

Annual Governance Statement 2014/15

Executive Summary

The AGS provides an account of the processes systems and records which demonstrate assurance for the effectiveness of the framework of governance of the County Council's discharge of its responsibilities. This principally covers the period April 2014 to March 2015, as well as covering the period to September 2015, when the accounts are signed.

There are six principles previously adopted by the Regulation Audit and Accounts Committee and the Statement uses those principles as reference points for the assurance to be given about the effectiveness of the Council's governance arrangements. For each principle a table is given to set out what arrangements give the necessary assurance.

Work underway or planned to address any governance issues is set out in an [action plan](#) attached. This work is also shown by * in the tables below.

1. Scope of Responsibility

The County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically and efficiently.

The County Council is also responsible for putting in place proper arrangements for the governance of its affairs (including as pension fund administrator), the effective exercise of its functions and the management of risk. The County Council has adopted a code of Corporate Governance, consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government.

This statement explains how the County Council has complied with the Governance Framework and also meets the requirements of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control.

2. The purpose of the Governance Framework

The governance framework comprises the procedures, systems and processes by which the authority is controlled. The quality of governance arrangements underpins the levels of trust in public services and is therefore fundamental to the council's statutory and democratic obligations. A framework of good governance allows the authority to be clear about how it discharges its responsibilities and to account for it to officers and members and to partners, stakeholders and residents. The Annual Governance Statement provides an opportunity for the County Council to consider the robustness of the governance arrangements in place.

3. The Governance Framework

There are six principles of Corporate Governance adopted by the Committee from the CIPFA/SOLACE framework and set out below. Assurance is provided in the

tables below as to how those principles are met and how this is demonstrated by the County Council's arrangements. Further work to be done is also highlighted.

1 - Identifying and communicating the County Council's vision and purpose

Assured ✓

The County Council's vision is clearly articulated in the Future West Sussex Plan. Progress in achieving the vision is communicated through the Performance Dashboard and Total Performance Monitor.

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
Performance Framework Future West Sussex Plan	Council agenda (February)	Cabinet & Executive Director CR&S	Describes the measure and targets for key corporate service aims	Revised in late 2014. The new framework was approved by Council in February 2015.
Total Performance Monitor	Monthly decision (published)	Executive Director CR&S	Lists all financial changes and tracks measures from the PF. Includes corporate risk register	Reviewed by member group in September 2014, officer review ongoing in 2015.*
Management Briefings, road shows and Portal	CMG calendar. Updates (weekly email). Intranet	Chief Operating Officer & Management Team	Communication to staff	A review of Internal communications is underway by the Director of LA&S.*
Connections, public consultation, website, community liaison forums	Web site & Press releases	Head of Policy and Communications	Communication to public	New website launched in April 2015
Partnership meetings, briefings and liaison	Some within Constitution. Records are held by relevant directorate	Relevant senior officer	Communication to partners	Continuous review

The Future West Sussex Plan outlines the main service priorities for the County Council and how they are to be assessed in terms of delivery and outcomes and it was confirmed by Council in February 2015. The Plan has been developed by the Cabinet with the engagement of elected members and staff at all levels. The **Performance Dashboard** measures progress on the key indicators of the Plan. Reporting on the dashboard is completed through an online system, Socrata, which supports both internal monitoring and review, and public accountability. Underpinning this are directorate business plans and associated directorate reporting arrangements, which are intended to outline delivery of both corporate priorities and key service lines.

The **Total Performance Monitor** provides a monthly overview of performance against the agreed priorities and tracks risk management as well as financial projections. A member task and finish group reviewed it in 2014 with a view to achieve this in a more succinct form to ensure its transparency and general accessibility. This has been achieved and the monthly monitor is published as a formal decision report. It records how the six key elements of corporate performance (revenue, capital, savings, workforce, delivery and risk) are monitored

and reviewed on a monthly basis by both the Corporate Leadership Team and the Cabinet. This is also subject to scrutiny through the Performance and Finance Select Committee and other Select Committees. This provides clear assurance that resources, including HR and financial resources, are actively monitored and managed effectively throughout the year.

The vision and purpose are reinforced to all staff through **Corporate Management Group briefings** about the delivery of the Future West Sussex Plan and the cascade of key messages through team meetings. All managers are invited to participate in 'Future West Sussex' briefings and to relay messages to their staff groups. Intranet and other internal communications are used and briefings are provided through a management intranet portal and by the Leadership Team holding question and answer sessions open to all staff.

Communication to the public is via the council's web site and public meetings. The web site has limitations and, in the context of the drive for 'digital by default' will be the subject of a review. In recognition of limitations, a new website has been launched in April 2015 as part of the **Customer Experience Programme**.

Regular meetings with **partners** are held at various levels and between Members and officers either with single organisations, the whole sector or multi-agency. For example, with district councils, senior officers will meet with the Chief Executive, County Joint Leaders' meetings are held and there are meetings of the Co-Operative. This is aside from the frequent contact that individuals may have across the organisation on specific activities and projects.

Other information is available (on the County Council's website) and sent out regularly – for example, the **Members' Information Service (MIS)** bulletin which give details formal decisions and meetings (such as Select Committees). Ways of improving communication continue to be identified: for example, with town & parish councils, we have held a **joint event with Sussex Association for Local Councils** for the past two years to provide a forum for two-way communication and in February 2015 – in response to a survey carried out with local councils – the County Council produced the first of a regular monthly newsletter for town & parish councils.

2 - Member and Officer – purpose, roles and responsibilities.

Assured ✓

Members and officers have a clear sense of their purpose, roles and responsibilities in line with the vision set out in the Performance Framework.

Source of assurance	Where found	Who is responsible	Role	last reviewed
Scheme of delegation	Constitution	Governance Committee Director LA&S	Formal allocation of key roles and functions	Reviewed and updated in July 2014. Minor revisions at each Council meeting.
Scheme of Delegation	Constitution	Governance Committee Director LA&S	Statutory Officer and senior officer roles	Reviewed and updated in July 2014.
Onward scheme of delegation	Each Executive Director holds and all	Overall - Director WOD&DS	To ensure that officer roles are clearly defined and up to date,	Current – Completion of most was done by end of February 2015. The final Executive Directorate

Source of assurance	Where found	Who is responsible	Role	last reviewed
	named delegates hold a copy of their delegations	Each Executive Director or senior officer named in the scheme.	and that delegation of functions to more junior officers has an audit trail to the scheme.	scheme will be completed by the end of June 2015.
Member Training programmes	Held by Director LA&S Member calendar and database	Governance Committee & Director LA&S	Plan and record all member training.	Continually by Member Development Group (sub-group of Governance). A review of member roles in relation to Future West Sussex plans is underway and will also inform the 2015 review of electoral divisions. *
Member Allowances Scheme	Constitution	County Council and Executive Director CR&S	To set out what allowances and expenses can be paid to members and the rules in place to govern this. This links to the pay and reward strategy.	April 2015, (indexation) Next review by Independent Remuneration Panel 2015/16.
Member database – The Mine	Intranet	Director LA&S	Single source of information to support members.	The new 'Mine' was launched in November 2014 following consultation with the Member Development Group, providing members with a much improved database of useful information.
Corporate Parenting Panel	Constitution & reports	Full Council & Panel Chairman	To oversee the members' responsibilities for children looked after	Reported to full Council December 2014
Adult Safeguarding Panel	Constitution & its reports	Full Council & Panel members	To oversee the members' responsibilities for vulnerable adults	Reported to full Council December 2014
HR policies	Intranet	Director WOD&DS	Describe all conditions and procedures affecting officer roles, new induction programme for all staff now covers this.	Continually through HR arrangements and work plans.
Staff role profiles	Intranet	Heads of Service	Describe all officer roles	Updated as roles change.

The Constitution defines and documents the roles and responsibilities of member and officer functions, with clear published delegation arrangements and protocols

for decision making and communication. Updating is regular and well managed. The County Council's range of functions is set out in the Constitution. The Council appoints the Leader who decides the composition and responsibilities of the Cabinet. The Council makes appointments to all committees. These arrangements are clear and fully demonstrated at each full Council meeting.

Member roles – Executive and non-executive roles are defined and published within the constitution and as part of the member database the Mine. The member induction and training programmes cover these. Content and attendance is recorded. A major review of the meetings of full Council has been undertaken in late 2014/early 2015 with a view to ensuring that its meetings are more flexible and relevant to both members and the public. The future member role is being considered by the Member Development Group, to define the role in light of increased community champion work and regular review of the political structures in place. This will also inform work to be submitted to the Local Government Boundary Commission for England to help it to determine how many members should be on the County Council ahead of reviewing electoral division boundaries.

Children's Safeguarding – The Corporate Parenting Panel of Members monitors and reports to full Council on the member responsibilities for children looked after. The Local Safeguarding of Children Board has full partner engagement and its work and records are published and accessible.

Adults' Safeguarding – The Adult Safeguarding Board receives financial contributions from partners to provide formal business support and enable it to deliver its remit. A member level Adult Safeguarding Panel gives oversight of adults' safeguarding work and reports to full Council. This, for April 2015 will be in compliance with the requirement in the Social Care Act 2014.

Officers – statutory roles include the designation of the Chief Operating Officer as Head of Paid Service, the Director of Law, Assurance and Strategy as the Monitoring Officer, and the Executive Director of Corporate Resources and Services as Chief Financial Officer. The Head of Internal Audit has direct and regular access to the Executive Director of Corporate Resources and Services, has direct access to the Chief Operating Officer and other Directors and has well-established reporting lines to members through the Regulation, Audit and Accounts Committee. The officer scheme of delegation is kept under review. Business Change Officers have liaised with each directorate to oversee the effectiveness of the scheme of officer onward delegation and have worked with the Director of Law, Assurance and Strategy to ensure that there is shared understanding of existing delegations and to continually review them. In future, this role will be allocated to officers within the Directorate of Workforce, Organisational Development and Delivery Support.

The changes to the leadership structure have developed since the approval of the structural changes agreed by full Council in February 2014. A report to Council in July 2014 was approved, establishing a new leadership structure. The new structure has united services under executive directorates, with joined up teams managing commissioning and delivery of these services. All corporate support services have been united in an executive directorate to provide a single focus of support services to front line services.

All levels of management within the organisation have a designated **role profile** and these profiles are accessible via the intranet. Officers are given copies of their

roles on appointment and are supported by managers through the personal development review and supervision in understanding and developing their roles. Internally published HR procedures cover all aspects of performance and procedure to support managers.

3 - Values of Good Governance, Standards of Behaviour & Financial control Assured ✓

Good governance and clear standards of behaviour are in place. Actions are planned.

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
External Audit of Accounts	Audit Report	RAAC and Executive Director CR&S	To give external assurance to the quality of the Council's accounts and accounting practice	Full assurance given to 13/14 accounts
Codes of Conduct	Constitution	Standards Committee & Director LA&S	Define standards of behaviour and systems to enforce	Members - July 2012, Officers- code adopted common to all West Sussex Councils
Confidential Reporting Policy	Constitution	Standards Committee & Director LA&S	Defines arrangements for any officer to report breaches of rules or standards confidentially	Review planned to be presented to Standards Committee in June 2015*
Anti-fraud and corruption strategy	Constitution	RAAC and Head of Internal Audit	Statutory obligations recorded and enforced	December 2014. Reviewed every 3 to 5 years.
Anti-bribery policy	Constitution	Director LA&S	Statutory obligations recorded and enforced	October 2011. Reviewed every 3 to 5 years – due 2015.
Financial Regulations	Constitution	Executive Director CR&S and Governance Committee	To prescribe the rules for all financial transactions	March 2015
Standing Orders on Procurement and Contracts	Constitution	Director LA&S	To prescribe the rules for all contracts and procurement activity	Review underway to ensure compliance with new EU Directive from end of February 2015. Due to be considered by RAAC in June 2015
Register of Member Interests	Web site	Director LA&S	Statutory list of interests.	Scheme Entries are updated on an on-going basis. Full review of individual members' entries in May 2013. A reminder was issued to members in June 2015 asking them to review their entries.
Register of Officer Interests	Web site	Director LA&S	Record of financial and possible conflicting business interests	October 2014.
Corporate Complaints	Web site	Chief Operating Officer	Describes mechanism for	End 2013. Part of customer experience

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
Policy			handling all complaints.	review 2015.
Staff Discipline policy	Intranet	Director WOD&DS	Defines rules and procedures	January 2013
Data Protection Policy	Intranet	Director WOD&DS	Defines rules and procedures	October 2012
Freedom of Information policy	Intranet	Director LA&S	Defines rules and procedures	October 2012
Data Security & Accepted Use Policy	Intranet	Director WOD&DS	Defines rules and procedures	September 2014
Open data policy	Internet	Director WOD&DS	Sets the standards for making available information held by the County Council	May 2015

The system of internal financial control is based upon a framework of comprehensive financial regulations and procedures which comply with the CIPFA "Good Practice Guide for Financial Regulations in a modern English Council". Control is maintained through regular management information, management supervision, and a structure of delegation and accountability. External audit of the Council's account is robust and transparent. Full and unqualified assurance has been given. The Council's financial management arrangements conform to the governance requirements of the CIPFA 'Statement on the Role of the Chief Financial Officer in Local Government 2010.'

Each executive director has reviewed internal governance systems for their areas of responsibility. Two have confirmed that systems are fit for purpose, but two have indicated areas that require improvement, which are set out where necessary in the action plan. Evidence of levels of assurance given is included in the Annual Assurance Statement for each executive directorate, issued by the Head of Internal Audit. These include clear actions for improvement. Those with significant governance implications are included in this Statement's action plan. Annual mandatory training for governance issues is planned, to develop on an on-line basis, which will be easier to monitor. Improved induction procedures are also being developed, which will set out governance issues from the outset.

The **codes of conduct** and protocols for members and officers define the standards of behaviour for members and staff and are published. All members completed the register of interests following the elections in May 2013 and have completed training from the Monitoring Officer on the code of conduct. These are monitored by the Standards Committee, which has a remit to deal with breaches of the member Code of Conduct. A message was sent to all members June 2014 to ask them to review their register of interests, which resulted in many updates being received. Gifts and hospitality received are also included. Democratic Services staff take a proactive approach to adding interests to the register when a member is appointed to an outside body by the Council. At any time, when a member notifies the Service of any change to their register of interests, the change to the register is made as soon as practicable, generally on the same or next working day. The Confidential Reporting Policy ('whistleblowing') has not been reviewed or promoted for some time and action is needed to deal with this.

Officer interests, including gifts and hospitality, are published on the County Council's website and are updated at least quarterly. Guidance is set out in the Constitution (Part 5).

National Audit Office guidance on conflicts of interest was issued in February 2015. Officer checks were undertaken and it was confirmed that robust systems are already in place – the register of interests, reminders to declare interests at all meetings and on all decision reports, together with standards training undertaken in 2013.

Complaints and Discipline

There is a two-stage complaints procedure which provides for escalation from the initial point of contact through to the Chief Operating Officer and describes the right to refer the matter to the Local Government Ombudsman. These arrangements are publicised and are monitored by the Council's Standards Committee annually.

There is a fully documented staff disciplinary process to deal with breaches in any contractual rules or code of conduct and staff are made aware, through induction and the performance management framework, of the County Council's expectations in terms of standards of behavior and compliance with agreed policies and codes of conduct.

Information Management

Systems are in place to ensure the effectiveness of controls over data and to manage the business of granting access to personal data where required and to deal with Freedom of Information responsibilities. Following a consensual audit by the Information Commissioner's Office (ICO) in summer 2013, the Regulation, Audit and Accounts Committee has been monitoring improvements in arrangements that were deemed necessary. A lot of progress has been made on this to date.

4 - Decision Making, Scrutiny and Managing Risk

Assured ✓

Robust and transparent decision-making processes are in place and subject to appropriate scrutiny. Action is planned to make improvements to risk management.

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
The Constitution, including Standing Orders	Constitution	County Council Director LA&S	To confirm the County Council's procedures, including rules governing the conduct of meetings	April 2014. Standing Orders reviewed in March 2015
Scheme of Delegation	Constitution	County Council & Director LA&S	To fully define who takes what decisions	July 2014
Forward Plan	Web site	Director LA&S	Describes all planned key decisions for next 4 months	July 2014
Protocol on decision making	Constitution	Director LA&S	Describes full detail of arrangements	June 2014
Select Committee business planning	Select Committee reports	P&F Select Committee Scrutiny Manager	Records planned work.	Continuous
Governance	RAAC	RAAC	Captures all sources	Annual

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
Statement	agenda	Executive Director CR&S	of governance assurance	
Assurance mapping	N/A	Executive Director CR&S	Internal checklist for service governance	Being designed*Review 2015 to develop an assurance framework
Local Code of Corporate Governance	Governance agenda	Governance Committee Director LA&S	To confirm the corporate governance principles in place	March 2014
Audit Function	Constitution	RAAC Head of Internal Audit	To manage and ensure the effectiveness of Audit.	Annual internal quality review. External review is required every five years. The next review due by March 2018.
Total Performance Monitor	Monthly published	Executive Director CR&S	See above	Subject to current review to focus on monitoring of risks.*
Budget, including medium term financial strategy	Council agenda	County Council Executive Director CR&S	To agree a sound budget and financial strategy	February 2015
Treasury Management Strategy	Council agenda	Executive Director CR&S	To agree a sound strategy and thereby minimise financial risks relating to borrowings and investments	February 2015

Decision Making and Scrutiny

The **County Council** is the ultimate decision-making body and the principal forum for political debate. The County Council takes decisions on the policies and plans that form the Policy Framework, including approval of the budget. The County Council appoints **Select Committees**, the means by which the Executive is held to account through scrutiny of decisions. The non-Executive responsibilities of the council are discharged through its **non-Executive committees** as described in the Scheme of Delegation. The Forward Plan of key decisions describes all significant decisions expected to be taken in the following four months and is updated monthly. The Constitution also prescribes the rules and constraints around urgent decisions and the form and content of decision reports.

The **Governance Committee** oversees the political structure of the County Council and reviews and advises the County Council on the Constitution. The Scheme of Delegation and Protocol on Decision-Making, within the Constitution, requires members and directors to ensure that all decisions are compliant with policies, procedures, law and regulations.

Review and Audit

The County Council annually reviews the effectiveness of its governance framework including the system of internal control. The review is informed by the Head of Internal Audit's annual report and by the external auditor and other agencies and inspectorates. These findings are brought together within this document and are

reported annually to the Regulation, Audit and Accounts Committee. The Committee undertakes the functions of an audit committee. This includes review of the work and findings of Internal Audit.

Internal Audit provides an appraisal of financial systems on a cyclical basis and undertakes regular routine compliance testing within service departments. This includes adherence to established policies, procedures, laws and regulations.

Audit work has been undertaken to obtain all information and explanations considered necessary to provide sufficient assurance that the control environment is both reasonable and effective. Whilst no assurance can ever be absolute, on the basis of audit work completed, **it was the Head of Internal Audit's opinion that the County Council had a governance, risk and control framework that provided a limited level of assurance regarding the economic, efficient and effective use of resources in achievement of its objectives.** This opinion was reflective of the relatively high percentage of limited assurance opinions provided and the significance to the control framework of some of those areas where weaknesses had been found.

Risk Management issues are reported through the Total Performance Monitor, which is reported to the Corporate Leadership Team, Cabinet, the Performance and Finance Select Committee and published. Reports are also presented to the Regulation, Audit and Accounts Committee as part of the regular reporting on the effectiveness of risk management arrangements. There is a requirement for material corporate risks to be formally identified in all decision reports.

Risk management has been identified as a weakness at present and work is underway to enhance the current approach to risk management.

5 - Developing Capacity and Capability of Officers and Members Assured ✓

A system is in place to ensure that all elected members have access to information, guidance and training to enable them to discharge their roles. All officers have their performance monitored and their development needs identified and addressed. The officer appraisal system is due for review with a new scheme being introduced autumn 2015.

Source of assurance	Where found	Who is responsible	Role	last reviewed
Member Development Programme	Intranet	Governance Committee Member Development Group Director LA&S	To determine the content of the programme	Attendance and feedback is monitored
Member Induction Programme	Intranet	Member Development Group Director LA&S	To determine the content of the programme	Completed after 2013 election
Specialist Member training	Committee business programme	Director LA&S	Planning Committee Rights of Way Committee Treasury and Pensions management	Completed after 2013 election

Source of assurance	Where found	Who is responsible	Role	last reviewed
Officer Performance Development Review System	Intranet	Director WOD&DS	To keep accurate records of performance and development	E-PDR rolled out in Spring 2014. The officer performance development review framework is under review with a planned implementation in April 2016.
Performance Management Policy	Intranet	Director WOD&DS	To provide a clear system for addressing poor performance	September 2012. Reviewed when necessary due to changes in legislation, case law or organisational requirements

Officers

The County Council has **management competencies** for managers that are being reviewed for 2015-16. A training programme is available to managers. Succession planning is undertaken in services. Personal development priorities are developed through the Personal Development Review (PDR) process and training courses are available through an online gateway system. A coaching programme was established and made available to managers. The leadership development programme is in place for the corporate leadership team.

Members

The development needs of members are identified and addressed through a cross-party Member Development Group, which now includes a cabinet member to assist with strategic focus and alignment with the future direction of the Council. This group is established by the Governance Committee and oversees the delivery of a planned programme of Member Development Sessions targeted to meet identified member training needs. This group will consider the future role of members and the training needs that are identified to help members to fulfill this role. A consultant is working on Cabinet development and this is being considered for the community role of members in future. To develop a new leadership approach, there is a joint development programme for the Cabinet and the Corporate Leadership Team.

6 - Engaging with local communities and others to ensure public accountability

Assured ✓

The County Council shows that it exists to serve local communities. Engagement is taken seriously and is used to develop and deliver services. Actions are planned.

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
Function of County Local	Constitution	Cabinet Member for Corporate Relations	Focus of member link to	Current CLC review as part of active

Source of assurance	Where found	Who is responsible	Role	last reviewed/ action planned*
Committees		Director LA&S	residents	communities work*
Stronger Communities Programme	Performance Framework	Cabinet Member for Residents' Services & Exec Dir Com&PP	To develop the capacity and skills of groups in local communities and engage them in service planning	Range of work underway
Rules on publicity	Constitution	Director LA&S	To ensure that only compliant and appropriate publicity is given to Council activity	New code from 2013 from DCLG
e-panel	Intranet	Head of Policy and Communications	To consult residents on varied matters	2014
Connections	Quarterly publication	Head of Policy and Communications	General information to all residents	Regular feedback sought from residents
Public Consultation Policy	Website and Intranet	Director LA&S	To ensure that views are taken into account in major change programmes	Changes carried out 2013
Decision Report format	Intranet	Director LA&S	Show full record of decision and rationale	June 2014
Equality Impact Report policy	Intranet	Director LA&S	To ensure that decision-making takes account of equalities duties	New format from December 2013
Access to Information Policy	Constitution	County Council Director WOD&DS	To confirm what information should be made publicly available and exemptions	October 2012. New rules in 2014 have been implemented – Roland.

The Constitution defines the purpose of community leadership, effective scrutiny, and public accountability in terms of roles and responsibilities and functions.

Fourteen **County Local Committees** operate within communities and have some executive functions delegated to them. Public access, awareness and involvement in CLCs are assured by the arrangements overseen by Democratic Services. All decisions Committee agendas and Council meetings are publicised and accessible to the public. The Scrutiny function is regularly reviewed to ensure resources focus on those issues that have the most significant impact. Appropriate meetings discussing significant topics are webcast to maximise public engagement.

West Sussex Connections – (a newspaper) is published three times a year and is delivered to every household in the county. This gives valuable service information and contact details to enable local people to understand and get involved with the work of the County Council and to make their views known.

There is a **Residents' e-Panel**, an online community of local people who want to help shape the future of our County and who have agreed to be consulted through

regular online surveys. Our approach to consultations is published on our website. Arrangements for significant decisions and scrutiny of them are used to ensure public and stakeholder consultation is undertaken and considered as part of the decision making process.

The County Council has a long history of working with many **partners** to deliver aligned and effective services to our communities. The importance of continuing to work with others is recognised in the Future West Sussex Plan 2015-19.

As part of the **Stronger Communities programme** we are seeking to understand how to make our partnerships more effective and are currently discussing this with a number of partners – borough & district councils, councils for voluntary service/voluntary sector, Action in Rural Sussex, Sussex Association of Local Councils. Communications is one aspect that is being considered.

The County Council aims to put customers and communities first by listening to them through the consultation and engagement processes described above and by improving our online, telephone and face to face services. The programme of 'digital by default' will be the focus for a range of work to maintain this commitment.

4. Main Governance Issues for action or to note

In formulating this year's Governance Statement a number of forms of evidence have been reviewed. Several of these are reported and monitored through the Regulation, Audit and Accounts Committee. To avoid duplication such findings are not noted in this statement except where their implications could affect the overall effectiveness of the authority's governance procedures. The paragraphs below identify the most significant governance issues that are to be addressed through 2015/16.

The main governance issues identified are as followed:

- **Risk Management** – while risk management techniques are deployed at a tactical level, they are less robust at the strategic level. It is increasingly recognised that organisations such as the County Council must contemplate risks as well as opportunities in order to improve the success of the delivery of their priorities. Work is already underway in order to develop a strategic risk register and to embed robust risk management techniques into the Council.
- **Compliance** – the sections above set out comprehensive structures and processes for ensuring the safe custody of the Council's resources. However, several recent audit reports have shown that compliance with these processes is not as consistent as it should be. Several work packages are underway aimed at achieving better levels of compliance with systems of internal control and governance.
- **Care capacity** – current issues and a forward looking investigation have shown that the capacity, capability and quality of the care market will be a major challenge to the County Council in the coming years, as it has to develop ways to cope with an increased demand. This is recognised through the Future West Sussex Plan and the Medium Term Financial Strategy in terms of priority and

resource allocation. Considerable cross-organisation effort is now being expended to put in place short, medium and long term solutions.

- **Training and induction** – linked to some of the other governance issues, such as compliance, arrangements for staff need to be improved to ensure that ethics, knowledge of procedures and adopting the County Council’s values and behaviours are covered.
- **Contract management** - the Council has many contracts in place and several very high value and mission critical ones. A theme of several audits is that contract management needs to be developed in order to ensure that these contracts are robustly managed to support the outcomes intended. Work is underway to improve understanding, training and enforcement of contract matters. A procedures manual will be developed with associated training for appropriate officers
- **Capita Support Services (SSO) and Information Technology (ITO) Services contracts** – these are major contracts that are delivering significant services for the Council, are high value and have delivered savings also. There is the potential and desire to do more with these contracts, but first it is appropriate to undertake a review two years after SSO contract was let. This is aimed at improving contract management, systems, processes and resources. Importantly this review is being undertaken in partnership with Capita as both parties to the agreement wish to see improvements.
- **Procurement** – linked to contract management, effective procurement is essential to delivering value for money, robust and innovative contracts. A good understanding of the current range of contracts in place is key to seeking out further opportunities. Work to achieve this is underway, including the implementation of a purchase to pay system, which will deliver process efficiencies, improved compliance and a better understanding of our spending patterns.
- **Major organisational change** – 2014/15 has been a year of significant structural change. Embedding the new structure and associated behaviours and clearly communicating the aim of what this needs to achieve both internally and externally is essential to ensure its success, as well as dealing with identified challenges arising.
- **Ethical governance and policies** - reviewing the effectiveness of these and a review of governance arrangements will take place in 2015/16.
- **Capital programme** – while there have been improvements in the delivery and monitoring of an ambitious programme in 2014/15, it is recognised that there are further improvements required. These are both in regard of confident delivery of the agreed programme and the thoughtful development of a programme for future years that supports the priorities set out in the Future West Sussex Plan. A review of the Capital programme is underway in 2015. This will address weaknesses to ensure that it is developed and managed in order to develop its intended outcomes.

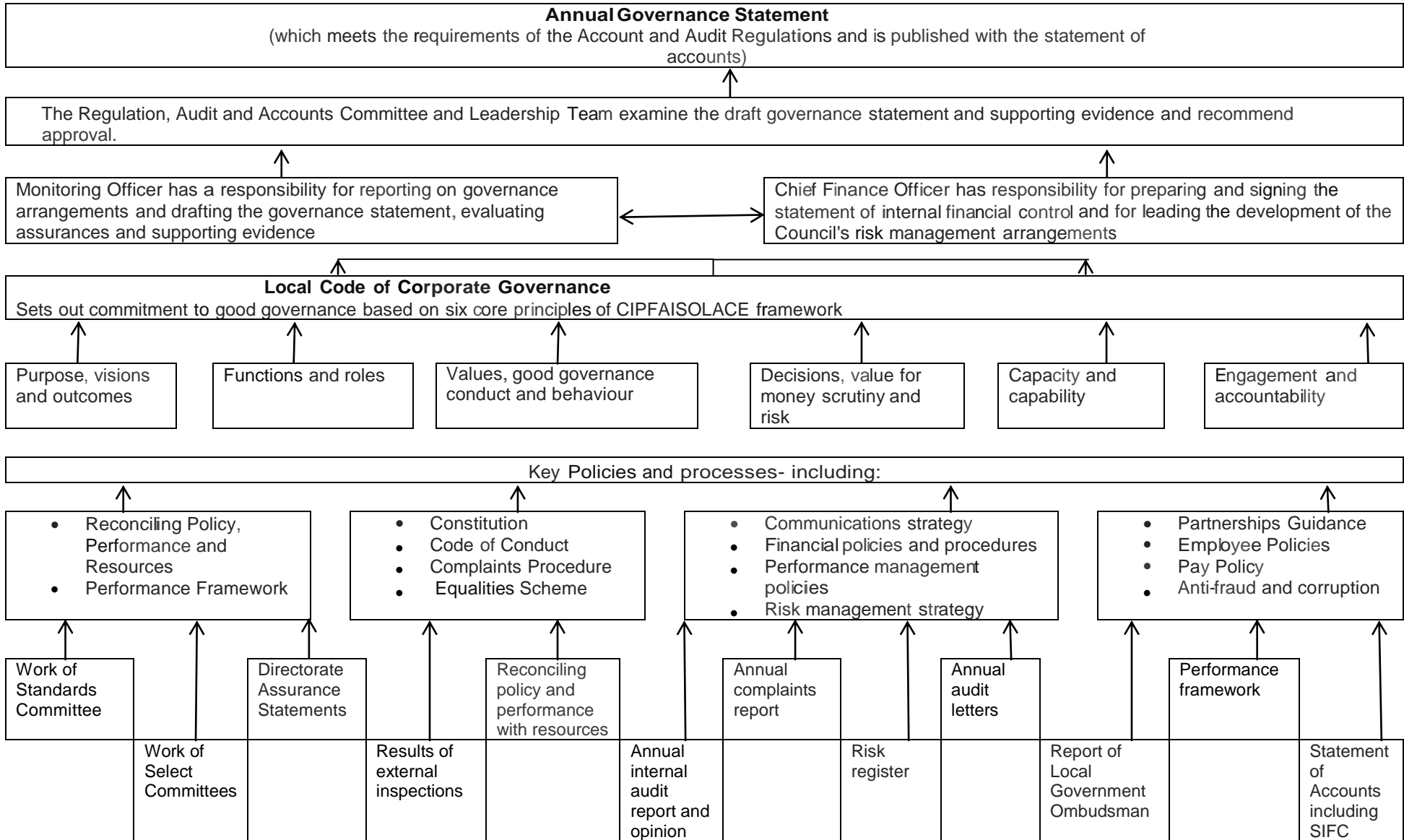
An action plan attached at Appendix B, which sets out how we will address governance issues in the year ahead. We are satisfied that these actions will deliver

the improvements necessary and we will continue to monitor, evaluate and report on progress as part of our next annual review.

Louise Goldsmith
Leader of the Council
June 2015

Gill Steward
Chief Operating Officer
June 2015

Framework for the Annual Governance Statement



All of these sources and others provide assurance on the adequacy and effectiveness of our controls over key risks