



**Annual
Governance
Statement**

**1 April 2018 –
31 January 2019**

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1 SCOPE OF RESPONSIBILITIES

1.1 Until 31 March 2019, Waveney District Council's responsibilities are to:

- ensure its business is conducted in accordance with the law and proper standards;
- safeguard and properly account for public money;
- use public money economically, efficiently and effectively; and
- meet its duty under the Local Government Act 2000 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.

1.2 On 1 April 2019 the Council will be replaced by East Suffolk Council, which will assume the district tier functions and responsibilities from Waveney District Council and Suffolk Coastal District Council.

1.3 In discharging its responsibilities the Council must put in place proper arrangements for the governance of its affairs, to facilitate the effective exercise of its functions which includes arrangements for the management of risk.

1.4 The Annual Governance Statement (AGS) reports publicly on the extent to which the Council has to comply with its governance duties on an annual basis, including how the Council has monitored the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period.

1.5 This Statement relates to a part year, i.e. 1 April 2018 to 31 January 2019, given the need to produce an AGS before the closure of the Council on 31 March 2019, and the requirement to have the AGS reviewed and approved by the Audit and Governance Committee which meets on 7 March 2019.

1.6 Waveney District Council's [Code of Corporate Governance](#) follows the principles of the revised CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The document was reviewed on 25 July 2018 by the Audit & Governance Committee and approved by Full Council on 19 September 2018.

1.7 The AGS also explains how the Council has complied with governance elements within the Accounts and Audit Regulations.

1.8 This document supports the East Suffolk Business Plan 2015-2023 and the vision for the new Council.

2 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

2.1 The governance framework is the systems, processes, culture and values which direct and control the Council. The framework also includes the activities with which the Council accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 The system of internal control is a significant part of that framework. It is designed to manage risk to a reasonable level. This is an ongoing process:

- to identify and prioritise risks to the achievement of the Council's policies, aims and objectives;
- to evaluate the likelihood of those risks occurring and the impact if they do;
- to manage risks efficiently, effectively and economically.

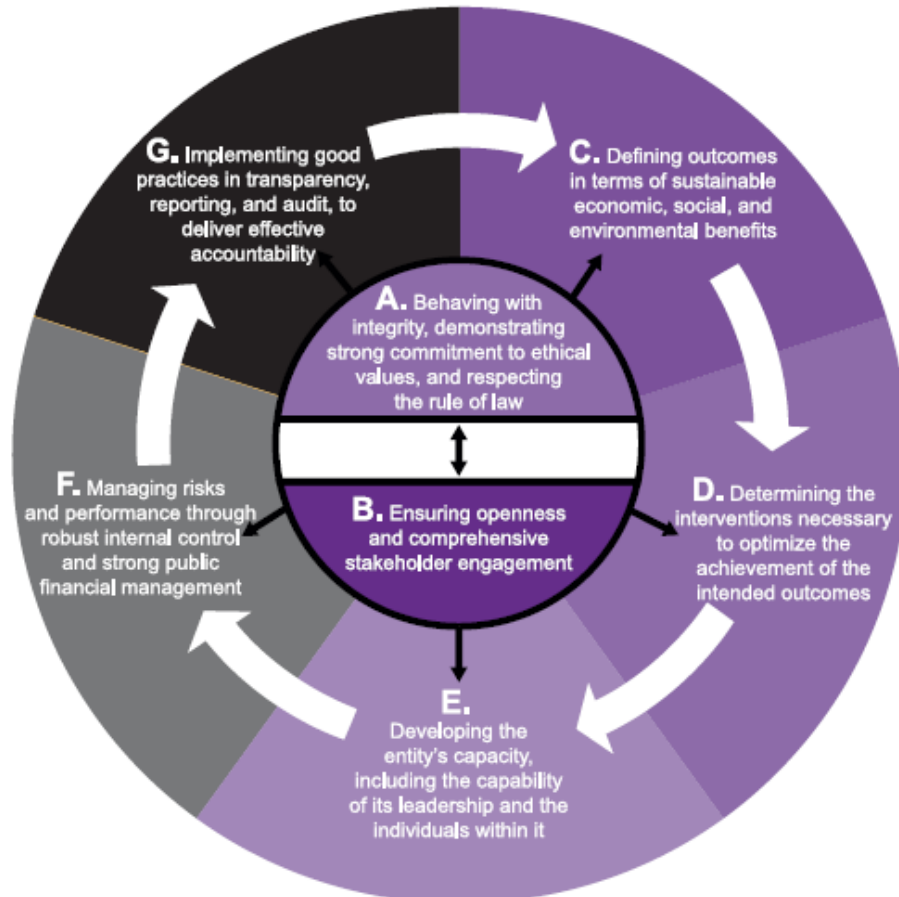
2.3 The system of internal control cannot eliminate all risk of failure so only provides reasonable and not absolute assurance of effectiveness.

3 THE GOVERNANCE FRAMEWORK

3.1 The Council has committed itself to the pursuit of proper corporate governance throughout its services and to establishing the principles and practices by which this can be achieved. To support this, briefings on topical issues are held to enable Member development.

- 3.2 Corporate governance is the system by which the Council leads, directs and controls its functions and relates to the community and its partners. Through various systems and processes the Council strives to adhere to the principles of good governance: openness, inclusivity, integrity, and accountability.
- 3.3 The Council’s governance environment is consistent with the seven core principles of the revised CIPFA/SOLACE framework, pictured below, which illustrates the various principles of the good governance in the public sector and how they relate to each other.

Extract from CIPFA/SOLACE ‘Delivering Good Governance in Local Government’ entitled ‘Achieving the Intended Outcome while Acting in the Public Interest at all Times’



- 3.4 Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.
- 3.5 Each of the core principles above have multiple sub principles and the framework in operation is evidenced at Appendix A ‘The Council’s Governance Assurance Framework’, and Appendix B ‘Documents/Processes Supporting the Code of Corporate Governance’.
- 3.6 The framework in operation directly supports the Councils three strategic objectives, namely enabling communities, economic growth and financial self sufficiency.

4 REVIEW OF EFFECTIVENESS

Governance

- 4.1 The 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 Heads of Service within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Auditor’s

annual report, and also by comments made by the External Auditor and other review agencies and inspectorates.

New Council

- 4.2 During 2018-19 the Council has made preparations for the new East Suffolk Council (to be created on 1 April 2019). Comprehensive Member and Officer Working Groups have led on projects and programmes and good governance has been the cornerstone of the new Council preparations.

External Audit

- 4.3 The Council's auditors, Ernst & Young LLP (EY), independently audit the Council and provide an opinion on the truth and fairness of the financial statements, the Councils use of resources and provide a value for money judgement. In reaching an opinion EY take account of statutory requirements, national standards, their own audit work and the reports of Internal Audit. The Council aims to achieve an unqualified audit opinion for the financial years 2018-19 and will respond to any improvements suggested. No interim recommendations for 2018-19 have been made to date by the External Auditor.

Risk Management

- 4.4 Risk Management covers all services and operations throughout the Council and is continuously monitored and managed by the Corporate Risk Management Group (CRMG). The CRMG meets at least every quarter as part of Corporate Governance meetings to review the joint corporate risk register. Corporate risks continue to be fully integrated into the Council's overall performance management which is considered quarterly by Cabinet (East Suffolk Performance Reports).
- 4.5 The risk management e-learning module is a mandatory requirement for all members of staff. The module is updated for East Suffolk Council from 1st April 2019.
- 4.6 As part of the ongoing risk management training programme, Zurich Municipal delivered, on behalf of the Council, event management training on 12th and 13th November 2018 to 44 officers which provided an in-depth understanding of event management and how to manage events safely. Training was also delivered on risk management to 23 officers in January 2019 which was tailored on how the councils manage risk. A 'horizon scanning/risk challenge session' was delivered to CRMG on 3rd December 2018 which thoroughly reviewed and challenged existing risks, and identified risks to be considered. There is also a training programme to ensure risk management needs continue to be met.
- 4.7 The Council's risk management activity is co-ordinated and led by the CRMG, chaired by a Strategic Director and supported by members of CMT and other senior officers.
- 4.8 An annual report on [Corporate Risk Management](#), including any changes to processes, is reported to the Audit and Governance Committee.

Senior Information Risk Owner

- 4.9 Senior Information Risk Owner (SIRO) – The Council has a designated SIRO (the Head of Internal Audit) who has responsibility for the Council's information management (governance) framework and acts as the champion for information risk. The SIRO aims to mirror the model prescribed by central government (Cabinet Office). Following this 'best practice' approach allows for uniformity across the public sector as it strives to meet the competing demands of further transparency and public/private engagement in contrast to increased cybersecurity threats and the need to prevent data leakage. By treating information as a business priority and not as an ICT or technical issue, the Council can ensure that risks are addressed, managed and capitalised upon.
- 4.10 SIRO Annual Report - The following paragraphs represents the SIRO Annual Report. The main purpose of such reporting and management is to provide accountability and greater assurance that information risks are addressed.
- 4.11 Information Governance – Information is treated as a priority by the Council which acknowledges that information is of value to enable effective and efficient outcomes for all stakeholders.

- 4.12 Data Quality - The importance of data quality is communicated at all levels throughout the organisation, via workshops covering business planning, performance and risk management and report writing etc. The Protective Marking Policy is being reviewed in line with recent legal changes e.g. General Data Protection Regulation and Data Protection Act 2018.
- 4.13 Designated Posts – Job Descriptions are appropriate and filled i.e. Data Protection Officer, Deputy Data Protection Officer, and Senior Information Risk Owner etc.
- 4.14 Policies - A number of key information governance documents are in the process of being refreshed due to the creation of East Suffolk Council on the 01 April 2019 (see Appendix B).
- 4.15 Compliance - The Council is currently compliant with the Central Government Public Service Network (PSN) information security requirements (this is a mandatory annual process). The Council also acts upon any advice from the Cyber Security Information Sharing Partnership and National Cyber Security Centre. The recent introduction of a new e-payment portal solution has enabled compliance with the ePayment Card Industry Standards (PCI).
- 4.16 General Data Protection Regulations and UK Data Protection Act 2018 – Qualified and experienced staff in post, implementation plan operated throughout the year.
- 4.17 Personal Data Breaches. The Data Protection Officer has investigated 14 potential personal data breaches, one of which was reportable to the Information Commissioners Office; but found to be a breach by a contractor not the Council. Data Protection Act - Subject Access Requests and requests for advice has increased significantly, as expected given the change in the law during 2018. There is recognition that the process of capturing and reporting any breaches is operating effectively.
- 4.18 Freedom of Information Act (FOI) - 721 FOI requests (including EIR requests) were received by the Council in 2018-19; 96.2% answered within 20 days. No breaches or complaints have been reported to or investigated by the Information Commissioners Office. Four requests required an internal review (two upheld, and two not upheld). Where the requester's view was upheld, the relevant information was released to the requester.
- 4.19 Training - Data Protection Act and Freedom of Information Act training has been redesigned to take account of changes in the law during the year and mandatory awareness training for all employees has and will continue to take place. Increased cyber security precautions including an e-learning training module for all staff and sponsoring a cyber security qualified officer demonstrates the Councils commitment to good information governance.
- 4.20 Local Government Transparency Code – The Council aims to comply with this Code by ensuring local people can see and access data covering:
- How money is spent – for example, all spending transactions over £250, all Corporate Credit Card spend.
 - Use of assets – ensuring that local people are able to scrutinise how well their local authority manages its assets enabling local people the information they need to ask questions about how their authority is managing its housing stock to ensure it is put to best use;
 - Decision making – how decisions are taken and who is taking them, including how much senior staff are paid, and,
 - Issues important to local people – for example, parking and the amount spent by an authority subsidising trade union activity.

Project Management

- 4.21 The Project Management Framework is fully established and can be adapted according to the scale of a particular project. A number of projects have been, and continue to be, successfully delivered as part of the programme for the Council to become East Suffolk Council on 1st April 2019. Advice and support continues to be offered to relevant staff on the application of good project practices, particularly surrounding changes in service delivery.

- 4.22 The Digital Programme Board also monitors key ICT and digital projects. All corporate projects are recorded at Head of Service level in service plans which are used to produce the Corporate Project Register, which is incorporated within the quarterly East Suffolk Performance Report to Cabinet.
- 4.23 Project groups combining members and officers were established to manage the Council's large capital projects. These project groups ensured adequate project controls were in place and allowed fast reaction to any project issues if they occurred.

Contract Management

- 4.24 Joint contract procedure rules have been rolled out across both Councils. Training has been delivered and will continue to be delivered by the procurement and legal teams at both sites, for any officer to attend. In addition, contract management training has been delivered by Zurich Municipal. Guidance is published on the intranet, and support is offered by the specialist procurement and legal teams to relevant managers. Qualified procurement resource has been recruited to the council to support managers. A corporate contracts register is maintained by the Procurement team published on the intranet and considered as part of Corporate Governance Days, so that senior managers can monitor that contracts are being effectively managed.
- 4.25 In light of the contract management weaknesses highlighted in previous years, Zurich Municipal has provided training on contract management within the Council through discussions with senior officers, procurement and legal, and sample review of contracts.
- 4.26 Zurich will be delivering a further contract management training session (featuring how to effectively manage contracts, consider the risks and good practice) on Tuesday 26th February which will also involve a workshop session into shaping the future of contract management for East Suffolk District Council.
- 4.27 A health and safety review has been carried out by an external organisation. A health and safety checklist has been produced for contract managers, and this will be used to carry out audits through the year of high risk areas.
- 4.28 Comprehensive contract manuals have been produced by contract managers, detailing the requirements of the contracts, setting out business continuity arrangements, key personnel and key performance indicators.

Designated Officer Group

- 4.29 Membership of the designated officer group are those officers that hold statutory roles within the Council, such as Head of Paid Service, Monitoring Officer, Section 151 Officer and Head of Internal Audit. The group meet regular to discuss management of:
- finances and governing business (value for money / Medium Term Financial Strategy (MTFS) and budget setting / risk management / internal audit / ethical issues / business continuity);
 - resources (workforce planning / recruitment monitoring / absences / health & safety / asset management); and
 - performance (inspections / business plan / service plans / partnerships / measuring performance / emerging issues).

Internal Audit

- 4.30 A sound system of internal control and the management of risks are integral parts of the Council's corporate governance arrangements. Internal Audit is currently working through its approved audit plan for 2018/19 and has made recommendations as appropriate. The Audit & Governance Committee monitors the progress against agreed actions and request officers to report back on overdue recommendations. There still remain a small number of recommendations relating to 2018/19 that may continue to be overdue for completion at the year-end; these are continually monitored by Internal Audit and where necessary are considered by CMT as part of the regular Corporate Governance Days. It is planned that the recommendations will be fully implemented during 2019/20.

- 4.31 The Head of Internal Audit conforms to the governance requirements of CIPFA [Role of the Head of Internal Audit](#). The Head of Internal Audit Opinion states that **reasonable assurance** can be placed upon the adequacy and effectiveness of the Council's systems of governance, risk management and internal control for the period 1 April 2018 to 31 January 2019. The Head of Internal Audit has highlighted the following areas where control weaknesses were identified and further improvement required.
- Contract Management – The Councils strategic governance arrangements over contracts requires further strengthening, specifically around the Procurement Strategy and Contracts Register.
 - Asset Management – The Councils strategic governance arrangements with regards Asset Management requires improvement, specifically around the Asset Management Strategy and centralised Asset Register.
- 4.32 It is acknowledged that throughout 2018/19 significant efforts have been made by the Service Areas to improve controls and governance arrangements over contract and asset management. The Head of Operations has on a quarterly basis reported progress and provided assurances to the Audit and Governance Committee on these areas. Internal Audit will review these areas early in the financial year 2019/20 and undertake substantive testing to demonstrate the improvements being made.
- 4.33 In addition, the Head of Internal Audit references the changes required to deliver the further programme of savings and the impact upon all areas of the business and its control and governance environment. There is extensive planning and ongoing consultation on the budget proposals and programmes for transformation are being set in business plans.

Financial Management

- 4.34 During 2018/19, the Council's joint financial procedure rules with Suffolk Coastal District Council have been revised to incorporate transitional rules on financial decisions affecting the new East Suffolk Council, along with a producing a new set of financial procedure rules for East Suffolk Council from 1st April 2019.
- 4.35 The Government has announced proposals for Councils to retain 75% of all locally raised business rates from 2020/21, and are consulting on Relative Needs and Resources as they look to revise the distribution of core grant from central Government. These proposals are subject to development by the Government in consultation with local government stakeholders. Significant changes could also be implemented for the New Homes Bonus (NHB) with Central Government due to consult on the current scheme and may move towards Housing Delivery Test to further incentive the scheme. The introduction of a multi-year Government grant settlement provided Councils with much need certainty over their funding, but it is likely until the Relative Needs and Resources review is completed by Central Government, Council will be receiving only one year finance settlements from 2020/21.
- 4.36 Overall, these, and other, recent developments will fundamentally change the Local Government Finance environment, which is now characterised by an increased shift towards locally-generated resources, with an accompanying transfer of both risk and opportunity. The MTFs reported to Council in February 2019 indicates that future years beyond 2019/20 show continuing budget shortfalls of core funding sources compared with budgeted expenditure.
- 4.37 This outlook highlights the importance of continuing to develop and implement entrepreneurial and commercial models, efficiencies and some key changes to service provision, in order to be sustainable over the medium term.

Chief Finance Officer

- 4.38 In accordance with the 'Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the Chief Financial Officer in Local Government' (published in April 2016), the Section 151 officer / Chief Finance Officer, is a professionally qualified Accountant, and is a member of the Council's Corporate Management Team, reporting directly to the Chief Executive and the Leader on all key Strategic finance matters. 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](#).

4.39 In continuing to strengthen the internal control arrangements regular and routine review and sign off by the Chief Finance Officer / Deputy s151 Officer of all key control accounts reconciliations was undertaken to ensure timely monitoring of key transactional activities.

5. SIGNIFICANT GOVERNANCE ISSUES

5.1 In arriving at the areas to address during 2019/20, the Council has been informed by the results of the review of the effectiveness of the governance framework within the Council arising from last year's reports, by the outcomes of internal and external review bodies that report on the Council's performance to date, by undertaking a gap analysis of the seven core principles that underpin delivering good governance in local government, and by consulting Members.

5.2 Appendix C – 'Significant Governance Issue Identified and Improvement Plan' records two carry forward issues from the 2017/18 Annual Governance Statement over contract management and asset management, which require further work. Positive movement has taken place in these areas and Internal Audit will undertake full assurance testing during 2019/20. The Council is committed to completing the agreed actions in early 2019.

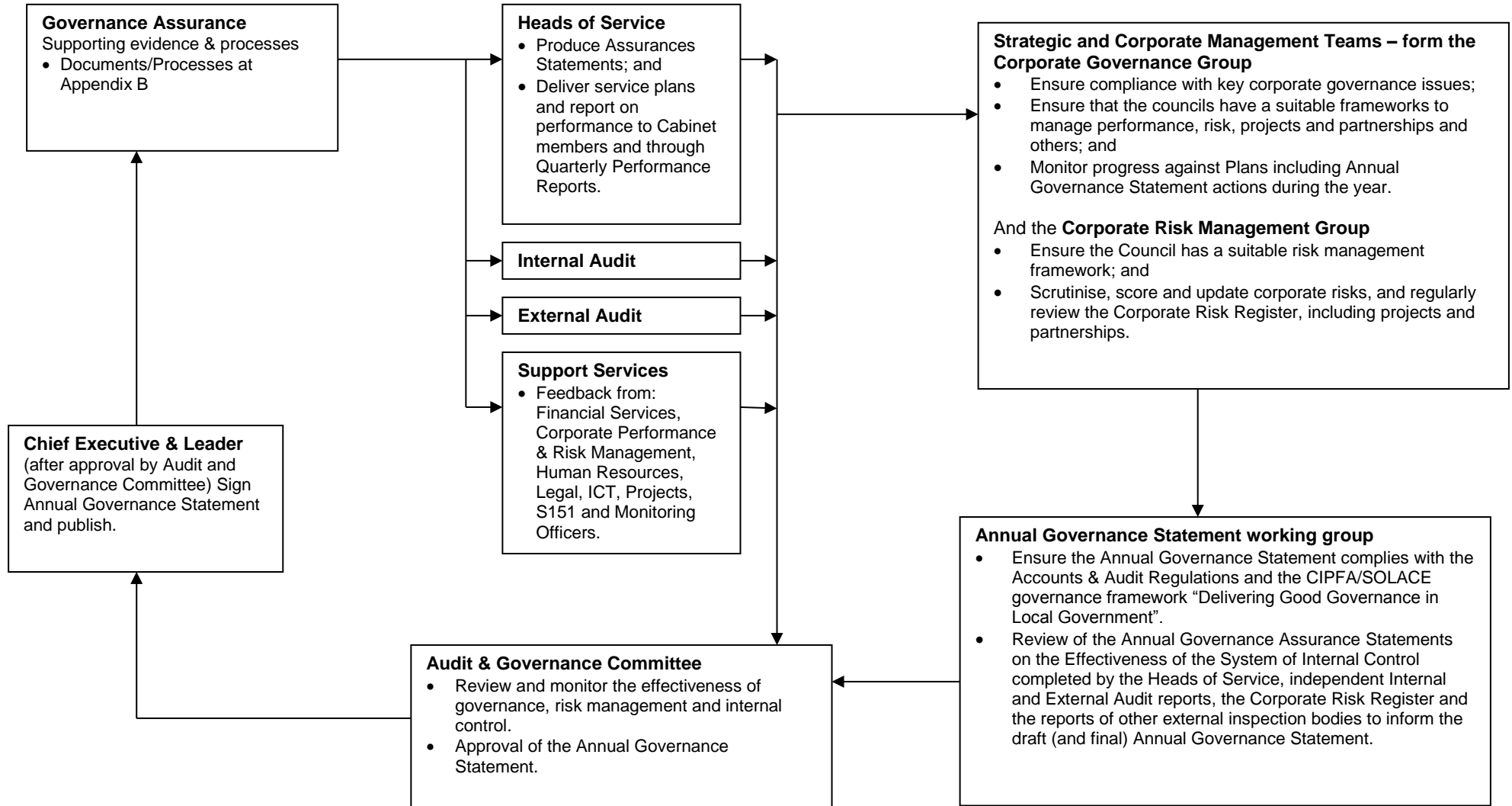
5.3 In anticipation of the UK's planned exit from the European Union in 2019 the Council is proactively involved with regional and national working groups assessing the risks and opportunities of the UK's withdrawal and the potential impact upon the Council stakeholders.

6. ASSURANCE BY CHIEF EXECUTIVE AND LEADER OF THE COUNCIL

We approve this statement and confirm that it forms the basis of the council's governance arrangements.

Post	Signature	Date
Mark Bee Leader - Waveney District Council		
Stephen Baker Chief Executive - Waveney District Council		

The Council's Governance Assurance Framework



DOCUMENTS/PROCESSES SUPPORTING THE CODE OF CORPORATE GOVERNANCE

<ul style="list-style-type: none"> • Access and Customer Care Strategy • Air Quality Consultation • Air Quality Reports • Annual audit letters • Annual Governance Statement • Anti-Bribery Policy and Procedure • Anti Money Laundering Policy • Anti Fraud and Corruption Strategy • Assurance Statements • Audit & Governance Committee • Budget process • Business case appraisal process • Business Continuity Plan • Capital Programme • Capital Strategy • Code of Corporate Governance • Corporate Governance Group • Committee reports, agendas and minutes • Compliance and Enforcement Policy • Contaminated Land Strategy • Contracts Register • Corporate Risk Register • My Conversation Managing Performance – people) • Complaints process • Constitution <ul style="list-style-type: none"> - Part 2: Functions and responsibilities of senior officers and councillors - Part 2: Terms of reference for committees - Part 3: Scheme of Delegation - Part 4: Procedure rules (contracts, budget & policy framework employment, meetings) - Part 4: Scrutiny framework - Part 5: Members' Code of Conduct - Part 5: Officers' code of conduct - Part 5: Protocol on member / officer relations - Part 6: Members' Allowances Scheme • Council newsletter • Council website • Customer feedback process • Data Protection Policy • Data Quality Strategy • Digital Strategy 	<ul style="list-style-type: none"> • East Suffolk Business Plan • East Suffolk Economic Growth Plan 2018-2023 • East Suffolk Environmental Policy • East Suffolk Housing Strategy 2017-2023 • East Suffolk Partnership priorities • East Suffolk People Strategy • East Suffolk Quarterly Performance Reports • Efficiency Plan • Efficiency Strategy • Enabling Community Strategy • Enabling Communities Delivery Plan • Equality & diversity policies • External audit (and other reviews) • Felixstowe Town Forward Improvement • Financial procedure rules and standing orders • Financial services • FOI and EIR request performance statistics • Freedom of Information • Green Infrastructure Strategy • Head of Internal Audit • Head of Paid Service • Health and Safety Officer • Human Resources • Health and Safety Policy • Health and Safety policies • Housing Strategy • ICT strategy and action plan • ICT Acceptable Use Policy • ICT Security Policy • Independent remuneration panel • Internal audit • JNC terms & conditions • Job evaluation process • Job descriptions • Joint Emergency Response Plan • Key decisions • Law & governance • Leisure Strategy • Licensing Policy • Local Plan 	<ul style="list-style-type: none"> • Local Government Ombudsman (report) • Medium Term Financial Strategy • Member training • Member Communication Guidelines • Member Development Strategy • Monitoring Officer • Neighbourhood Plans • Our Values • Partnership framework • Pay Policy Statement • People Strategy • Performance Management (business) framework (including service plans) • Procurement Forward Plan • Procurement regulations • Procurement Strategy • Prudential code • Record of decisions • Record Retention Policy • Recruitment Policy • Register of Councillors' interest • Risk management process • Risk Management Strategy • S151 officer • Safeguarding Policy • Salary scales • Senior management remuneration report • Service plans • Staff surveys • Social Media Enterprise Project • Social Value Policy • Statement of Accounts • Suffolk Code of Conduct • Suffolk Growth Strategy • Temporary Accommodation Policy • Timetable of council meetings • Tourism Strategy 2017-2022 • Transparency publications • Training programs • Treasury Management Investment Strategy • Treasury Management Policy Statement • Whistleblowing Policy • Workforce development and plans
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Significant Governance Issues Identified and Improvement Plan

Governance Issues Identified	Improvement Plan Status
Maintain Charter Plus Status for elected member development.	Completed in 2018-19.
A decision needs to be made in relation to the future management of Southwold Harbour.	Ongoing - A new management vehicle is being openly consulted upon.
Determine a detailed Asset Investment Plan as a basis for capital and revenue budget setting.	Carried Forward from 2017-18. Completed in 2018-19. Investment Strategy presented to Cabinet on the 03/02/2019 as a Key Decision.
<p>The Council's Strategic governance arrangements with regards to Asset Management requires improvement specifically around:</p> <p>a) Asset Management Strategy b) A centralised Asset Register.</p>	<p>Carry Forward from 2017-18. Ongoing. A significant amount of work has been undertaken by the Service Area during 2018/19 including:</p> <ul style="list-style-type: none"> • New corporate Financial and Contract Procedure rules for East Suffolk Council. • A full review of assets is currently being undertaken and due to be completed by the end of March 2019. • All assets are being logged on a central computer system and this is due to be completed by the end of March 2019. • Audit & Governance Committee has been updated on a regular basis by the Head of Service. <p>A full assurance review will be undertaken by Internal Audit at the start of the financial year 2019/20.</p>
<p>The Council's strategic governance arrangements over contract management requires strengthening specifically around:</p> <p>a) Procurement Strategy b) Contracts Register.</p>	<p>Carry Forward from 2017-18. Ongoing. A significant amount of work has been undertaken by the service area during 2018/19 including:</p> <ul style="list-style-type: none"> • A contracts register is now in place. • Contract managers have now been employed. • New Contract and Finance Procedure Rules are due to be implemented for East Suffolk Council. • Contract Management training is to be provided in March 2019.
There is a lack of meaningful evidence based information over health and safety duties and monitoring of the Council's contractual partners.	Carry Forward from 2017-18. Completed in 2018-19.