

Annual Governance Statement 2016/17

SCOPE OF RESPONSIBILITY

1. Suffolk County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards to secure continuous improvement in the way in which its functions are exercised. It is also responsible for ensuring that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.
2. In discharging this overall responsibility, the Council is responsible for putting proper arrangements for the governance of its affairs in place and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
3. The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA (the Chartered Institute of Public Finance and Accountancy) / SOLACE (the Society of Local Authority Chief Executives and Senior Managers) Framework *'Delivering Good Governance in Local Government Framework (2016 Edition)'*.
4. This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.
5. The governance arrangements over the Council's wholly owned companies: Vertas, Concertus Property & Design Consultants (Concertus), Opus People Solutions (Opus), Sensing Change and Schools' Choice, are incorporated within this Annual Governance Statement.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

6. Governance comprises the systems and processes, culture and values by which the Council is directed and controlled and through which it is accountable to, engages with and, where appropriate, leads communities.
7. The governance framework is an inter-related system that brings together an underlying set of legislative requirements, governance principles and management processes which operate across the Council.
8. The governance framework must conform to the following principles of good governance:
 - a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
 - b) Ensuring openness and comprehensive stakeholder engagement;
 - c) Defining outcomes in terms of sustainable economic, social and environmental benefits;

- d) Determining the interventions necessary to optimise the achievement of the intended outcomes;
 - e) Developing the Council's capacity, including the capability of all of its officers and councillors for leadership;
 - f) Managing risks and performance through robust internal control and strong public financial management; and
 - g) Implementing good practices in transparency, reporting and audit to deliver effective accountability.
9. The framework is used to examine the services being provided and whether they are satisfying the objectives set.
10. 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 ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
11. The governance framework has been in place at the Council for the year ended 31 March 2017 and up to the date of approval of the annual report and statement of accounts.

THE GOVERNANCE FRAMEWORK

12. The key elements of the systems and processes that comprise the Council's governance arrangements are:
- a) Members exercising strategic leadership by developing and keeping under review the five corporate priorities of the Council. The priorities give a clear direction for what is important politically and how that feeds into the work the Council does every day. The five priorities are:
 - i) Support those most vulnerable in our communities;
 - ii) Raise educational attainment and skill levels;
 - iii) Support the Local Enterprise Partnerships (LEPs) to increase economic growth;
 - iv) Develop Suffolk's infrastructure and maintain roads; and
 - v) Empower local communities.
 - b) An established integrated planning process which ensures that services are delivered in accordance with the Council's objectives and represents the best use of resources;
 - c) Measuring performance in achieving objectives through the Council's performance management system;
 - d) Having a written Constitution which specifies the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;

- e) Having developed and embedded Codes of Conduct which define the standards of behaviour for members and employees;
- f) Setting out, within the Constitution, Schemes of Delegation to members and officers, Financial Procedure Rules and other supporting procedures which clearly define how decisions are taken and the processes and controls required to manage risks. Also, having in place arrangements to ensure these are reviewed regularly;
- g) Having an Audit Committee which promotes and maintains high standards in relation to the operation of the Council's Code of Corporate Governance, and ensures that the Council operates within the law, in accordance with the Council's internal procedures and follows the framework and guidance issued by CIPFA. The Committee is also responsible for monitoring and maintaining the risk management framework and the associated control environment and also ensuring that the Council's financial and non-financial performance is properly monitored;
- h) Appointing statutory officers to support and monitor the Council's governance arrangements, ensure expenditure is lawful and guarantee compliance with relevant laws and regulations, internal policies and procedures;
- i) Having embedded arrangements for whistleblowing and for receiving and investigating complaints from the public, supporting the measurement of the quality of services for users; and
- j) Having a programme of actions which aims to keep communities informed; support people to be involved in their local communities; promote local democracy; support communities in shaping places and services; improve the Council's understanding of how communities work and coordinate community engagement activity.

REVIEW OF EFFECTIVENESS

13. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including its internal control system. The review of effectiveness is informed by the three lines of defence (i.e. from the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit; inspections made by external auditors and other review agencies and inspectorates).

Opinion of the Director of Resource Management / Chief Finance Officer (Geoff Dobson)

14. The statutory role of the Chief Finance Officer (CFO) in relation to financial administration and stewardship of the County Council and their role in the organisation are both key to ensuring that financial discipline and strong public financial management is maintained. The Council is fully compliant with the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the CFO in Local Government.

15. Local authorities are subject to a range of safeguards to ensure they do not over-commit themselves financially. These safeguards include the statutory duties of the CFO which are set out in the Financial Regulations that form part of the Council's Constitution. The statutory duties include the requirement to report to Council if there is, or is likely to be, unlawful expenditure or an unbalanced budget (under Section 114 of the Local Government Act 1988).
16. Alongside the statutory role of the CFO, the Council has in place a number of financial management policies and financial controls which are set out in the Financial Regulations. Other safeguards which ensure that strong public financial management is in place include:
 - a) the statutory requirement for each local authority to set and arrange their affairs to remain within prudential limits for borrowing and capital investment;
 - b) the balanced budget requirement of the Local Government Finance Act 1992 (Sections 32, 43 and 93); and
 - c) the external auditor's consideration of whether the authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources (the value for money conclusion).
17. The most recent Annual Audit Letter from Ernst & Young on 30th September 2016 gave the Council an unqualified opinion on its statement of accounts and issued an unqualified value for money conclusion. The financial reporting framework that has been applied in the preparation of the statement of accounts is applicable in law and in accordance with the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.
18. During 2016/17, Internal Audit has completed a review of financial governance within the Council and were able to gain sufficient assurance on governance, risk management and control arrangements. Internal Audit identified that, whilst proper systems of internal controls are in place and there is a strong culture of financial governance within the organisation, assurance could not be gained that compliance with them is present throughout operational managers. Within the Report by the Director of Resource Management which accompanied the report to Council on the Revenue Budget 2017-18 (see link below) it was highlighted that compliance with internal controls is becoming more of an issue and that this must be addressed through effective leadership, training and using self-service tools and reinforced through performance management.
<http://committeeminutes.suffolkcc.gov.uk/LoadDocument.aspx?rID=0900271181ee4702>
19. The Council has delivered savings in excess of £200m to date and during 2016/17, and it has continued to implement transformation programmes that are fundamentally changing how services operate and how the organisation is run. Regular reports have been made to Cabinet throughout the year on the Council's financial position and the outturn report provides a summary of the final outcome.

20. In line with 97% of eligible councils, Suffolk County Council in October 16 accepted a four-year grant allocation which provides some certainty about the level of funding for the period to 2020 (the Efficiency Plan is detailed on the Councils website). A forecast of the level of funding the council will have each year alongside an assessment of the impact of inflation and demand pressures provides a £70.9m budget gap for the three years to 2020. Savings of £33m for 2017-18 were agreed by a full meeting of the County Council in February 2017. Further savings in the order of £40m will need to be identified to balance the budget through to 2019-20. Details on the financial risks and challenges facing the Council and the mitigation strategies are contained with the Report by the Director of Resource Management which accompanied the budget.
21. The Council has appointed a temporary Director of Resource Management (Aidan Dunn) and will be appointing a new permanent Chief Finance Officer after the elections in May 2017. Interim arrangements will be put in place to ensure that strong public financial management is maintained before the current Director of Resource Management retires.
22. The opinion of the Director of Resource Management is that the Council continues to operate robust internal controls and strong public financial management. This is evidenced by both internal and external audit reports together with regular reporting on budgetary control. There has been no re-course for the Director of Resource Management to exercise his statutory powers and the Council complies with its financial regulations and procedures together with relevant codes of practice and guidance. The Finance Function continues to provide an effective and efficient service whilst enabling the Council to meet its priorities within a robust financial framework.

Opinion of the Monitoring Officer (Tim Ryder)

23. The Council has a Constitution made under Section 37 of the Local Government Act 2000. Its purpose is to enable the Council to set a strategic vision for the provision of public services in Suffolk and to act as champion for Suffolk. The Constitution supports development of the Council's capacity and the capability of the individuals within it; and ensures that decisions are taken whilst respecting the rule of law. Through openness and comprehensive stakeholder engagement, local people have every opportunity to know how decisions are taken and how to influence those decisions.
24. The role of councillors as community leaders and representatives remains central to the effective operation of the Council. The last full election of all 75 councillors took place in May 2013. Four by-elections were held during 2016/17. At the end of the current term in May 2017 the political groups are represented as follows: Conservative 37; Labour 15; UKIP 9; Liberal Democrat and Independent 9; Green and Independent 3; and Independent 1. There is one vacancy. Full elections take place on 4 May 2017.
25. The Council's commitment to ethical values is emphasised through the extensive induction programme delivered to new councillors, providing guidance on their roles and responsibilities, and explaining how the Council is structured and its decision making processes which manage risk and performance. Councillor training and development is considered by the Democracy Working Group, overseen by the Audit Committee. A comprehensive programme is in place to follow the Council Elections in May 2017, covering both general topic areas and specific training for councillors appointed to particular roles and/or committees.

26. During 2016/17 the Constitution has been updated to include a revised Code of Corporate Governance, written to comply with the CIPFA/SOLACE Guidance. Officer Delegations with regard to Traffic Regulation Orders and Minerals and Waste Planning Applications have been extended to improve effective and efficient decision making, and changes to the national conditions of service for chief executives have been reflected. All updates were considered by the Constitution Working Party before recommendations were made to Council.
27. Five complaints alleging that councillors had breached the Code of Conduct have been considered by the Monitoring Officer during 2016/17. Three of these (relating to the same incident) were referred to the relevant district council as the councillor was acting in their capacity as a district councillor at the time of the alleged incident; an attempt was made to resolve one by local resolution but the complainant declined to participate; and the fifth was reviewed by an independent investigator who concluded that there had been no breach of the Code.
28. The Local Government Ombudsman's Annual Review Letter for the year ended 31 March 2016 was discussed at Audit Committee in September 2016. During the reporting period of the Annual Letter the LGO made final decisions on 91 complaints about the County Council.
29. Of the 91 decisions made, 21 (23%) were forwarded for investigation. Following investigation, 8 of the 21 complaints (38%) were upheld compared to 51% nationally. The remaining 13 complaints were not upheld.
30. The Monitoring Officer's assessment, overall, is that the Council has complied with its Constitution and that the governance arrangements are sound. Those arrangements are key to determining the interventions necessary to maximise the achievement of the Council's objectives. The values embedded in the Code of Conduct define the standards of behaviour for all Councillors. Councillors continue to attend a wide range of briefings and training sessions. The Audit Committee has played a key role in ensuring that governance systems and processes within the Council are effective.

Opinion of the Head of Audit Services (Peter Frost)

31. Based on the findings of the managed audit and governance reviews carried out throughout 2016/17, it is the opinion of the Head of Audit Services that the Authority's control environment provides assurance that the significant risks facing the Authority are addressed and financial administrative systems are effective.
32. An internal audit review of the Council's compliance to the seven core principles of good governance, underpinned by detailed governance audits, has provided substantial assurance that there are sound governance arrangements in place.
33. The Internal Audit Service undertakes data analysis in areas likely to be susceptible to error and fraud, supports the biennial National Fraud Initiative data matching exercise, and provides support to managers in investigating allegations of fraud, theft or impropriety.

34. Areas under focus are how changes to organisational structures / delivery models are impacting on expected controls; the need to ensure robust contract management processes and controls; building a stronger anti-fraud culture and awareness across the Council; ensuring there is appropriate IT operation & security; and confirming the reliability of data quality for financial, performance and decision making purposes.
35. Audit Services are an independent and objective function with all audit work carried out in this capacity and in accordance with the audit charter, Code of Ethics and Public Sector Internal Audit Standards.
36. The Head of Audit Services has performed his duties in accordance with CIPFA's guidance on the Role of the Head of Internal Audit. In giving the audit opinion, it should be noted that assurance can never be absolute. The most that can be provided is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

Opinion on the Management of Performance & Risk: Assistant Chief Executive (Chris Bally)

37. The Council produces an Annual Business Plan which is a strategic document that sets out how the Council makes the best use of resources to deliver services and priorities. Each Directorate produces an annual plan setting out key priorities for service delivery.
38. The performance and risk management framework monitors how the Council is operating against the Business and Service Plan priorities and specific performance measures representing national and local priorities.
39. As well as local performance management arrangements, the Council is required to submit a considerable number of statutory data returns to central government, mainly relating to social care services for children and adults. This data is used extensively by statutory agencies, such as Ofsted and the Care Quality Commission (CQC), to 'test' hypotheses about service performance and quality in advance of, and during, inspections.
40. Performance reporting is well-established throughout the Council's various tiers of management. Corporate performance reports are considered by the Corporate Management Team (CMT) and Leadership Team (CMT and the Cabinet) on a quarterly basis. These reports are based on a 'balanced scorecard' approach that brings together a wide range of service performance including the following elements:
 - a) Corporate Health – finance, workforce, equalities and inclusion, health and safety, information management and risk;
 - b) Service Performance – performance measures aligned to the Council's corporate priorities;
 - c) Customer Insight – intelligence relating to customer service and digital transformation; and
 - d) Programmes – progress on the Council's key transformation and enabling programmes.

41. There are a number of online benchmarking resources that provide a rich source of comparative statistical information to help local authorities monitor and assess their performance. These include the Local Government Association's 'LG Inform' service, the Health & Social Care Information Centre, the Public Health Outcomes Toolkit and Local Authority Interactive Tool.
42. There are also a number of resources containing performance information that are used including Neighbourhood Statistics - hosted by the Office for National Statistics; NOMIS local labour market statistics; Health Profiles - hosted by Public Health England; and the School Comparison Tool – hosted by the Department for Education.
43. Locally, the Suffolk Observatory holds a wealth of performance and statistical information about Suffolk that can be used to produce bespoke reports at a very local level. The Observatory is currently under review and will be further improved during 2017 to make it more interactive and accessible.
44. The Council publishes data and information as part of its obligations under the Local Government Code of Transparency on its main website. This provides open information on:
 - a) staff salaries and structures;
 - b) councillor allowances;
 - c) finance, expenditure and contracts;
 - d) council property and land assets;
 - e) fraud; and
 - f) any other requirements.
45. The presentation of the Council's transparency information follows national guidelines and the format used is standard and structured to enable viewing, interrogation, and downloading of the information as easy as possible for users. In terms of the format and presentation of its transparency data, the Council is consistent with a 3-star rating (out of a maximum 5-stars) as recognised by the Open Data Institute which judges how 'open' an organisation's open data actually is. Having 3-stars means the Council can demonstrate broad compliance with its existing practices. Anyone wishing to re-use the Council's data can do so without requiring the proprietary software with which the data was first created.
46. The Freedom of Information Act requires every council to produce a publication scheme, approved by the Information Commissioner's Office (ICO), and to publish information covered by the scheme. The scheme sets out the Council's commitment to making certain classes of information routinely available, such as policies and procedures, minutes of meetings, annual reports and financial information. The Council is compliant with these requirements, but there is more that can be done to improve the publication scheme and integrate this into the overall approach to open data going forward.
47. In addition to the data the Council is required to publish, it also publishes a wide variety of other information that, if provided in an easier-to-use format, could be labelled as open data. In other words, the Council currently publishes information that other councils call 'open data' and is linked to their open data platforms. For the Council this includes information such as:
 - a) pupil and school information;

- b) traffic and highways information;
 - c) health outcomes; and
 - d) transport information.
48. The Council is currently developing an Open Data portal on its website which will provide a more co-ordinated and accessible approach to the data and information it publishes.
49. As part of the wider collaboration agenda across public services in Suffolk, the Council works in partnership with Districts and Borough Councils, NHS and the Police. Information relating to public service priorities is regularly considered at the Suffolk Chief Officers Leadership Team and Suffolk Public Sector Leaders meetings and a joint-approach to information, intelligence and insight has been adopted which seeks to join the information and intelligence arrangements required by each individual organisation. This includes a joint post and co-ordinated plans.
50. The Council engages residents in decision making and the consultations page of its website includes live consultations with end dates, and all closed consultations from the past 18 months including feedback on the results. Over the past 12 months' corporate consultations have included Norfolk-Suffolk Devolution Consultation, Residents Survey and Travel to Work Survey.
51. The Council's overall approach to managing risk is based on the Active Risk Management (ARM) model. The corporate risk database system (JCAD Risk) is used to record risks and responses and is the basis of the reporting process to the Corporate Management Team (CMT) and directorate management teams (DMTs).
52. The Corporate Risk Register (CRR) is reviewed regularly to provide assurance that it is up-to-date and focuses on the most significant risks facing the Council. As well as ongoing monitoring of the CRR, a comprehensive review of the Register is undertaken annually with input from the Council's Audit Services to ensure findings from audit assurance work inform the review.
53. An Annual Performance and Risk Report was presented to the Council's Audit Committee in January 2017 and the Committee concluded that satisfactory arrangements were in place for the effective management of performance and risk.
54. During 2017/18, the staff resources responsible for Performance and Risk arrangements will be subject to a review and potential reduction to reflect the financial environment. Arrangements to mitigate the risk associated with this reduction will be put in place.
55. The Assistant Chief Executive believes that the Council's arrangements for the management of business performance and risk at this current time are effective.

Opinion of the Head of Human Resources (HR) (Sally Marlow)

56. The Council has several policies, procedures and expectations on and for staff to ensure that:
- a) workforce costs are actively managed;
 - b) the Council's reputation is protected; and

- c) there is proportionate focus on staff and leadership capacity and capability in order to deliver the Council's objectives.
57. Direction is given to operational managers and staff generally to support performance management and behavioural expectations. This encourages a culture which drives a focus on delivery and outcomes as well as behavioural integrity aligned to the public interest. The Code of Conduct, Mission and ASPIRE values are readily available to the workforce, referenced when new staff join through both the HR appointment process and local management induction; both of these are followed through regularly at Performance Development Reviews. During 2016/17, a series of staff engagement activities have reinforced the applicability of ASPIRE to different staff groups and teams as well as feedback on the way in which the performance management approach works on the ground. As a result, more explicit connection between the Values and Mission has been made.
58. Support is available to equip managers with the skills relevant for a 21st century public servant through MyLearning. A new series of new developmental interventions (training, e-learning, coaching) is available along with a self-assessment tool to identify skill gaps and priorities for upward discussion. Such additions to the HR 'offer' directly support the need to have capable leaders and managers who hold staff to account for delivery in a way which is supportive and recognises the importance of health, wellbeing and safety. All of these aspects of culture and performance are reviewed at Corporate Management Team and other groups e.g. Suffolk Health and Wellbeing Board.
59. Relevant workforce metrics are shared with the Corporate Management Team on a quarterly basis, with Directorate Management Teams as tailored to their requirements and other bodies on request e.g. Audit Committee. Bi-annual analysis of Performance and Development Review completion rates and outcomes is undertaken for action planning to improve organisational performance. The same has happened during 2016/17 in relation to staff engagement, as measured and tracked by the staff survey. These results have moved positively over the last year and have been shared transparently with staff.
60. The Council continues to actively manage employment costs through a range of controls and discipline in relation to pay, recruitment and re-engagement restrictions across the Council. Compliance arrangements involve oversight either by Directors or jointly with the Head of HR. To complement this, the new approach to establishment control allows decisions on team composition and vacancy management to be managed locally, within a broader framework.
61. The Council's People Strategy outlines priorities for HR in terms of developing a Council workforce which is able to deliver organisational priorities. This includes work relating to leadership and management skills, making the most of staff survey results and general change activity. Work has been delivered during 2016/17 to agree a joint People Strategy with partners across Suffolk to ensure alignment of direction, promote efficient use of resources and innovative solutions to deliver what is needed. Examples include a new apprenticeship programme for Town Planners across all local councils and a new graduate programme spanning councils, the Police and involving Health.

62. The Head of HR's assessment overall is that there are sound processes and procedures in place to ensure HR work is contributing well to the corporate agenda and that support is offered on both a strategic and operational basis. Relevant policy has been reviewed with changes implemented; direction set both in terms of expectations on the workforce but also of the supporting HR offer.

Opinion of the Chief Information Officer: Assistant Chief Executive (Chris Bally)

63. The Council's Information Technology (IT) Strategy sets out an ambition to enable the Council and public services in Suffolk to become modern, information orientated organisations, maximising the benefits for the people of Suffolk from the use of technology.
64. The IT Strategy is overseen by the Council's IT Commissioning Board and the Corporate Management Team. Each of the Council's major IT Transformation Programmes have delivery plans and timescales for delivery and progress is reported to the Corporate Management Team on a quarterly basis.
65. Alongside the Council, the Suffolk IT Service provides support to partners including Mid Suffolk and Babergh District Councils, Vertas, Suffolk Libraries, Schools Choice and individual Schools and Academies.
66. The IT Programme and operational management of the Service has delivered against both the revenue budget and the capital programme and progressed key elements of the IT Strategy and achieved ongoing compliance with national mandated IT and Information Management regimes.
67. The Council is subject to a number of compliance regimes around IT and information management. These include the Public Services Network (PSN), which allows secure connection between central and local government IT systems, and Payment Card Industry (PCI), which allows the Council to take card payments for services. The Council also produces an Information Governance Assurance Statement as part of an Information Governance Assessment for services connecting to NHS IT Systems. Furthermore, the Council undertakes an annual self-assessment using the Information Governance Toolkit (which is submitted to the Health & Social Care Information Centre) to measure compliance against the various legal rules, requirements and guidance relating to all aspects of information governance.
68. Alongside these compliance regimes, new national arrangements have been put in place for Cyber Security with a new National Cyber Security Strategy published during 2016 focusing on ensuring "the UK is secure and resilient to cyber threats, prosperous and confident in the digital world". The Council has appointed an accredited IT Security Officer and implemented a number of actions and projects during 2016/17 to protect the Council's networks and systems. During 2017/18 the Council will be putting in place arrangements to comply with the new General Data Protection Regulations (GDPR).
69. Increasingly, the Council is working with other public service organisations in Suffolk, most notably the NHS and District and Borough Councils. During 2016/17, the Council and the NHS published a 'Local Digital Roadmap' to support the integration of health and care services. This is overseen by a partnership consisting of representatives from the Council and NHS organisations in Suffolk (the Suffolk Informatics Partnership), with respective organisations reporting into their own governance arrangements.

70. During 2017/18, the staff resources responsible for IT will be subject to a review and reduction to reflect the financial environment. Arrangements to mitigate the risk associated with this reduction will be put in place.
71. The Assistant Chief Executive believes that the IT Services and technology assets of the Council are run effectively, efficiently and economically.

Opinion of the Head of Procurement and Contract Management (Aidan Dunn)

72. Approximately 75% of the Council's spend is now made externally to suppliers through over 2,000 contracts. Effective Contract management is therefore crucial to the future success and stability of the Council. Contract management is undertaken within Directorates across the Council, with the Corporate Procurement and Contract management team providing an overview and professional support, as well as direct management of the higher risk contracts.
73. There are 124 staff across the Council who are identified as contract managers. They are responsible for contracts ranging from School buses through to Care homes, from IT suppliers through to stationery. Contract management of the Council's divestments are included in these responsibilities.
74. A 'Procurement Licence' has been introduced, supplemented by face to face training, e-learning and on-line guidance and templates.
75. The corporate focus in 2016/17 was to raise the standards of contract management and commercial skills across the Council. Action taken included:
 - a) Introduction of a licence to procure;
 - b) Increase the range of e-learning and face to face training available to staff in undertaking quotations and low value tendering;
 - c) Basic training course (half day) attended by 124 contract managers;
 - d) Advanced training (two-day course) attended by 102 contract managers;
 - e) Promotion of contract management guidance and training on the Council's intranet;
 - f) The recruitment of commercial expertise from the private sector; and
 - g) Additional staff recruited into ACS contract management.
76. A new electronic tendering system has been introduced; training has been completed for users within the Corporate Procurement team.
77. During 2016/17, the Council awarded several major contracts including; Supported Housing (Total Value £30m); Independent Advocacy (Total Value £3m); The Hold Design Team (Total Value £800,000); Architectural Design Team for The Upper Orwell Crossings (Total Value £845,000); and, Case Management Software for Adult Care and Children's Services (Total Value £8m).

78. The Contract Management Board has continued to oversee the commercial activities of the Council and to provide an increased emphasis on contract management. The Board's membership consists of senior officers (Assistant Directors) from each of the directorates. The Board is chaired by the Director of Resource Management and meets on a six weekly basis with the objective of co-ordinating professional resource input across the organisation and establishing / sharing best practice in commissioning, procurement and contract management.
79. The Head of Procurement and Contract Management is satisfied that procurement activities are undertaken effectively within the Council and that appropriate systems are in place to manage contracts effectively.

Opinion of the Interim Head of Communications (Adam Barnes)

80. Clear, trusted channels of communication and consultation are used to engage effectively with all groups of stakeholders, such as individual citizens and service users. The specific channels and methods used are tailored to ensure they are relevant to the audiences that need to be consulted, taking into account access to IT and other barriers that specific groups of the community may face to encourage / support as many people as possible to engage. Examples include the website, press releases, newsletters, surgeries with councillors, public meetings, exhibitions and focus groups. The Council also has an Equality Charter which sets out its commitment to equality and diversity.
81. A review of the ways in which the Council consults has been carried out by the Democratic Society and the learning from that is currently being reviewed and, where appropriate, changes are being made to ensure the Council's approach is as effective and inclusive as possible. The Council's website outlines the way in which it consults, with whom and how.
82. Consultations include a range of feedback methods to ensure local communities and citizens can have their say in a way which is fitting with their needs. All views are collated and analysed so decision makers can consider the representations made before taking a course of action in relation to allocating resources or on policy matters; for example, the budget or Integrated Risk Management Plan.
83. A clear engagement plan is developed to raise awareness of a consultation, where to find information and how to respond in the run up to, during and just before it closes. This ensures all relevant groups and individuals have a number of opportunities to become aware of the consultation and respond.
84. The Council's Communications Team supports the development of consultation materials to ensure communities are provided with relevant information, written in Plain English, in order that they can give an informed response without becoming overburdened with complex information. However, where appropriate technical documents are made available to enable those that wish to explore in greater detail, to do so.
85. The opinion of the Interim Head of Communications is that the Council effectively engages with Suffolk communities via a range of methods and channels, ensuring people have adequate time and opportunity to become aware of a consultation, have the necessary information to enable them to come to a considered view and appropriate channels by which to respond, in order to influence the decisions made by the Council.

Opinion of the Head of Health & Safety (Paul Butcher)

86. In accordance with Section 2(7) of the Health & Safety at Work etc. Act 1974, there is a Safety, Health and Wellbeing (SHAW) Board comprised of senior managers and Trades Union representatives which is chaired by a member of the Corporate Management Team (CMT). The Board oversees and reviews the measures taken to ensure that the health, safety and wellbeing of staff and those affected by the Council's activities on behalf of CMT.
87. The Health & Safety service provides the competent advice to the Council as required by Regulation 7 of the Management of Health and Safety at Work Regulations 1999.
88. There is an ongoing investigation of the Council's activities by the Health & Safety Executive (HSE) following an Asbestos incident at a maintained school in September 2016. The HSE have concluded their investigation into a contractor incident in May 2014 and the Council awaits any final decision by the HSE. The last improvement notice was served in January 2011.
89. The Head of Health & Safety is satisfied that health and safety is managed effectively as part of an ongoing improvement cycle.

Inspection Agencies / External Assurance

90. The External Auditor's (Ernst & Young) 2015/16 Annual Audit Letter, issued in October 2016, concluded the following:

Financial Statement Audit

"We audited the Council and Pension Fund's Statement of Accounts in line with the national audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland) and other guidance issued by the National Audit Office and issued an unqualified audit report on 30 September 2016."

Value for money conclusion

"We issued an unqualified value for money conclusion on 29 September 2016.

During the planning phase of our audit, we identified two significant value for money risks in relation to sustainable resource deployment: achievement of savings needed over the medium term and contract management of outsourced services. Our audit did not identify any significant matters in relation to the Council's arrangements.

The Comprehensive Spending Review continues to impact on the Council's budget and medium term financial planning during current and forthcoming financial years alongside putting in place plans to achieve the required savings in the medium term. The Council continues to respond well to the financial challenges it, along with other public sector bodies, is facing. The challenge continues to increase and the wider economy contains evermore significant uncertainties, for example, the UK's future withdrawal from the European Union. Such economic financial uncertainties may well impact on the Council's future financial stability and will need to be considered as part of its strategic financial planning process.

As part of our assessment, we have reviewed how the Council has responded to the challenges it is facing and updated our understanding of the current financial position. Members should remain aware of the assumptions and sensitivities included in the Council's financial forecasts, and should not underestimate the challenge the Council has faced and will continue to face in the future. It is likely that further difficult decisions will need to be made to secure the Council's continued sound financial standing."

91. Adult Social Care services are regulated by the Care Quality Commission (CQC) using their revised framework, introduced in 2015. CQC inspects both residential care and nursing home services and domiciliary care services. CQC inspections are also undertaken for externally commissioned services in addition to the services provided directly by the Council.

Whilst CQC has a statutory responsibility for regulating registered care home services, the Council also monitors the quality of its care providers. This information is used by the Adult & Community Services (ACS) contracts and provider support teams to identify providers that are failing and who require support. There are also regular contract meetings between ACS and Care UK (the Council's main care home provider).

During 2016, 75% of residential and nursing care services in Suffolk inspected by CQC were judged as being 'Good' and 25% were judged as 'Requiring Improvement'. All (100%) of Home First services were judged as 'Good'.

92. Ofsted Inspections of schools focus on the quality of education provided in the school and a judgement is made based on a range of criteria, including pupil achievement, the quality of teaching, pupil behaviour and safety, and the quality of leadership and management of the school. Ofsted also takes into account the spiritual, moral, social, and cultural development of pupils, and the extent to which the education provided meets the needs of all pupils, in particular disabled pupils and those with special educational needs. The percentage of Suffolk schools currently judged by Ofsted as 'Good' or 'Outstanding' is 88% (December 2016). This represents an improvement on last year (80%), although Suffolk remains behind the national average (89%).

93. Ofsted inspections of Children's Homes observe settings and then make judgements based on outcomes for children and young people, the quality of care and safeguarding, as well as looking at leadership and management. Inspectors engage with families, parents, and children, using a range of activities and stakeholder interviews. The Council's accommodation programme is managed and monitored by the independent Local Safeguarding Children Board, which reviews practice in line with current legislation and good practice research. In 2016, all five of the Council's children's homes were inspected by Ofsted; two were judged as 'Good', the other three judged as 'Requiring Improvement'.
94. In December 2016, the Care Quality Commission and OFSTED carried out an inspection that looked at how well education services, social care and health work together to identify, assess and meet the needs of children and young people with special educational needs and or a disability. As a result of the inspection, the Chief Inspector of Education, Children's Services and Skills has determined that a written statement of action is required because of "significant weaknesses" in the local area's practice.
95. The Safeguarding Children Board has a statutory duty to undertake reviews of cases where abuse or neglect of a child is known or suspected, or there is cause for concern as to the way in which the Council, its partners, or other relevant persons have worked together to safeguard the child. There were two serious case reviews undertaken in 2016.
96. English Fire and Rescue authorities are required to produce and publish an annual Statement of Assurance. In November 2016, the Audit Committee agreed the 2015/16 Statement of Assurance that outlined the financial, governance, and operational arrangements for the service. This included a statement from Councillor Matthew Hicks (Cabinet Member for Public Health & Protection) which stated "I am satisfied that Suffolk Fire and Rescue Authority ensured that its business was conducted in accordance with the law and proper standards, and that public money was properly accounted for and used economically, efficiently and effectively. I am further satisfied that the requirements of the Fire and Rescue National Framework for England have been met."

Management of the Council's Wholly Owned Companies

97. Suffolk County Council has five wholly owned Companies.
 - i) Vertas – a multi-service facilities management company;
 - ii) Concertus – a property design and consultancy company;
 - iii) Opus – an end to end temporary recruitment solutions company;
 - iv) Schools' Choice – A company which provides services to schools such as payroll, HR and governor services; and
 - v) Sensing Change – provides social work, rehabilitation and support to people with sight and/or hearing loss throughout Suffolk.
98. These companies have been set up to trade independently but remain closely linked with the Council. They each undertake work on behalf of the Council and others within the region providing dividend payments to the Council as the 100% shareholder in the companies.

99. As well as trading with the Council, each of these organisations also trade with other external organisations. In each case, the provision of services to the Council is made via appropriate contract and contract management arrangements. Assurance for these arrangements is provided in the Head of Procurement and Contract Management's opinion in this Annual Governance Statement.
100. Whilst each of the wholly owned companies has its own management team and Board, appropriate governance arrangements have been established to ensure that the Council's interests remain protected.
101. Vertas, Concertus and Opus are incorporated into Suffolk Group Holdings Limited which was set up in 2015. The role of Suffolk Group Holdings is to support the growth, synergy opportunities and development of those three companies, and any future companies which may be established.
102. Suffolk Group Holdings Ltd reports to the Council's Shareholder Group, members of which are appointed by the Political Group Leaders. The key role of Suffolk Group Holdings Limited is to monitor performance against agreed business plans and strategically guide the wholly owned companies following guidance from the Council's Shareholder Group.
103. Schools' Choice was established as a wholly owned company in January 2017 and for its first year of trading it will operate outside of Suffolk Group Holdings Ltd. Governance is therefore overseen by a shareholder group made up from senior officer representatives from the Council. It is the intention that Schools' Choice will be incorporated in Suffolk Group Holdings from April 2018.
104. The governance arrangements for Sensing Change are different to the other wholly owned companies as its primary role is to provide cost effective statutory Social Services as opposed to generating a dividend for the County Council. Those arrangements are governed by a formal service contract, which includes the governance of the company and that contract is managed by Adult & Community Services.

ACTIONS TAKEN IN 2016/17

105. The Council's ten Transformation Programmes and seven Enabling Programmes have delivered a great deal in terms of savings, performance and outcomes. The Council has been successful in reshaping and transforming services, introducing new practices, and reorganisations to improve or maintain the service to our customers in the face of financial austerity. The Chief Executive affirms that the list of achievements across the programmes is long, and staff across the Council should be proud of the outcomes and benefits.
106. This work will continue until the programmes have achieved their outcomes, and it's important that the momentum and focus is not lost. Some of the programmes have already started to move towards closing down: Local Response, the Waste programme and the Public Protection Organisation Development programme have met or exceeded their objectives a year early and are moving into business as usual.

SIGNIFICANT ISSUES / KEY RISKS

107. Government is hard wiring incentives for local government to put growth at the heart of its priorities: Business Rate Retention; New Homes Bonus; Community Infrastructure Levy; and the end of the Revenue Support Grant set expectations that local public services will be funded by local tax income. This presents a new set of challenges in making sure locally raised funding and its distribution across the county meets local needs. As such, there is a need to review the focus of transformation across the Council. Following elections in May 2017, the following themes could become the Council's focus for future transformation:

i) **Inclusive Growth.** CMT lead Geoff Dobson

This theme is about leading on the building of houses, stimulating business growth and ensuring a suitably skilled workforce. This is critical to local authorities in Suffolk having enough money to provide services in the long term. It is likely to include making sure that communities have access to the right facilities (including schools, healthcare, open space) and the right infrastructure (roads, public transport, broadband) to support growth.

ii) **Health, Care and Wellbeing.** CMT lead Sue Cook

This theme is about bringing together the NHS and Social Care services for the benefit of patients and customers. It is likely to involve more widespread join-up of services in communities, such as GPs and social work teams, and making decisions locally together to keep people healthy and well. It will focus on supporting people to live independently, healthily and safely for as long as possible, which becomes increasingly important as people are living longer than ever before. Technology will become increasingly important in this.

iii) **Value and Impact.** CMT lead Abdul Razaq

The Council has done a huge amount to get the best value for money from the delivery of public services; this theme is about maintaining that momentum and taking it one stage further. It is likely to involve using evidence and information more extensively to manage demand for the Council's services in a joined up way so that those who need services the most, benefit the most from them. It might involve new approaches to market shaping, from housing to care provision.

iv) **Customer Needs and Public Expectation.** CMT lead Allan Cadzow

This theme is essentially about renewing the relationship between the Council, the wider public sector and the people of Suffolk. It is likely to involve encouraging communities to be supportive and neighbourly and developing local solutions to be delivered at a local level. Another aspect will be helping people to help themselves through providing information and assessments quickly and easily via the internet where possible. This will be based on evidence and predictive modelling of customer needs.

v) **Suffolk County Council Staff.** CMT lead Sally Marlow

This theme focusses on making the best use of the Council's best resource; its staff. It will include: shifting the culture and composition of the workforce; engaging and empowering staff; managing performance; and working closer with other public sector organisations. A key focus will be applying 21st Century Public servant principles such as adaptability, coproduction and system leadership.

108. The Council documents and manages its key corporate risks through the Corporate Risk Register. These are reported on a quarterly basis to CMT and Leadership team.

APPROVAL OF THE ANNUAL GOVERNANCE STATEMENT

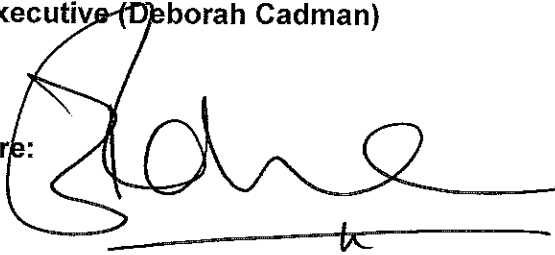
109. We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

110. The Annual Governance Statement provides good assurance of the effectiveness of the Council's system of internal control. No governance issues were found during the year. Specific opportunities for improvement in governance and internal controls contained in the opinions and key risks detailed above have been addressed or are included in action plans for the relevant managers.

111. We are satisfied that these actions will deliver, over appropriate timescales, the improvements necessary and these will continue to be monitored, evaluated and reported on as part of our next annual review.

Chief Executive (Deborah Cadman)

Signature:



Date:

17th July 2017.

Leader of the Council (Councillor Colin Noble)

Signature:



Date:

20th July 2017.

on behalf of Suffolk County Council

