

# **ANNUAL GOVERNANCE STATEMENT**

**2018/19**

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## Annual Governance Statement 2018/19

### 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 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), and Sensing Change, 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 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 2019 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 three corporate priorities of the Council. The priorities (covering 2017-21) give a clear direction for what is important politically and how that feeds into the work the Council does every day. The three priorities focus on:
    - I. Inclusive Growth** (Suffolk needs to improve its economic productivity, levels of educational attainment, and build more homes – ensuring that everyone benefits, including people who are vulnerable and facing disadvantage).
    - II. Health, Care & Wellbeing** (Caring for Suffolk's vulnerable residents, enabling everyone to live long, healthy and fulfilling lives. Thriving families and communities and thriving economies support each other).
    - III. Efficient & Effective Public Services** (At a time of diminishing resources, increasing demand, and changing customer expectations, we need to change the way that we operate to meet our customers' needs and balance our budget).
  - 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 (the 2018/19 Business Plan was approved at the meeting of the County Council, alongside the budget, in February 2018);

- c) Measuring performance in achieving objectives through the Council's performance management;
- 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 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).

### **Introduction from the Deputy Chief Executive: Chris Bally**

14. This statement sets out the management arrangement and opinions from key officers regarding the governance of Suffolk County Council. Governance and Assurance has taken on an increased importance during 2018/19 following the failures reported at Northamptonshire County Council. County Councils face a particularly difficult financial landscape and the report identifies the importance of appropriate arrangements for setting and managing budgets and the necessary control mechanisms to ensure compliance with the law and good practice
15. From the outset of 2018/19, the Council's structure has included a Corporate Services Directorate which has brought together a number of the assurance, governance and planning functions of the County Council. The Directorate has, as one of its three priorities, to "share expertise to lead corporate processes which keep the council safe; make a difference and add value", and this statement sets out how this has been achieved.

### **Opinion of the Monitoring Officer: Tim Ryder**

16. 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.
17. The role of councillors as community leaders and representatives remains central to the effective operation of the Council. A full election of all 75 councillors took place in May 2017. There has been one by-election during the year, and two councillors have left the Conservative Group. The political groups are now represented as follows: Conservative 50; Labour 11; Liberal Democrat, Green and Independent 13; with one ungrouped Independent.
18. The Council's commitment to ethical values is emphasised through the comprehensive induction programme delivered to all councillors following the elections in May 2017, 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 recently reconvened Councillor Development Working Group, overseen by the Audit Committee.
19. During the year, the Council has introduced Policy Development Panels to support the Cabinet in the development of evidence-based policy proposals, disbanded the Governor Appointments Committee with appointments now agreed by the relevant Cabinet Member, agreed changes to the Corporate Leadership Team, and increased the size of the Education Transport Appeals Committee with a process of sub-committees in order to manage an increase in appeals. Following recommendations made by the Scrutiny Committee, the need for delegations from Cabinet to be more closely defined and time limited has been agreed and incorporated within the Constitution. All updates were considered by the Constitution Working Party before recommendations were made to Council.

20. Nine complaints alleging that councillors had breached the Code of Conduct have been considered by the Monitoring Officer during 2018/19. Eight of these resulted in no further action after an initial assessment and discussion with an Independent Person. The other was referred for independent investigation.
21. The Local Government and Social Care Ombudsman's (LGSCO) Annual Review Letter for the year ended 31 March 2018 was discussed at Audit Committee in September 2018. During the reporting period of the Annual Letter, the LGSCO made final decisions on 87 complaints about the County Council.
22. Of the 87 decisions made, 16 (18%) were forwarded for investigation. Following investigation, 13 of the 16 complaints (81%) were upheld. The remaining 3 complaints were not upheld.
23. 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 Chief Finance Officer (S151 Officer): Louise Aynsley**

24. The statutory role of the Chief Finance Officer (CFO) in relation to financial administration and stewardship of the 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.
25. 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).
26. 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).

27. The most recent Annual Audit Letter from Ernst & Young on 25<sup>th</sup> July 2018 gave the Council an unqualified opinion on its statement of accounts and issued an unqualified value for money conclusion. The auditors were satisfied that the accounts had been prepared properly in accordance with the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.
28. Internal Audit has maintained a financial governance assurance framework, to gain sufficient assurance on governance, risk management and control arrangements throughout the Three Lines of Defence. More detailed audit work has been carried out in 2018/19 on financial controls where risks have been identified. Where concerns have arisen, these have been reported to the CFO, relevant Directors and Audit Committee, with actions agreed. Work has been carried out by the Finance team to review the financial regulations and procedures which are part of the Constitution. In addition, the Schemes of Delegation for each Directorate have been reviewed and updated to ensure they reflect the recent changes in the organisational structure within the Council.
29. The Council has delivered savings in excess of £235m up to 2017/18 and the budget for 2018/19 included a target for planned savings of £23m. These savings have focussed the Council on delivering statutory services in the most efficient and effective way possible but there is little scope for any further such savings. Regular reports have been made to Cabinet throughout the year on the Council's financial position. During 2018/19 the Council has continued to face considerable challenges in the management of the budget. The demand pressures experienced in 2017/18 have continued and containing spending within the budget, whilst maintaining services, is proving difficult. The pressure continues to be felt most acutely in Children's Services where demand for high cost support services continues to increase, and the underlying trend in Adult & Community Services is also a cause for concern. During the year action has been taken across the Council to contain spending pressures and to generate compensating areas of underspend to minimise areas of overspend. However, it will still be necessary to draw on reserves at the year end. Clearly this is not sustainable in the long term. The Council responded to this challenge in 2017 by launching a transformation plan that fundamentally aims to change the basis of service provision and generate associated savings. This transformation plan continues apace, and it was agreed at a full meeting of the County Council in February 2019 that the budget for 2019/20 should incorporate £13.0m of savings from transformation, alongside £10m of tactical savings to be delivered across Council services. It was agreed that these savings are necessary to allow the Council to increase the budgets of both Adults and Children's Services and recognise the cost pressures in these priority areas. The savings required to deliver the budget are very significant and will require continued firm management to ensure their successful delivery. Details on financial risks and challenges facing the Council and the mitigation strategies are contained within the report of the CFO which accompanied the budget.

30. The Council acts as the accountable body for New Anglia Local Enterprise Partnership (New Anglia LEP), an organisation who works with businesses, local authority partners and education institutions to drive growth and enterprise in Norfolk and Suffolk. The Chief Finance Officer is responsible for ensuring that a Local Assurance Framework is in place and it is compliant with the National Assurance Framework and Best Practice Guidance. Jointly with New Anglia LEP, the Chief Finance Officer ensures that value for money and probity is achieved in the use of partnership funding and that all guidelines and procedures, as issued by funding bodies, are complied with. The Chief Finance Officer wrote to the Ministry of Housing, Communities & Local Government in March 2019, to confirm the financial affairs of the LEP are being properly administered.
31. The opinion of the Chief Finance Officer is that the Council continues to operate robust internal controls and good public financial management. Action is being taken to manage financial pressures and develop strategies to meet the long-term financial challenges that face the Council. 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 Chief Finance Officer to exercise her 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 Head of Internal Audit: Peter Frost**

32. The Head of Internal Audit is required to provide an independent opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework and therefore the extent to which the Council can rely on it.
33. An internal audit review of the Council's compliance to the seven core principles of good governance, underpinned by detailed risk, assurance & governance audits, has provided substantial assurance that there are sound governance arrangements in place.
34. 62% of internal audit work completed during 2018/19 has yielded an acceptable level of assurance (substantial or reasonable) over the design and operation of the services, systems and processes audited. For those audit reviews that have presented significant concern, priority findings on the whole have been appropriately addressed. Any outstanding weaknesses in the governance, risk and control framework will continue to be followed up by Internal Audit.
35. Areas currently under focus are how changes to organisational structures / delivery models are impacting on expected controls; whether transformation programmes are starting to deliver the intended savings and operational outcomes; that the Council has the appropriate systems and processes in place to ensure an up-to-date suite of policies and procedures; and building a stronger anti-fraud culture and awareness across the Council.

36. Based on the findings of the managed audit and governance reviews carried out throughout 2018/19 and considering the current climate in which the Council is operating, it is the opinion of the Head of Internal Audit that the Council's control environment provides reasonable assurance that the significant risks facing the Council are addressed and financial administrative systems are effective. Generally, risks are well managed, but some areas require the introduction or improvement of internal controls to ensure the achievement of objectives. Whilst the Head of Internal Audit has certain concerns regarding some aspects of the control environment, these are not considered to be areas of significant corporate concern.
37. Internal Audit is 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.
38. The Head of Internal Audit 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 Anti-Fraud, Bribery & Corruption: Louise Aynsley (Head of Finance)**

39. The Corporate Leadership Team (CLT) are committed to tackling fraud and corruption affecting the Council, by ensuring internal controls are in place to prevent and detect fraud, as well as ensuring robust action is taken where fraud or bribery does occur. The aim is to adopt a culture in which all employees can help the organisation maintain a proactive attitude towards preventing fraud and corruption by reporting corrupt, dishonest or unethical behaviour.
40. In times of austerity, preventing and detecting fraud is even more important to protect the public purse and ensure that funds are used to provide services to the people of Suffolk, meeting the Council's priorities.
41. The Financial Regulations within the Council's Constitution state that the Head of Finance (Section 151 Officer) is responsible for the development and maintenance of an anti-fraud and corruption policy, and that Directors are responsible for ensuring that this policy is implemented within their Directorates. Directors are responsible for ensuring that any suspected fraud is reported to the Head of Internal Audit, who will ensure effective procedures are in place to investigate promptly. In addition, Internal Audit will support Directorates by advising on controls to prevent and detect fraud and help build anti-fraud awareness amongst staff. The Council's anti-fraud and corruption governance framework is made up of the following policies which are reviewed and updated annually:
  - Anti-Fraud and Corruption Policy (part of the Constitution);
  - Anti-Money Laundering Policy;
  - Whistleblowing Policy;
  - Code of Conduct
  - Anti-Bribery Policy
  - Fraud Response Plan.

42. CIPFA's Code of Practice for Managing the Risk of Fraud and Corruption (the Code) sets out the principles that define the governance and operational arrangements necessary for an effective counter fraud response. The Council uses the Code annually to assess the adequacy of arrangements which are reported annually to Audit Committee and action is taken where weaknesses have been identified.
43. The Council has in place the 'Counter Fraud & Corruption Strategy 2018-20', which was approved by the Corporate Leadership Team, who requested that Internal Audit deliver it. Work by Internal Audit within 2018/19, has followed the Strategy's action plan with a specific focus on raising fraud awareness with staff and conducting proactive exercises with the specific remit of trying to identify potential fraud or theft. Internal Audit regularly provide progress updates to the Head of Finance, the Monitoring Officer, the Deputy Chief Executive and the Audit Committee.
44. Internal Audit has coordinated the data collection and submission (October 2018) for the bi-annual Cabinet Office led National Fraud Initiative exercise, with matches becoming available in February 2019. The process of prioritising and working through matches has begun and regular updates on outcomes are reported to Audit Committee.
45. Any allegations of potential fraud or irregularity that are reported to or identified by Internal Audit, are recorded on a central register and investigated as appropriate. The Head of Internal Audit closely monitors any emerging trends and will escalate, if needed.
46. The opinion of the Head of Finance is that there are adequate arrangements in place to manage the risks of fraud and corruption, and further work is planned to strengthen these through the Strategy. This will be monitored, and progress reported.

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

Performance

47. Robust performance management is an essential component to running efficient and effective services. Monitoring performance against agreed priorities and targets is a vital way to ensure the organisation continues to deliver efficient and effective public services. The Council uses national and local data to manage performance and inform decision-making and budget-setting processes.
48. Performance reporting is well-established throughout the Council's various tiers of management, overseen by the Corporate Planning & Performance Board which includes representatives from all directorates and various corporate functions.
49. A suite of key performance measures is included in the Council's Business Plan, which is approved annually alongside the budget. Aligned to the organisation's priorities, these measures allow citizens to monitor the progress towards achieving the priorities and associated performance targets in a transparent way.

50. Quarterly corporate performance reports are considered by the Corporate Leadership Team and Joint Leadership Team and bring together a wide range of performance data and wider intelligence relating to service performance, corporate health and change and transformation. The Council's Scrutiny Committee receives a summary of each report, which allows the Committee to have oversight of organisational performance and inform the development of its forward work programme. Furthermore, the summary is also published on the Council's Open Data portal.
51. Each Directorate Management Team has its own performance reporting arrangements aligned to both specific business need and the overall corporate approach.
52. A number of online benchmarking resources and tools provide comparative statistical data to help local authorities monitor and assess their performance. These include the LGA's 'LG Inform' service, NHS Digital (health and social care data), the Public Health Outcomes Framework, Local Authority Interactive Tool (children's social care data), and NOMIS (local labour market and economic statistics). Locally, the Suffolk Observatory holds a wealth of performance and statistical information and reports about Suffolk. Comparative data from such sources are incorporated into relevant performance reports.
53. The Council is required to submit a number of statutory data returns to Government, which often support regulatory and inspection processes. The data used in statutory returns provides a reliable source of information that can be benchmarked with other areas.
54. The Council publishes data and information as part of its obligations under the Local Government Code of Transparency, including information on staff salaries and structures; councillor allowances; finance, expenditure and contracts; property and land assets; and fraud. Furthermore, the Freedom of Information Act requires every council to produce a publication scheme, approved by the Information Commissioner, and to publish information covered by the scheme. The Council is fully compliant with these requirements. The Council also publishes a wide range of additional data through the Open Data Portal to enhance transparency and accountability.
55. 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. A joint approach to information, intelligence and insight is adopted whenever possible through partnership bodies (such as the Suffolk Office for Data & Analytics), and co-ordinated activities are commissioned as required (e.g. Suffolk +20).
56. Although there is no longer an overall inspection or single regulatory process for the Council, some individual services (especially adult and children social care) continue to be routinely and robustly regulated by external bodies such as Ofsted and the Care Quality Commission. At its meeting on 12 March, the Audit Committee received the Performance and Risk Management Annual Report which sets out in more detail the regulatory processes governing local authorities and fire and rescue services.

57. The Council underwent a Local Government Association 'Peer Challenge' in February 2019 (part of the LGA's sector-led improvement programme), with the aim of helping the organisation understand where it needs to improve and celebrate good practice. The review considered various aspects of leadership, capacity, planning and governance and included a focus on the Council's Transformation Programmes and the commercialism agenda. The report will be received early in the 2019/20 financial year and will be reported, along with an action plan, to the Cabinet.

### Risk

58. The Council's overall approach to managing risk is based on the Active Risk Management (ARM) model which has been in operation for a number of years. ARM is a flexible and common-sense system that aligns to the 'three lines of defence' governance framework, and which allows a consistent approach to be adopted across the organisation. Guidance and support on risk management is available on the Council's intranet (mySCC), and an e-learning training module is available for all managers to access. Further bespoke support and guidance for risk owners is provided by the Council's Performance & Risk Manager.
59. Risks are categorised into three distinct levels: corporate, strategic, and operational. All corporate risks are recorded on the risk management database (JCAD Risk), the Council's centrally-managed risk register. JCAD provides a coherent and consistent approach to managing risk across the organisation. All Corporate risks either have a director or senior manager as the designated risk owner.
60. Each quarter, the Corporate Risk Register is presented to the Corporate Leadership Team and Joint Leadership Team for review. Furthermore, a comprehensive review of the corporate risk register is undertaken annually to assess the continued relevance and suitability of existing risks and to ensure the register takes account of significant national and local policy developments. The outcome of the annual review is approved by both the Corporate Leadership Team and Joint Leadership Team.
61. Each Directorate Management Team has its own risk management arrangements, although all directorate risk management processes are aligned to the Council's agreed overall ARM approach. This allows a degree of flexibility to ensure that risk management processes align with directorate business need and circumstances.
62. The Council's Internal Audit Team reviewed the Council's corporate risk management process in March 2018. The audit provided assurance that risks on the Corporate Risk Register are being actively managed with mitigating action plans in place. Some process improvements were identified which were then implemented.
63. An Annual Performance and Risk Report was presented to the Council's Audit Committee in March 2019 and the Committee were satisfied with the performance and risk management arrangements in place.
64. The opinion of the Deputy Chief Executive is that the Council's arrangements for the management of business performance and risk at this current time are effective.

## **Opinion of the Interim Head of Human Resources: Jeanette Bray**

65. The Council has a comprehensive range of workforce policies and associated supporting guidance and procedures. These are all available to staff and line managers through askHR. Policies, guidance and procedures are routinely monitored to ensure changes in legislation and / or best practice are incorporated and they reflect and support the organisation's priorities.
66. Performance against relevant indicators such as absence; spend on contractors / interims; and pay bill are reported to CLT and subsequently the Leadership Team on a quarterly basis. Additionally, Directorate Management Teams receive more detailed information pertaining to their workforce as required.
67. The level of absence within SCC was identified as an area of concern and requiring further exploration through the Council's routine performance reporting process in 2018/19. This has led to significant changes in policy and arrangements for monitoring absence. Following wide consultation, a new Absence Policy was introduced in January 2019 which provided greater clarity and increased rigour around absence management for employees and managers. Extensive guidance and support materials have been developed and promoted and training is being delivered to all managers to ensure they fully understand the new policy and requirements. Attendance levels in the early webinar training sessions have been excellent and early feedback has indicated that they have been very well received and improved confidence among managers in this area. In addition, planning to introduce the Bradford factor as a new mechanism to monitor absence was successfully concluded following extensive union consultation and is in place to be introduced from 1 April 2019. This will be result in all managers receiving clear monthly reports on absence levels. There are some early indications that absence is beginning to reduce across the organisation, with the absence rate for 2018/19 at 5.14% compared to 5.31% in 2017/18 .
68. The Council's People Strategy outlines the strategic workforce priorities for the Council and further articulates expectations of the workforce at a strategic level, as well as ensuring the diminished resources in HR are alignment to the areas, they can add the most value, including Our Priorities 2017-21 and the Transformation Programmes. An action plan underpins the Strategy, and both have been signed off by Leadership Team.
69. The Staff Survey 2018 provided evidence of the impact of the People Strategy, the Health, Safety and Wellbeing index alongside the more embedded indices of employee engagement and ASPIRE. The survey results were positive overall and identified areas of high performance within the Council, along with areas which required improvement. Actions plans have been developed within Directorates, as well as CLT members leading specific actions linked to crosscutting themes identified through the survey.
70. Performance management is well-embedded across the Council, as evidenced from staff survey results, and a link between performance and reward will be clearly established from 01 April 2019 through a collective agreement. Support is provided to help people get the most from performance management in a way which focuses on outcomes as well as behaviours. The Code of Conduct, directorate performance descriptors and ASPIRE values are readily available to the workforce and are referenced when new staff join the Council.

71. Support for operational managers to deliver their services is provided from HR through on-line resources with more hands-on help available for the matters that managers cannot resolve for themselves. MyLearning provides a range of developmental support aligned to the 21st century public servant. These resources support the need to have capable leaders and managers who ensure delivery whilst balancing the health, safety and wellbeing needs of their teams with less people and less money. The Council has also taken advantage of the Apprenticeship reforms and is increasingly utilising Apprenticeship Levy funds to support leadership development.
72. 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.
73. The Interim Head of HR is satisfied that there are sound processes and procedures in place to ensure that the workforce is managed effectively, as evidenced by the People Management Assurance framework completed annually.

#### **Opinion of the Chief Technology Officer: Krishna Yergol**

74. The Council's Information Technology (IT) Strategy has now been developed 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.
75. Alongside the Council, the Suffolk IT Service provides support to partners including Mid Suffolk and Babergh District Councils, Vertas, Schools Choice and individual Schools and Academies.
76. The Council continues to collaborate with other public service organisations in Suffolk, including increasingly closer ties and project work with its health colleagues. The Council has successfully tendered for a new pan-Suffolk network (Suffolk Cloud) with the Council as the Anchor Tenant and 2 NHS Acute Trusts, Clinical Commissioning Group, Ipswich Borough, East Suffolk, West Suffolk, Mid Suffolk and Babergh District Councils in partnership to create one single public sector network throughout Suffolk. This has achieved savings and will continue to do so due to efficiencies of scale to the current costs of the network and allow for better collaboration between all the organisations involved in the service.
77. The IT Service has delivered against capital programmes and continues to progress key elements in the IT Strategy and has achieved compliance with national mandated IT regimes.
78. The Council continues to be compliant with Public Services Network (PSN) and Payment Card Industry (PCI DSS) regimes, which allows the provision of essential services like the issuing of Blue Badges and taking card payments for services. The Council completed the LGA Cyber Stocktake in 2018 and were given a rating of green / amber (65-79%).
79. Furthermore, the Council undertakes an annual self-assessment for connectivity to the HSCN (previously the N3 NHS network) using NHS Digital's Data Security and Protection toolkit (DSP), to measure compliance with the legal rules, requirements and standards relating to all aspects of information governance, including the Data Protection Act and the Freedom of Information Act.

80. The Council has continued to develop and improve its IT / cyber security processes, technology, and resilience during 2018. The Council has also implemented the National Cyber Security Centre's password advice with the introduction of additional controls and alerts which have allowed the network password reset period to be extended from 42 days to 365 days. A Cyber-Security apprentice has now been in position for a year and this resource has been invaluable in assisting the IT Security Manager with daily security checks, cyber threat analysis and investigations. Perimeter security has been replaced with updated devices and the Council's internal firewalls have been upgraded.
81. It is the opinion of the Chief Technology Officer that the IT Services and technology assets of the Council are run effectively, efficiently and economically.

**Opinion of the Head of Information Governance: Peter Knight**

82. Information governance in the County Council is overseen by the Corporate Information Governance Board (CIGB) which meets quarterly and includes representation from all directorates. The primary purpose of the CIGB is to drive and oversee the ongoing development of strategies to ensure the Council has effective information governance and assurance arrangements in place. The CIGB is supported by service-specific information governance boards in both Children & Young People's Services and Adult & Community Services.
83. The Council has key individuals who have specific roles and responsibilities with regard to information governance, including:
- Head of Information Governance – leads the Information Governance team that develops the overall information policy and assurance framework, provides advice, guidance and training for staff, and monitors compliance;
  - Senior Information Risk Owner – senior manager with overall responsibility for the organisation's information risk policy (this role is undertaken by the Deputy Chief Executive in the Council);
  - Data Protection Officer – responsible for overseeing data protection strategy and ensuring compliance with legislative requirements;
  - Caldicott Guardians – senior officers in Adult & Community Services and Children & Young People's responsible for protecting the confidentiality and use of people's health and care data.
84. The Council also has a network of Strategic Information Agents (SIAs) across the organisation who promote and encourage best practice within their service areas on information management. They also act as the liaison officers for their service areas for the processing of Freedom of Information (FOI) and Environmental Information Regulations (EIR) requests. Training for SIAs is provided on an ongoing basis.
85. Advice and guidance relating to different aspects of information governance is available on the Council's intranet (mySCC), and bespoke advice is available from members of the Information Governance team.
86. Information Governance officers also work closely with colleagues from other Suffolk local authorities and other partners, e.g. through the Suffolk Office of Data & Analytics (SODA) and Clinical Information Assurance Group (CIAG), to ensure that information can be shared safely and appropriately between organisations.

87. Information governance has assumed a higher profile than ever before in 2018/19 with the implementation of new data protection legislation which came into force in May 2018. Considerable effort and resources have been devoted to preparing the Council for the UK Data Protection Act 2018 and the EU General Data Protection Regulation. The Council holds a vast amount of personal data, much of which is highly sensitive, and an action plan was developed and implemented to ensure the Council responded proactively to the new duties and requirements. Post-implementation progress is monitored via a compliance plan.
88. Examples of specific activities undertaken in the last year in response to the new legislation include:
- Revised security incident management arrangements.
  - Enhanced secure email systems.
  - Mandatory e-learning training on information management and security for all staff, and face-to-face data protection training for key staff.
  - Data protection guidance for County Councillors.
  - Revised information sharing assurance arrangements, and associated guidance and documentation.
  - Corporate and service-specific privacy notices published.
  - Information risk assessment processes, including Data Protection Impact Assessments for projects.
  - Information Asset Register developed, and Information Asset Owners identified for all information assets held by the Council.
  - New suite of information-related policies and guidance.
89. The increased awareness of the rights of citizens to access information about themselves or organisations as a result of the new data protection laws has resulted in an increase in the number of Subject Access Requests (SARs) and FOI / EIR requests received by the Council over the last year. This increased demand has placed considerable pressure on the organisation and achieving statutory compliance rates is proving a challenge. This has resulted in a risk relating to SARs being added to the Corporate Risk Register in 2018/19.
90. FOI / EIR, SAR and security incidents compliance is monitored regularly by the Corporate Information Governance Board. It is also reported as part of the quarterly corporate performance report to the Corporate Leadership Team and the Joint Leadership Team.
91. Internal Audit undertook an Assurance Review of Information Governance in early 2019, which looked at a wide range of information governance control areas. The overall opinion was that there was Sufficient Assurance in place with “appropriate structure, governance and plans for information governance”. There were some areas for development identified, notably in relation to records management, third party contracts and resourcing for information projects. Actions in relation to these areas have been agreed and will be implemented during 2019/20. More in-depth audits of specific elements of information governance and security are undertaken as required.

92. There are also various forms of external assurance that the Council is subject to. IT has mandatory annual inspections to facilitate access to various networks and systems, such as the Surecloud IT Health Check, Public Service Network (PSN) Compliance and Cyber Essentials certification. In addition, the new Data Security & Protection Toolkit is a comprehensive evidence-based self-assessment that has to be successfully completed annually to allow the Council to have access to health systems and networks.
93. The Head of Information Governance is satisfied that the information governance arrangements in place are effective in protecting the Council's information assets.

**Opinion of the Head of Commercial (Corporate & Infrastructure): Richard Hall**

94. Approximately 75% of the Council's spend is now made externally to suppliers through over 2,000 contracts held by Service areas. Effective Contract management is therefore crucial to the future success and stability of the Council. Contract management is a delegated function undertaken within Service Directorates across the Council, with the Commercial Team providing an overview and professional support, as well as direct management of several corporate contracts.
95. During 2018/19, face to face training in contract management has been provided for any staff new to role or who need refresher training in effective contract management. A total of 45 staff were trained in-year, with very positive feedback from attendees.
96. The Commercial Team has developed and introduced a "Basic Ask", which is a list of essential contract management activities to be undertaken, by contract managers during each phase of a contract's life. A review undertaken in January 2019, confirmed that contract managers across the Council are complying with these principles in contract management activity.
97. The Commercial Team has brought an enhanced professional focus on the higher value and higher risk contract activities and several complex tenders were awarded as highlighted in this report. During 2018/19, the Commercial Team has further developed its support offer for services undertaking quotations and tenders below the EU tender threshold. A range of guidance materials, templates and face to face training was introduced to help anyone undertaking their own procurement. This is backed up by professional advice and support from the Commercial Team as required.
98. A recent internal audit report on compliance with the Council's Procurement Rules resulted in staff across the Council being reminded of their obligation to comply, that the rules are in place to protect the Council and how to access advice, guidance, training and help with quotation and low-value tendering processes.
99. Other activities have continued across the Council to assist staff with managing the commercial agenda. Examples include:
  - a) Promotion of the 'Licence to Procure' e-learning course;
  - b) Provision of a range of e-learning and face to face training for staff in undertaking Quotations and Low Value Tendering;
  - c) 'Understanding the Tender Process' free training for suppliers;
  - d) Advanced contract management training;

- e) Promotion of contract management guidance and training on the Council's intranet;
- f) System training in the use of Suffolk Sourcing, electronic tendering suite and contract management functionality;
- g) Updated Supplier Charter added to the Council's external website;
- h) A Social Value network to embed the Council's Social Value policy into commissioning practice.

100. During 2018/19, the Council has awarded several major contracts including:

- a) Healthy Child Services (0-19) - £88.2m;
- b) Social Impact Bond for Edge of Care Services - £7.7m;
- c) Day, Evening and Waking Nights Framework - £45m;
- d) Lake Lothing, Third Crossing - £60m;
- e) Wide Area Network (WAN) – up to £75m;
- f) Dynamic Purchasing System (Passenger Transport) - £175m.

(n.b. values are for the duration of the contract)

101. The Commercial Team also focussed on support for the Growth Agenda in Suffolk and has attended six meet the buyer and training events in conjunction with the Chamber of Commerce, aimed at encouraging local businesses to tender for public sector contracts. This work will continue during 2019/20.

102. The Commercial Board is chaired by the Deputy Chief Executive and oversees the commercial activities of the Council as well as oversight of the Commercialism Transformation Programme. During the year, membership of the Board has widened to include; the Cabinet Member for Finance and Assets plus external challenge and support from Local Partnerships and the East of England LGA. A variety of topics have been discussed including transformation projects, contract management (now a focus of each meeting) and consideration of the future commissioning strategy in Adult and Community Services.

103. The Head of Commercial (Corporate and Infrastructure) is satisfied that procurement activities are undertaken effectively within the Council and that appropriate systems and processes are in place to enable contracts to be managed effectively.

**Opinion of the Head of Communications, Consultation & Media: Andrew St Ledger**

104. The Council uses a range of channels to engage with and consult residents, service users, community groups and partner organisations. Considerable thought is given when deciding which channels and methods to use, so that activities are tailored to ensure they are relevant to the audiences. Examples include the website, press releases, social media, newsletters, surgeries with councillors, public meetings, consultation booklets, community events / exhibitions and focus groups.

105. Barriers to engagement (for example understanding complex information and time) are considered when designing communications activities to encourage and support as many people as possible to take part. Two good examples of this in 2018/19 are the way Suffolk County Council engaged people with its Integrated Risk Management Plan and budget consultations. Video content, social media, infographics and new interactive software 'thinglink' were used to help people to engage with the information.
106. Over 20 formal corporate consultations have been carried out on a wide range of services in 2018/19, including the Citizens Advice, Lowestoft Records Office and the 2019/20 budget setting process. In addition to this, a further 20 consultations have been undertaken within directorates with support from the communications team as required. Examples of these include local road planning consultations and school planning changes. Audiences included residents, partners, services users and council tax payers. Through these consultation processes, the Council provided good opportunities for people to be aware of, and take part in, key decisions.
107. A management restructure in Corporate Services in 2018/19 has brought the communications team and consultation and engagement team together. They are now one team, reporting to the Head of Communications, Consultation and Media. This will strengthen already very close working relationships. This follows two key reviews of the ways in which we consult (carried out by the Scrutiny Committee and the Democratic Society). A further session with the Scrutiny Committee is planned for May 2019. Improvements have already been made to software used and advice and guidance made available to staff. The Council's website outlines the way in which we consult, with whom and why.
108. The communications team is represented on the Council's Strategic Equalities and Inclusion Board. This is helping to improve the approach to engagement with people with protected characteristics. The 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. Appropriate technical documents are made available to enable those who wish to explore the subject in greater detail to do so.
109. Consultations include a range of feedback methods to ensure anyone wishing to take part can have their say in a way that fits their needs. All views are collated, analysed and reported so that decision makers can consider all evidence before policies are agreed, resources are allocated, or action is taken. The most notable example of this in 2018/19 was the Council's annual budget consultation. This consultation received over 1,300 responses from a demographically representative sample. A substantial part of this sample was achieved by focusing on underrepresented groups, comparing real time live results with demographic data for Suffolk's population and in turn using this intelligence to create social media boosts targeting these groups. At the same time, it remained important to ensure awareness by those less able to access technology. These groups were made aware of the consultation through alternative channels such as printed press coverage, radio and with hardcopies available in libraries, Citizen Advice offices, other local government buildings and on request from our customer services team.

110. The Council's Integrated Risk Management Plan consultation is an example of using different methods to engage the public. Five public events at supermarkets around Suffolk were held with over 700 people being engaged face to face. The Council also secured 5,500 interactions with the content via social media (Facebook and Twitter). An online video promoting the consultation has been viewed 20,000 times.
111. People are more likely to engage with the Council if they feel like their contribution will not only be listened to but is also likely to impact on the outcome. There is evidence of this happening. For example, the recent Citizens Advice funding consultation received a high number of responses with the majority concerned about the impact of proposed funding reduction on the service. This response was an important part of the subsequent and successful efforts to seek an alternative funding source for Citizens Advice.
112. In 2017/18, an internal audit was carried out looking at Suffolk County Council's openness and approach to stakeholder engagement. The audit concluded that the overall level of assurance was sufficient and that "consultation guidance, covering stakeholder engagement exists and there is evidence that, where consultations have taken place, views of all groups, competing demands and needs of future generations are considered, which feed into the decision-making process". Some inconsistency in publicly-available information was identified which has now been addressed.
113. The Head of Communications, Consultation & Media is satisfied that Suffolk County Council is effective at engaging people in Suffolk. This is achieved 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 take part and appropriate channels by which to respond - in order to influence the decisions made by the Council. Among key decision makers within Suffolk County Council, there is a positive presumption towards meaningful and accessible consultation and engagement with residents, service users, partners and staff, especially when essential frontline public services are concerned. This is evidenced by the volume of consultation and engagement activity delivered in 2018/19, the decision to run a council-wide staff survey and the expansion of the Leader's successful 'We Are Listening' engagement events programme.
114. Suffolk County Council faces continued financial pressure and, therefore, increasingly difficult decisions in the coming years. Therefore, even more can and must be done to improve the way residents and service users are engaged with. The continued need for change makes engagement with people even more important. Suffolk County Council must maintain a consistent approach to engagement throughout, or risk inequality of access and opportunity being created. It must also maintain its audience-focused presumption, and not rely to a 'one size fits all' approach which is easier to deliver but often ineffective. Suffolk County Council is therefore developing a consultation and engagement strategy and charter, which will be published in 2019/20 and inform key discussions and actions.

**Opinion on the arrangements for Equalities & Inclusion: Christine Geeson  
(Head of Localities & Partnerships)**

115. As a public authority, the Council has a duty to comply with our legal duties under Section 149 of the Equality Act 2010, the Public Sector Equality Duty (PSED); and the Equality Act 2010 (Specific Duties) Regulations 2011. The Strategic Equalities and Inclusion Board (SEIB) comprised of Councillors, senior managers, Trades Union and staff network representatives, is chaired by the Cabinet Lead for Equalities and Inclusion and has oversight of the Council's activities for this area of work.
116. In order to ensure the Council is paying due regard to the PSED, the Equality Impact Assessment (EIA) process is used to support good decision-making by ensuring the Council considers how different people will be affected by our activities, helping to deliver policies and services which are efficient and effective; accessible to all; and which meet different people's needs. EIAs are reviewed, and advice provided to EIA authors, by the EIA Review Group. Data is provided to the SEIB and included in the quarterly Corporate Performance Report to demonstrate which areas of work have followed the EIA process as part of planning for service and policy changes. EIAs are published on the Council's website. There were 65 EIAs completed in 2018-19, of which four were full EIAs and the remaining 61 were EIA screenings.
117. The PSED is non-delegable, so always remains the responsibility of the Council. Guidance has been provided to commissioners to include the PSED requirements during commissioning, procurement and contract management to ensure that the service provider has due regard to the obligations contemplated by section 149 of the Equality Act 2010 to eliminate discrimination, advance equality of opportunity and foster good relations, proportionate to the service being delivered as set out in the contract. This will include demonstrating equalities in employment and delivering services that are appropriate to meet service user needs.
118. The specific duties require the Council to publish relevant, proportionate information demonstrating compliance with the Equality Duty; and to set specific, measurable equality objectives. The SEIB agreed the current four corporate equality objectives in April 2018:
  - a) Ensure all those who form part of the Council take into consideration equalities and inclusion in every aspect of our work and how we behave towards others.
  - b) Ensure the needs of people with protected characteristics are considered when making changes to policies or services.
  - c) Ensure that within a locality working approach the voice of all communities are heard when decisions are being made.
  - d) Empower more people with protected characteristics to live safe, healthy and independent lives.
119. Each Directorate provides quarterly updates on activities that contribute to meeting these objectives and examples of activities are included in the Corporate Performance Report. An annual summary of the corporate equality objectives activities is published on the Council website. Alongside this, the Workforce Equality Information Report is published in January each year, setting out the profile of the Council's workforce.

120. The Head of Localities and Partnerships is satisfied that processes are in place to enable the Council to meet the requirements of the Equality Act 2010.

**Opinion of the Head of Health & Safety: Paul Butcher**

121. 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 Leadership Team. The vice chair is a member of Cabinet and their health and safety champion.
122. The SHAW Board oversees and reviews the measures taken to ensure the health, safety and wellbeing of staff and those affected by the Council's activities on behalf of the Corporate Leadership Team. In particular it monitors the progress of the Safety, Health and Wellbeing Strategy 2016-19 which has four themes with each led by members of the Board. The themes are Procurement and Contract Management, Schools, Working Well for Suffolk (the Council's corporate staff health and wellbeing programme), and SHAW Culture. The strategy includes a set of performance measures monitored by the Board. The SHAW annual report is approved by the Board and endorsed by the Corporate Leadership Team in June each year before being presented to the Full Council in July.
123. For the last five years, the Council has benchmarked its health and safety performance through the Royal Society for the Prevention of Accidents (RoSPA) Occupational Health and Safety Award scheme. In 2018, the Council received its third Gold Award, in recognition of the ongoing progress made over the previous 12 months.
124. 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.
125. The Council's health and safety management function is subject to Health and Safety Executive (HSE) scrutiny. There is one ongoing investigation relating to an asbestos incident at a school in late 2016. The HSE has concluded their investigation following a swimming pool incident at a school in May 2017 involving a child where a charity had hired the facilities. The charity was reprimanded by the HSE and no action was taken against the Council. The last improvement notice served on the council was in January 2011.
126. The Head of Health & Safety is satisfied that health and safety is managed effectively as part of the Council's ongoing improvement cycle.

**Management of the Council's Wholly Owned Companies: Chris Bally (Deputy Chief Executive)**

127. The County Council operates 4 Wholly Owned Companies. Three are grouped under a holding company, Suffolk Group Holdings Limited. They are:
- 1) Concertus – a property design and consultancy company;

- 2) Vertas – a multi-service facilities management company, including the ‘Schools’ Choice’ service;
  - 3) Opus – an end-to-end temporary recruitment solutions company.
128. The remaining company is Sensing Change which provides social work, rehabilitation and support to people with sight and / or hearing loss throughout Suffolk. Governance arrangements are through a formal service contract, which includes the governance of the company and that contract is managed by Adult and Community Services.
  129. Each of the companies in Suffolk Group Holdings Ltd has its own management team and Board and are incorporated into Suffolk Group Holdings Limited, which was established in 2015. Suffolk Group Holdings Ltd is there to support the growth, synergy opportunities and development of the three companies.
  130. The companies in Suffolk Group Holdings Ltd trade and operate independently but remain closely linked with the Council as the Shareholder. They each undertake work for the Council and provide dividend payments to the Council. As well as trading with the Council, each of the companies also trade with external organisations. In each case, the provision of services to the Council is made via appropriate contract and contract management arrangements.
  131. Assurance and governance is managed closely and has been improved during 2018/19. At its meeting on 25 November 2018, the Audit Committee recommended that the Shareholder Advisory Group adopt revised best practice Terms of Reference and concluded that it is satisfied with the governance and assurance arrangements currently in place for Suffolk Group Holdings Ltd. The Shareholder Advisory Group adopted the Terms of Reference in December and the new arrangements will see the work of the companies reported annually to the Audit Committee.
  132. In 2018/19, new briefing arrangements have been put in place between officers and the Shareholder Representative and the Shareholder Group. This commences with a briefing to the Deputy Chief Executive, Monitoring Officer and Section 151 Officer from contract managers and commissioners of the services provided to the Council from the wholly owned companies. The Shareholder Representative is then briefed prior to the Suffolk Group Holdings Board meeting and the Shareholder Group are briefed by the Shareholder Representative and Deputy Chief Executive prior to the quarterly Shareholder Group meeting.
  133. Suffolk Group Holdings Ltd reports to the Council’s Shareholder Advisory Group, members of which are appointed by the Political Group Leaders. The key role of the Shareholder Group is to monitor performance against the business plans of the companies and strategically guide the wholly owned companies. The Shareholder Group meets quarterly with the senior executives of the wholly owned companies.
  134. The three Suffolk Group Holdings Ltd companies will deliver on their business strategy for 2018/19 along with significant achievements. All three businesses are growing their customer base beyond that of the County Council.

135. The Wholly Owned Companies are an integral part of the Council's approach to commercialism and have proved to be very successful. Governance and assurance arrangements continue to be transparent and robust. An annual report will be prepared to the Audit Committee, between September and November each year, to report back on the activity of the company and the operation of the governance arrangements.

## **External Assurance**

136. The External Auditor's (Ernst & Young) 2017/18 Annual Audit Letter, issued in August 2018, 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 25 July 2018."

### Value for money conclusion

"The scale of savings and service transformation to be delivered by the Authority over the medium term are significant.

The Authority currently has a good level of general fund reserves (£46.066 million at 31 March 2018), which are above the minimum levels range set by the Authority's S151 officer. These provide the Authority with the flexibility to manage its financial position over the short-to-medium term, and reduce the risk that an unexpected overspend, or unexpected one-off item of expenditure, has a detrimental impact on the Authority's financial standing. The Authority plans to maintain this level of General Fund reserves indefinitely.

The Authority also has in place substantial levels of earmarked reserves (£104.855 million at 31 March 2018). These have been established for a number of purposes, including the financial consequences of matters that have not yet arisen or to fund specific service areas / projects. The existence of these reserves provides further evidence of the Authority's prudent approach to financial management.

The Authority achieved c83% of their required savings in 2017/18 and to date the Authority has identified savings of £23.9 million against the budget gap of £26.8 million in 2018/19. Hence a £2.9 million contribution is currently required from the contingency reserve to reach a balanced budget.

However, we understand that the Authority has launched a Transformation Programme that will run from 1 April 2018 to 2022 which will focus on recognising demand pressures on each service directorate and to identify opportunities for cost avoidance versus savings.

Whilst the Authority has continued financial pressures, our review of the budget setting process, assumptions used in financial planning, in year financial monitoring, and the Authority's history of delivering savings plans has not identified any significant matters that we wish to report to you."

Consequently, an unqualified value for money conclusion was issued on 25 July 2018.

137. Finally, English Fire and Rescue authorities are required to produce and publish an annual Statement of Assurance. In November 2018, the Audit Committee agreed the 2017/18 Statement of Assurance that outlined the financial, governance, and operational arrangements for the Suffolk Fire & Rescue Service. This included a statement from Councillor Richard Rout (Cabinet Member for Environment & Public 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 efficiently and effectively. I am further satisfied that the requirements of the Fire and Rescue National Framework for England have been met.”

From 2018/19, further assurance about the performance of the Suffolk Fire and Rescue Service can be drawn from newly established inspections of English fire and rescue services. These have been commissioned by Government and are being delivered through Her Majesty’s Inspectorate of Constabulary and Fire and Rescue Services. Suffolk were a pilot for the new inspection regime in 2018 and Suffolk’s formal inspection will take place in July 2019, with the report expected in November 2019.

## **CONCLUSION**

138. 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 opinion statements above have been addressed or are included in action plans for the relevant managers.

139. For 2019/20, the Council’s actions to be taken are set out within its Business Plan. The plan sets out how the Council will deliver against its priorities, with the key areas of focus being:

### **i) Inclusive Growth**

- a) Continue our transformation of educational standards in Suffolk, and work towards all of our schools being rated ‘Good’ or ‘Outstanding’ by Ofsted;
- b) Continue to champion the protection and enhancement of Suffolk’s natural and historic environment and our adaptation to climate change, to ensure we maximise the benefits our environment will deliver, to our economic growth and health and wellbeing, for now and future generations;
- c) Build further on our strong relationship with the Local Enterprise Partnerships (LEPs), to support business growth and unlock potential for greater growth in Suffolk;
- d) Continue to work with business and education providers to develop the skills needed for future growth; and

- e) Deliver high-quality transport and digital networks to ensure we support growth and increase prosperity.

ii) **Health, Care and Wellbeing**

- a) Work with our partners to help keep Suffolk a safe and welcoming place for everyone to live in, work in and enjoy;
- b) Reduce mental and physical ill health, improving people's ability to live well for longer;
- c) Invest £1 billion to support older and disabled people and their carers in Suffolk, helping them to live safe, active and fulfilling lives;
- d) Support our most vulnerable residents and provide them with the care they need;
- e) Prioritise our spending and maintain a focus on good long-term outcomes for children at risk; and
- f) Work to reduce the different experience of health and wellbeing between our more deprived and more affluent communities.

iii) **Efficient & Effective Public Services**

- a) Maintain our commitment to being a low-tax county council, only asking for more contributions to provide essential services to the people of Suffolk;
- b) Make essential financial savings;
- c) Ensure that the governance arrangements remain appropriate, proportionate and fit for purpose including the implementation of new arrangements for recording delegated decisions and actions in response to motions;
- d) Continue to reshape our workforce and join forces with other public-sector partners to maintain and improve services; and
- e) Respond to customer demand to access services differently.

140. The Council's 2019/20 Business Plan sets out, for each Priority, what will be done in 2019/20 to contribute to the achievement of the Priorities.

141. In addition to delivering on the three Priorities, over the next four years the Council will be creating savings through a suite of nine Transformation Programmes. These were launched in November 2017:

1. Adult alliances
2. Managing demand for adult social care
3. Children & Young People's alliances
4. Supporting those with mental health

5. Special Educational Needs
  6. Managing demand in children's services
  7. Our digital business
  8. Travel choices
  9. Commercialism.
142. Finally, the Council will develop an action plan to respond to the recent Corporate Peer Challenge, in line with the Local Government Association's approach to sector-led improvement. This will be agreed by the Cabinet in the first quarter of 2019/20.
143. The Council documents and manages its key corporate risks through the Corporate Risk Register. These are reported on a quarterly basis to, and reviewed by, the Corporate Leadership Team and the Leadership team.

#### **APPROVAL OF THE ANNUAL GOVERNANCE STATEMENT**

144. 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.

**Chief Executive – Nicola Beach**

**Signature: Signed by Nicola Beach**

**Date: 22 May 2019**

**Leader of the Council - Councillor Matthew Hicks**

**Signature: Signed by Councillor Matthew Hicks**

**Date: 22 May 2019**

on behalf of Suffolk County Council