved and monitored the actions for improvement as required in the previous Annual Governance Statement.
- Approved and monitored the Risk Management framework and corporate risk register.
- Monitored performance of Internal Audit and approved the risk based internal audit plan and Charter.
- Noted the reports of External Audit, such as the Annual Governance Report, Annual Audit Letter, Annual Certification report, plus the external audit plan.
- Reviewed and approved the corporate Anti-Fraud and Corruption policy.
- Overseen the maintenance of standards in financial reporting, standing and internal control.
- Reviewed the Regulatory of Investigatory Powers Act.
- Approved the Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and the Annual Investment Strategy.
- Approved the Statement of Accounts 2013/14.
- Reviewed how the Corporate Governance Committee delivered its objectives and displayed good characteristics in reference to the latest best practice guidance published by CIPFA.

Standards, conduct and ethical behaviour

The Council has a Monitoring Officer, and a Conduct Committee, to promote and maintain high standards of conduct by members. The Committee and the Monitoring Officer have:

- Reviewed standards of conduct for Members, and introduced a new procedure for handling of initial complaints.
- Ensured compliance with standards.
- Ensured compliance with requirements for declarations of interest.
- Provided advice on conduct matters.
- Ensured remedial action occurs, for non-compliance with appropriate standards or where other circumstances have deemed that appropriate action is taken.
- Maintained a framework for identifying and implementing new legislative requirements upon the Council.

The Overview and Scrutiny Panel have:-

- Completed reviews of Council activity, in order to ensure effective and efficient service delivery and policy design, such as the Local Council Tax Support Scheme, Draft Corporate Plan, Medium Term Financial Strategy and Fees & Charges.
- Reviewed the needs and options for future accommodation requirements, along with opportunities for income generation.
- Regularly reviewed the progress in delivering performance objectives of the Corporate Plan.
- Scrutinised external partners including Fenland Health and Wellbeing Partnership, Fenland Community Safety Partnership, Wisbech 2020 Vision, Anglia Revenues Partnership and Roddons.

The Council has considered organisational policies and management through the Staff Committee including:

- Revision of People policies in response to legislation (Flexible retirement, modernisation).
- Revision of Safeguarding policy, with support from Local Safeguarding Children's Board.
- Proposed service reviews to ensure minimum impact on front line services and priorities, whilst delivering required savings.
- Health & Safety performance, which noted a continued low volume of accidents reported.

Internal control

The Corporate Director & Chief Finance Officer has:

- Ensured provision of timely, accurate and impartial financial advice and information to assist in decision making.
- Maintained and reported to Council the Treasury Management Strategy and legislative changes.
- Ensured arrangements are maintained for keeping under review appropriate management accounting systems, functions and controls.
- Reviewed, in conjunction with line management, the effectiveness of Internal Audit against the standards set out in the CIPFA 'Application note for Local Government' which is based on the IIA 'Public Sector Internal Audit Standards'.
- Managed the impact of localisation of business rates and council tax benefit.
- Reported the Medium Term Financial Strategy, Revenue Budget and Capital Programme.
- Prepared and reported the Statement of Accounts 2013/14.

Internal Audit has:

- Performed reviews of key services and financial procedures of the Council and reported to the Corporate Governance Committee, advising as to the level of assurance that can be applied to the Council's control framework.
- Investigated allegations or suggestions of fraud or corruption and suggested revisions to improve systems for prevention and detection of such activity.
- Reviewed the whistle blowing policy for effectiveness against professional standards.
- Provided risk management and business continuity training to staff.
- Promoted good standards of information governance, and supported the development of a Countywide Information Sharing Framework.

The opinion on internal control from Internal Audit is reported to the Corporate Governance Committee in the Internal Audit outturn report each year. The opinion for 2014/15 is that there is "adequate assurance as to the adequacy and effectiveness of internal controls in mitigating risks to the Council's objectives". The report includes assurance that Management have adopted plans for improvement in control where necessary and within appropriate timescales that will be followed-up to ensure further improvement is delivered.

Reviews by external inspectors:

The externally appointed auditors, PwC, issued a governance report as at September 2014 which provided an unqualified opinion on the 2013/14 statement of accounts. The report praised the management and staff of the Council, and reflected positively on the co-operation, quality of working papers and timeliness of provision of information.

This positive assurance was followed up by the Annual Audit letter which explained that in all significant respects the Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources and an unqualified value for money conclusion was given.

The Council continues to demonstrate compliance against the Customer Service Excellence standard, the UK Government's national standard for excellence in customer service. The standard demonstrates our culture and behaviours, and that we engage with customers and partners, and deliver effective use of resources.

The Council has continued to meet the requirements of the National Investors in People Standard following a further independent inspection during the year.

The Council recognises the importance of continuous improvement, and actively participate in reviews. A planning peer review helped to identify areas which the Council could focus on to improve the service. The Fenland Local Plan, which sets the planning framework, was also reviewed and declared "sound" by an independent inspector and subsequently adopted.

The Council's process for Electoral Registration was positively evaluated by the Electoral Commission using their performance standards.

5 Governance issues and action plan

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Corporate Governance Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

	Issue raised	Summary of action
1	<p>The Council faces continuing financial challenges, both in 2015/16 and over the medium term, resulting from changes to central government funding.</p> <p>The Council has successfully delivered £8m of savings since 2010 which is over 48% of our revenue budget through partnership arrangements, transformation and modernisation of teams, procurement and income generation.</p> <p>The Council faces continuing uncertainties relating to the Pilots National Pension Fund, which is in deficit. The Council is currently paying a contribution, funded through Statutory Harbour dues.</p> <p>The Council must continue to be prepared to respond to financial challenges and to minimise the impact on Fenland. In 2013/14 Members approved the Council's approach to Service Transformation, to identify further efficiencies as part of the Medium Term Financial Strategy. Developing alternative delivery models, with partner organisations, can bring new risks as well as rewards. Service Transformation is based on the two principles, that the quality of service remains acceptable to the Council and that proposals generate efficiency savings towards the Council's budget gap.</p>	<p>The Chief Finance Officer, with the Chief Executive will review the impact of change upon the Council in conjunction with the Leader, the Finance Portfolio Holder, and Cabinet.</p> <p>The Corporate Management Team has put in place heightened monitoring and response arrangements to provide the Cabinet with information regarding the impact of Central Government funding changes.</p> <p>The Corporate Management Team will assess the operational, legal and financial implications of the Pilots National Pension Fund.</p> <p>The Corporate Management Team will monitor the available funding, balances and reserves, using robust financial controls to respond to any financial changes and identify joint opportunities for efficiency.</p> <p>The Corporate Management team will monitor governance arrangements, and communicate shared risks, opportunities and assurance.</p>

	Issue raised	Summary of action
2	<p>The Welfare Reform Act 2012 will continue to influence the delivery of Council services.</p> <p>The introduction of Universal Credit, under the DWP, will reduce the amount of administrative grant paid to the Council in respect of Housing Benefits payments and Local Council Tax Reduction schemes.</p> <p>The Single Fraud Investigation Service (SFIS), managed by the Department for Work and Pensions (DWP) will undertake all benefit investigations from September 2015.</p> <p>The Councils approach to managing fraud and corruption risk will need to adapt over the medium term in response to this.</p> <p>The Anglia Revenues Partnership (ARP) is responsible for administration of council tax, business rates. It is important that the Council's good collection rates and proactive fraud work is maintained.</p> <p>Corporate and internal fraud risks will continue to be managed internally.</p>	<p>Recovery of Council Tax and Business rates is managed by the ARP partnership. The ARP Operational Improvement Board supports the Joint Committee to monitor the performance of the ARP, which is reported to Overview and Scrutiny at least annually.</p> <p>Cabinet has agreed that a permanent Counter Fraud team is retained to continue investigating fraud and error as part of ARP, which will be developed throughout 2015/16. The approach to integration with SFIS will be managed with the ARP, so that the Council minimises the impact to staff and continues to be effective at delivering its priorities. Greater emphasis will be placed on prevention and compliance activity to mitigate the impact of fraud.</p> <p>Fraud and corruption risks will continue to be appraised as part of the Internal Audit Plan.</p> <p>Any strategic changes, that impact the Council's counter fraud capability, will continue to be reported to the Corporate Governance Committee as part of the annual review.</p>
3	<p>The Accounts and Audit regulations 2015 replace existing legislation and apply from the financial year beginning April 2015.</p> <p>A key element of the regulations is that the accounts preparation timetable is reduced from 2017/18. Accounts will need to be completed and approved a month earlier. Consequently both Councils and audit firms will need to change their processes and business models accordingly.</p> <p>From 2015/16 the externally appointed auditors will be Ernst & Young.</p> <p>The change has the potential to reduce the burden of the closure process and enable more resources to be focussed on in-year financial management. However resources will need to be committed to redesigning established processes to achieve this.</p>	<p>Officers will work with the appointed external auditors, to agree on planned approaches and to build capacity into work planning for any new working methods, which will help prepare for the new timescales for accounts preparation.</p> <p>Officers will work with peers and professional networks to identify good practice and alternative processes.</p>

	Issue raised	Summary of action
4	<p>The Council must be prepared to address any impacts that may arise as a result of changes in regulation, legislative powers and national policy.</p> <p>Examples that could affect governance arrangements with the 2015/16 financial year include:</p> <ul style="list-style-type: none"> • The Accounts and Audit regulations 2015 which updates requirements for publishing financial statements. • The Infrastructure Bill which include Land Registry taking over responsibility for Local Land Charges. • The Counter-Terrorism and Security Act 2015 which makes provision in relation to terrorism. 	<p>The Corporate Management Team will respond to changes and will continue, using heightened monitoring and response arrangements, to provide the Cabinet with information regarding the impact of Central Government Policy changes.</p>

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Rob Bridge
Corporate Director and Chief Finance Officer

Signed:

Paul Medd
Chief Executive

Signed:

Councillor John Clark
Leader, Fenland District Council