



Annual Governance Statement 2017/18



This Annual Governance Statement is presented as a joint statement of Babergh District Council (BDC) Mid Suffolk District Council (MSDC)

Introduction

The Leaders of each Council and the Chief Executive all recognise the importance of having good rules, systems and information available to guide the Councils when managing and delivering services to the communities of Babergh and Mid Suffolk.

Each year the Councils are required to produce an Annual Governance Statement which describes how its corporate governance arrangements have been working.

What is Corporate Governance?

Corporate governance is both the policies and procedures in place and the values and behaviours that are needed to help ensure the Councils run effectively, can be held to account for its actions and delivers the best possible outcomes for the communities it services with the resources available.

Babergh and Mid Suffolk District Councils have adopted a Local Code of Corporate Governance that sets out a commitment to corporate governance and summarises the governance arrangements and activities in place to which it accounts to and engages with its communities.

The Local Code reflects the core and sub-principles outlined in the 2016 CIPFA/SOLACE* Framework, 'Delivering Good Governance in Local Government'.

(* CIPFA – Chartered Institute of Public Finance and Accountancy, SOLACE – Society of Local Authority Chief Executives)

The Councils' responsibility in relation to Corporate Governance

Babergh and Mid Suffolk District Councils are responsible for ensuring that its business is conducted in accordance with the law and to proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Councils also have a duty under the Local Government Act 1999, to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Babergh and Mid Suffolk District Councils are also responsible for putting in place proper arrangements for the governance of its

affairs, facilitating the effective exercise of its functions, which include arrangements for the management of risk.

This Statement explains how the Councils have complied with the Local Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework, 'Delivering Good Governance in Local Government'.

The Statement also meets the statutory requirements in section 6 of the 2015 Accounts and Audit (England) Regulations, which requires all relevant bodies to prepare an Annual Governance Statement.

How do we know our arrangements are working?

Governance framework

This Statement builds upon those of previous years. Many of the key governance mechanisms remain in place and are referred to in previous Statements which are available on the Councils' websites.

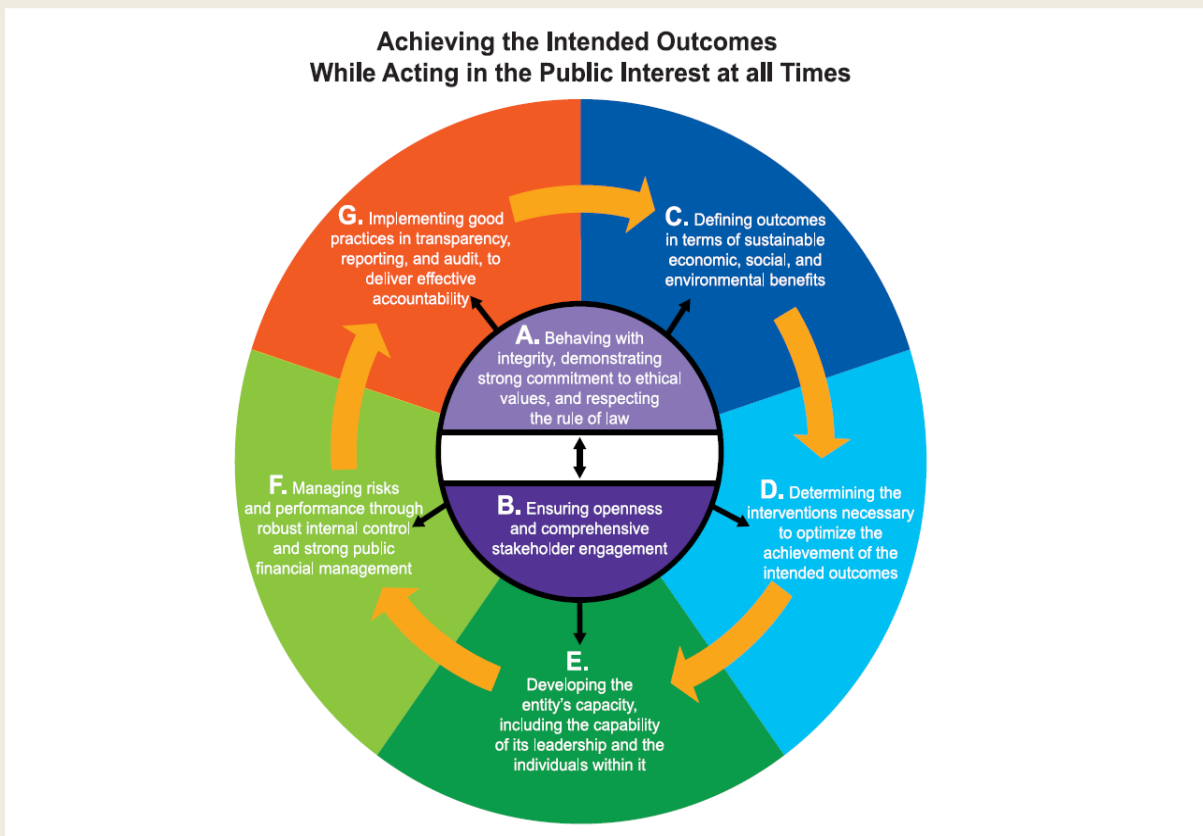
The preparation and publication of the Annual Governance Statement in accordance with 'Delivering Good Governance in Local Government' Framework (2016) fulfils the statutory requirement for the annual review of the effectiveness of systems of internal control and also meets the requirement of 'preparation in accordance with proper practice'.

Assurance Required Upon	Sources of Assurance	Assurances Received
<ul style="list-style-type: none"> • Delivery of Joint Strategic priorities • Services are delivered economically, efficiently and effectively • Management of risk • Financial planning and performance • Effectiveness of internal controls • Community engagement and public accountability • Shared service governance • Project management and project delivery • Commissioning and Procurement processes • Roles and responsibilities of Members and officers • Standards of conduct and behaviour • Training and development of Members and officers • Compliance with laws and regulations, internal policies and procedures 	<ul style="list-style-type: none"> • Constitution (incl. statutory officers, scheme of delegation, financial management and procurement rules) • Council, Cabinet, Strategy, Committees and Panels • Various service policies • Risk Management Strategy and framework • Project management methodology • Strategic Delivery Programme • Outcome focussed performance framework • Medium Term Financial Strategy • Complaints procedure • Head of Paid Service, Monitoring Officer and S151 Officer • HR policies and procedures • Prevention of Financial Crime Policy which includes Whistleblowing and other countering fraud arrangements • Staff and Member training • Codes of conduct • Senior Leadership Team and Extended Leadership Team • Independent external sources 	<ul style="list-style-type: none"> • Regular risk, performance and financial reporting • External audit reports • Internal audit reports • Statutory Officers' Group • On-going review of governance • External reviews and inspectorate reports • Customer feedback • Peer reviews • Council's democratic arrangements incl. scrutiny reviews and the Joint Audit and Standards Committee • Staff surveys • Community consultations

Core Principles of Good Governance

The diagram from the *International Framework*, below illustrates how the various principles for good governance in the public sector relate to each other. Principles A and B permeate implementation of principles C to G. The diagram also illustrates that good governance is dynamic, and that an entity as a whole should be committed to improving governance on a continuing basis through a process of evaluation and review.

A summary of the local arrangements in place for 2017/18 to comply with each of the principles is set out on the following pages.



Principle A: Behaving with Integrity and respecting the rule of law

The Councils' Local Code of Corporate Governance recognises the Seven Principles of Public Life (the Nolan Principles) as underpinning all local government activity.

The standards of conduct and personal behaviour expected of Members and officers, and its partners are defined and communicated through Codes of Conduct and protocols and the Councils' Constitution. Arrangements are in place to ensure that Members and Officers are aware of their responsibilities under these Codes and protocols. Each Council's website outlines the arrangements for making a complaint that a member of the authority has failed to comply with the Council's Code of Conduct and sets out how the Council will deal with allegations of a failure to comply with the Council's Code of Conduct.

The Councils have a Joint Audit and Standards Committee to promote and maintain high standards of conduct by Members and deal with any allegations that a Member is in breach of the Council's Code of Conduct and to consider changes to the Code as required.

The Councils' also have a Prevention of Financial Crime Policy, which includes the Whistleblowing Policy.

The Statutory Officers' Group continues to meet regularly and review processes and procedures as well as any breaches that may have occurred to establish lessons learned. Work is underway to ensure the Councils' readiness to implement the GDPR in May 2018.

Moving forward - A small number of senior officers have been tasked with facilitating the development of a set of core values across both Councils. It is intended that the core values will support the vision, shape the culture and reflect what the Councils value and how we operate. They will be developed in consultation with all staff across the organisation and will then form the essence of the Councils' identity. Establishing strong core values provides both internal and external advantages in terms of decision-making processes and educating our stakeholders. Once established they will underpin how we go about our everyday business.

Principle B: Engaging with People and other Stakeholders

The Councils strive to engage with stakeholders on an individual and collective basis to demonstrate that we deliver services and outcomes that meet the needs and expectations of the public. These arrangements will recognise that different sections

of the community have different priorities and establish robust processes for dealing with these competing demands. E.g. through tenant engagement activities; engagement with our communities including a telephone survey of 4,000 residents; and our 'Open for Business' programme.

The Councils have published an annual report giving information on the Councils' vision, strategy, plans and financial statements as well as information about outcomes and achievements.

The Councils' publication of the forthcoming decision list gives a minimum of 28 days' notice of proposed key decisions to be made by the Cabinet or by officers under delegated authority.

Moving forward – The Councils are refreshing their Customer Access Strategy, which will build on; our vision of improving public access, making it easy for customers to do business with us, ensuring our channels are effortless to navigate, promote individual and community self-service and services which are available when our customers want them. The Strategy will focus on 4 overlapping customer themes including: insight/understanding, access, experience and organisational customer focus. This will ensure we are working towards providing excellent access to our services for customers.

Principle C: Defining Outcomes – The Council's Vision and Priorities

In February 2018 the Councils approved the Joint Medium Term Financial Strategy (MTFS). This confirms the direction of travel, in that the Council continues to develop a business model to respond to the financial challenges.

The MTFS is subject to ongoing review to ensure a clear financial situation can be demonstrated and is supported by quarterly financial monitoring reports to both Cabinets.

The Councils have produced a Joint Medium Term Financial Strategy, which sets out the Councils' approach for delivering our strategic priorities and the management of our finances.

The Councils place reliance on the work performed by our External Auditors to ensure we have put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Performance – Assistant Directors and Cabinet Portfolio Holders have identified the key performance indicators that make up our new outcome performance framework.

The framework is built on a system of tracking and influencing (lead and lag) indicators, focussed on measuring delivery of the Joint Strategic Plan.

Housing Revenue Account (HRA) – summary of the 30-year business and financial plan 2017 update, which last year provided how management of the HRA is being adapted to meet evolving needs and demands and to reflect legislative, financial and technological change. It also sets out a roadmap for the transformation of the role of local authority housing and the HRAs in light of the significant financial challenges caused by changes to government policy, the emerging Suffolk work on housing delivery and the Government’s White Paper ‘Fixing our Broken Housing Market’ to create a sustainable and robust plan for the future. This plan is continually being updated, and in late 2018 a Housing Strategy will be launched detailing the Councils’ vision for housing in the future taking into account the changing landscape.

Economic Strategy for Norfolk and Suffolk (2017 to 2036) - New Anglia Local Enterprise Partnership has since February 2017 been working with local authorities and businesses to develop a new Economic Strategy – providing the blueprint for how the LEP and its partners will work together to deliver economic growth across Suffolk and Norfolk. The partners recognise that by working together, they can create a bigger impact and the Strategy will support this. Once the Strategy has been adopted, action plans (thematic and place-based) will be produced which will influence a wide range of key decisions. This work, and the emerging Suffolk Framework for Growth, will be reflected in BMSDC’s local district level economic, infrastructure and housing suite of aligned strategies. The Councils have adopted their own ‘Open for Business’ Strategy aligned to that of the New Anglia Local Enterprise Partnership’s Economic Strategy.

Leisure, Sport and Physical Activity Strategy (2017 to 2030) – The Strategy has been developed through a cross party Councillor Task and Finish Panel and through consultation with key stakeholders. The Task and Finish Panel established the Councils’ vision, strategic aim and priorities; and identified what the areas of focus for the Councils should be, what the Councils should continue to do, what should be supported and enabled and what the Councils might cease to do. The strategy forms part of an integrated strategic framework and its success will be inextricably linked to decisions and outcomes from other pieces of work that are currently being developed. A key piece of work in this regard is the strategic review of our Leisure Facilities which will identify key decisions relating to the future operation and investment in the Councils’ leisure facilities, some of which have already been made. This is intended to identify ‘invest to save’ opportunities that will provide the Councils with the opportunity to consider redirecting budgets from the Councils’ contract management of its leisure facilities to support the delivery of the wider strategic priorities in the Leisure, Sports and Physical Activity Strategy.

In November 2016, an incorporated group company structure was approved, which included; MSDC (Suffolk Holdings) Ltd; BDC (Suffolk Holdings) Ltd and a jointly owned capital investment company called CIFCO Capital Ltd. To ensure the safe and

effective delivery of the Council's commercial and investment projects and maximise financial returns, both Cabinets approved the set-up of a distinct business unit called BMS Invest.

Subsequently a BMS Invest Governance Strategy was produced setting out the governance arrangements for BMS Invest, including the terms of reference for the Holding Company Boards, audit and scrutiny arrangements and relationships between the Holding Company Boards and any wholly owned subsidiaries. The Strategy details an annual cycle of reviews, reporting and compliance to ensure safe and effective delivery and timely reporting to shareholders.

Moving forward - The Councils will need to develop a procurement strategy by mid-2018 that will set out options for the future management of the Councils' leisure facilities. The future contractual management arrangements will have a greater emphasis on the delivery of the Councils' wider strategic objectives and will be a key factor in the delivery of the Councils' strategy. The Councils will also need to develop an action plan and key performance indicators with its key stakeholders for the delivery of the Leisure, Sports and Physical Activity Strategy.

In addition, the Councils will look to develop an Environment Strategy; Housing Strategy; and Communities Strategy, as well as a refresh of the Councils' Joint Strategic Plan.

Principle D: Determining Interventions: Financial Governance Arrangements

The Medium Term Financial Strategy is under ongoing review to ensure a clear financial situation can be demonstrated.

Financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role and the Chief Financial Officer in Local Government (2016).

Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the separation of duties, management supervision, appropriate staffing structure including appropriately skilled, trained or qualified staff, and a system of delegation and accountability.

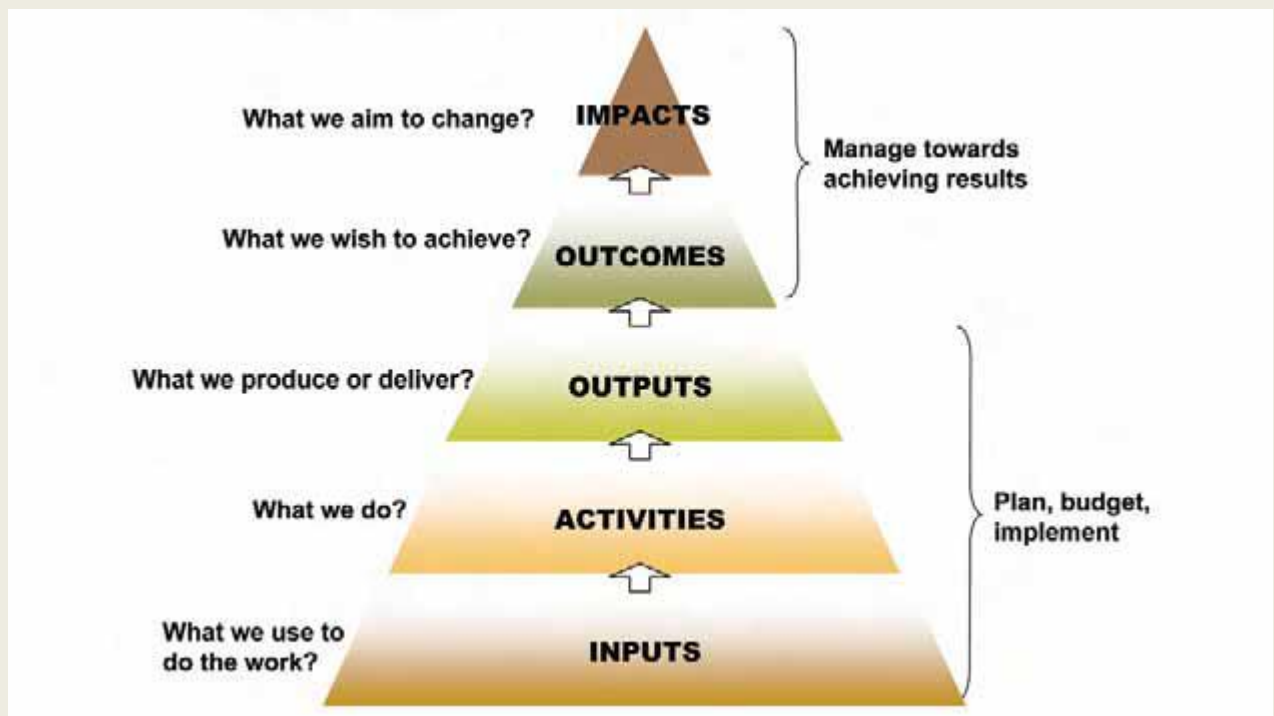
The Councils' framework of internal financial control is supported by Financial Regulations and Contract Standing Orders. The regulations provide the framework for managing the Councils' financial affairs. They set out the procedures that the Councils have adopted for financial planning, budgeting, risk management, auditing, treasury management and procurement of goods and services.

Moving forward – During 2018/19 work will be undertaken to develop a finance strategy 2019-22 and focussed work to deliver a balanced budget for the 3-year period.

Principle D: Determining Interventions: Monitoring Performance

Our outcome performance framework enables officers, Councillors and Communities to track progress against the delivery of the Joint Strategic Plan, understand our key risks and share in the celebration of our achievements. Performance data is available and visible on a quarterly basis, with formal reporting half-yearly to both Cabinets.

The outcome framework shifts us from the traditional measurement of outputs and inputs, to one that focuses us on measuring the desired results and outcomes of our key projects, activities and services, and in particular the impact we have on our communities. It provides a strong evidence base for service improvement and transformation, and facilitates better decision making and the efficient use of our resources.



Our performance approach aligns with our approach to managing our team and individual performance. It helps to embed performance management as the cultural norm, through discussions in team meetings and with individual performance conversations at regular 1-1s.

The Councils have produced a set of achievements for the year and encouraged Councillors to promote these at their Town and Parish Councils. The Councils have also produced an annual set of corporate priorities for internal use.

Moving forward - Specific health of the organisation indicators are being developed with our Senior Leadership Team to ensure regular internal monitoring.

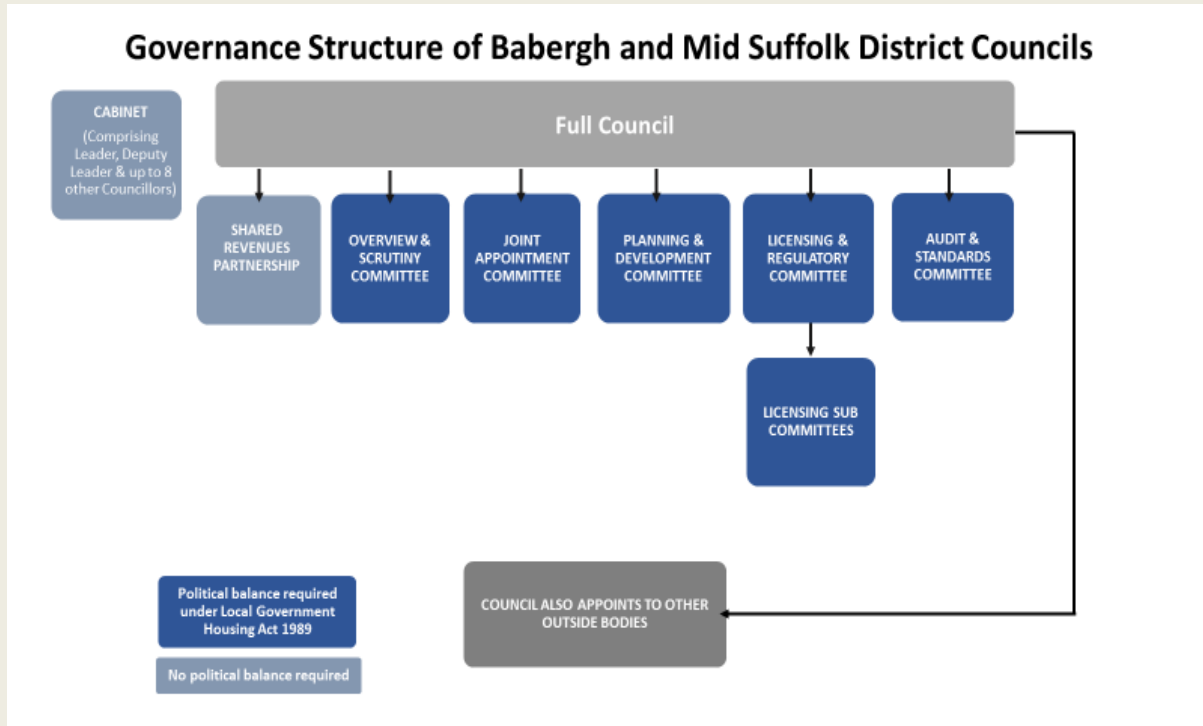
Moving forward – Each service area to produce an annual service plan to give a detailed picture of how the Councils will operate designed to align current delivery arrangements with changing patterns of demand, making the most effective use of available and future resources. Each service plan will detail the following:

- Sets out the key activities the service area delivers;
- Reflects on the key service activity and achievements for 2017-18;
- Sets out the key targets for the service area and the resources allocated to achieve these targets;
- Identifies the main risks and performance measures associated with the delivery of the service;
- Provides a high-level workforce development plan for the service.

Each service plan to be ‘signed off’ by senior management and will be used throughout the year to manage service delivery.

Principle E: Leadership Capacity and Capability – The Council’s Political Management Structure

The following diagram shows the Council’s political structure for 2017/18 which mirrors one another in their make-up. Councillors from each council meet together as a Council. Meetings are generally open to the public and feature a main topical debate item. Each Council has an approved Constitution which details how the Councils operate, how decisions are made and the procedures that are to be followed to ensure that these are efficient, transparent and accountable to local people. The Monitoring Officer ensures that the Constitution remains fit for purpose, that legal requirements are met and that the public interest is paramount in all decision making.



The Councils have moved to a Cabinet model and under its governance arrangements structured its processes and procedures for both Cabinets plus other Committees such as the regulatory ones, to minimise the risk of it acting in contravention of its policies and external laws and regulations.

At present all executive decisions are made collectively by the Cabinet; there are no overarching decision making powers delegated to individual cabinet members. However, there may be occasions where the Cabinet resolves to delegate authority to a single Cabinet Member or group of Cabinet Members in regards to a particular issue.

The Chief Executive is the Councils' Head of Paid Service and is responsible for the Councils' vision and leadership supported by the Senior Leadership Team (SLT). The Chief Executive leads the organisation to achieve demanding strategic goals, ensuring that SLT drives performance that focuses on outcomes and delivery. The Chief Executive has strong and productive relationships with all stakeholders, working especially with the Leaders of the Councils and their senior councillor colleagues.

The Councils also appoint officers, qualified to undertake statutory responsibilities, such as:

- Chief Financial Officer as contained in the Local Government Act 1972 – S151 – responsible for ensuring the proper administration of the Councils' financial affairs; and
- Monitoring Officer as contained in the Local Government and Housing Act 1989 – S5 – responsible for ensuring that decision making is lawful and fair.

Skills required by Members are assessed through the Organisational Development Plan to ensure they are adequately equipped to enable their roles to be carried out effectively.

Skills required by officers are assessed through the appraisal process to identify and address any training gaps, to enable roles to be carried out effectively.

Principle F: Managing Risks – The Councils’ Risk Governance Arrangements

The Councils consider and counter risk across a broad range of areas supported by an approved Risk Management Strategy. As part of good governance, the Councils manage and maintain a register of its Significant risks which are linked to the Councils’ priorities and reviewed and monitored on a quarterly basis.



The Joint Audit and Standards Committee receive an annual report entitled ‘Managing the Risk of Fraud and Corruption’ that provides a summary of the outcomes of our work to deter, prevent and detect frauds and corruption.

Internal Audit has produced a Fraud Risk Register, which contains a list of areas where Internal Audit and service managers believe the Councils are susceptible to fraud. The register enables the Councils to focus on suitable internal controls to mitigate any subsequent risk. The register also influences the Internal Audit planning process.

Internal Audit has also produced a single document entitled 'Prevention of Financial Crime Policy' which includes the Whistleblowing Policy, which is available to all staff on the Councils' intranet.

Information governance issues including processes, procedures and breaches are now taken to and reviewed by the 'Statutory Officers Group', which meet regularly throughout the year.

Each committee report is required to be formally signed off by a representative in Legal, Finance and Internal Audit – Risk to ensure due consideration has been given by the author to address areas before the report is released to Councillors.

The Councils consider their Internal Audit and Risk Management Services team to be a key component of its governance framework.

As part of demonstrating the efficiency and effectiveness of the internal audit activity and identifying opportunities for improvement, the Corporate Manager for Internal Audit must develop and maintain a Quality Assurance Improvement Programme that covers all aspects of the internal audit activity. This includes an annual self-assessment undertaken by the Corporate Manager Internal Audit against the Public Internal Audit Standards (PSIAS) for Internal Audit in Local Government in the UK. The self-assessment is shared with the Assistant Director – Corporate Resources and concluded that the system of Internal Audit is effective. In addition, PSIAS require that an external assessment is undertaken at least once every five years. An external assessment was carried out in February 2018. The External Assessor identified no areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity. The team were commended for their structured and focussed approach. Auditees clearly value their input, requesting reviews, consultancy and their advice. A few minor areas were identified, which are being addressed.

One of the key assurance statements the Councils receive is the annual report and opinion of the Corporate Manager – Internal Audit. In respect of the twelve months period ending March 2018, his opinion over key business processes and systems reviewed was that the Councils' governance, risk and internal control environment provides assurance that the risks facing the Councils are addressed and financial administrative systems are, on the whole, 'Effective' – systems described offer most necessary controls.

Where issues have arisen during the year, action plans have been agreed with relevant managers to address the weaknesses identified.

Moving forward - Internal Audit will look to further embed risk management across the Councils, particularly at an operational level and develop stronger links to performance.

Principle G: Delivering Effective Accountability

Reporting on performance, value for money, the stewardship of resources and the assessment of robust corporate governance arrangements are provided throughout the year through:

- Quarterly financial monitoring reports to Cabinet
- Quarterly performance monitoring reports to Cabinet
- Annual publication of the Statement of Accounts
- Publication of the Annual Governance Statement.

We comply with the Local Government Transparency Code and publish all required information in a timely manner.

We have in place effective transparent and accessible arrangements for dealing with complaints.

We maintain an effective scrutiny function which encourages constructive challenge and enhances the Councils' performance overall.

Governance issues identified in 2016/17

In response to the 2016/17 review of internal control governance, and the identification of particular governance issues, the Councils have taken action to address these through actions in 2017/18. Detailed below are the governance issues highlighted in the 2016/17 Annual Governance Statement followed by action taken in 2017/18.

2016/17 governance issue	Action taken 2017/18
<p><i>Cabinet-Leader model</i></p> <p>Continued discussion and agreement of the wider opportunities for governance reform and new ways of working need to be considered beyond May 2017. A significant factor in any governance change is that of cultural change and ensuring the continuation of fully open, transparent and accountable ways of working.</p> <p>This reflects advice that Centre for Public Scrutiny (CfPS) has given to other local authorities embarking on review and change of their governance arrangements. This approach will allow different methods and systems for decision-making to be discussed</p>	<p>Cabinet model adopted across both Councils - both Councils have continued to work closely together, undertaking simultaneous Cabinet meetings, joint scrutiny meetings and joint member briefings to ensure a fully accountable open and transparent decision-making process. All options for governance reform will continue to be reviewed.</p>

<p>and experimented with, modified and refined over time.</p>	
<p><i>Finance business model</i></p> <p>With the councils having more responsibility for the level of funding they receive we recognise that we will need to keep our financial strategy under constant review and adapt our business model to continue to respond to the challenges.</p> <p>Further development of the business model will focus on:</p> <ul style="list-style-type: none"> • Maximising income and incentivised funding; • Using one off or temporary money to generate ongoing funding and income streams or to reduce our costs; • Not simply monitoring and managing resources and what we spend but 'resource weaving' to make sure that the funds that are available work together, complement each other and produce the maximum outcomes across different activities and with different partners. We need to ensure that our resources are being used to their optimum effect; • Exploring and seizing new opportunities and ventures that are innovative and will deliver a rate of return on investment that supports the Medium Term Financial Strategy; and • Being more commercial, using prudential borrowing and other available funding to deliver 'profit for purpose' and new income streams. 	<p>The Councils have aligned and allocated their individual resources in line with the priorities set out in the Joint Strategic Plan and to essential services.</p> <p>Both Councils have moved and now share their headquarters with Suffolk County Council, so that they are co-located with key partners and have introduced an 'agile' way of working for staff. This will generate savings in the Councils overheads in the future and greatly increase our efficiencies.</p> <p>The Councils adopted an Asset and Investment Strategy in November 2016, to utilise the prudential borrowing facility available to them. The Strategy comprises of three strands, Investment, Regeneration and Development of Assets. The Strategy provides the framework for the Councils to jointly invest in commercial assets to generate long term revenue income streams, invest independently or jointly to deliver new homes, jobs and regenerate local areas and make best use of our own and the wider public sector assets.</p> <p>In October 2017, both Cabinets endorsed a new investment and commercial delivery business unit model, which will be called 'BMS Invest'.</p>

Information Governance

Our focus for next year is:

- Moving into Endeavour house, whilst still providing a first-class service out in the Districts;
 - Joining up our Planning, Building Control, Enforcement Control and Land Charges system so we have a single joint system between Babergh and Mid Suffolk. This will allow the service areas to integrate and enable staff to deliver a first rate, consistent service;
 - We are looking to store more information in the Cloud making it more accessible to staff and Councillors; and
 - Develop our Business Intelligence capabilities; sharing data with partner organisations that will allow authorities as a whole to share, analyse and make better more holistic decisions on how to direct our budgets effectively.
- We have digitized well over 1.2 million documents – this has meant we have been able to reduce the amount of storage required at Endeavour House, but more importantly has enabled staff to work in more agile fashion getting access to documents from home or on the move.
 - We are now on a single planning system for Planning, Building Control, Enforcement Control and Land Charges. Whilst we are still ironing out some problems it has meant we now have a consistent set of processes to deal with applications.
 - Our Internet, Intranet, email and Finance system and Waste management system all reside within the cloud now.
 - We still have aspirations to further develop our business intelligence capabilities.

Performance

Performance monitoring is essential if we are to track our progress in delivering the key outcomes outlined in the Joint Strategic Plan. Monitoring projects and activities and discussing individual performance (through 1-1 conversations) is vital for performance management and for us to reach our intended goals.

Our performance outcome approach is still in its infancy and we will continue to develop the use of tracking and influencing indicators, and an understanding of our key achievements and impacts in support of the Joint Strategic Plan. We will also continue to embed performance monitoring through ongoing performance conversations that

Reporting of the new outcome framework has commenced and has continued to develop and refine through joint working with our Cabinet Portfolio Members. A joint BMSDC session is being organised to focus on reviewing the Councils' Service Plans to ensure they are fit for purposes and reflect the activities in the Joint Strategic Plan and the Councillors priorities.

Our internal Intranet has been developed to house the collection of performance data, ensuring it is visible to staff and Councillors. It sits alongside our programme and project, and risk management

facilitate better decision making, service improvement and transformational thinking. Half-yearly reports will be presented in future to the Councils' Cabinets, however data will be collected quarterly with visibility on our internal Intranet sitting alongside our project and programme work. Our traditional output performance information, for each quarter of 2016/17, is available as 'Facts and Stats' on our website. An ambitious plan is in place to build upon this information for 2017/18.

frameworks, ensuring integration of these key disciplines.

Quarterly Cabinet Member reports are presented to Council.

Facts and Stats have been subsumed into the performance outcome reporting and/or included in the development of internal 'health of the organisation' KPIs; facts and stats are therefore not now presented in isolation.

Risk Management

The Audit and Risk Management Services team will look to further strengthen the risk management process across both Councils. Work of the team will be directed to affect the achievement of the following risk management areas:

- Promoting the consistent use of risk management and ownership of risk at all levels;
- Continual development of the Significant Risk Register and operational/project and programme registers;
- Building and maintaining a risk aware culture across the Councils, including appropriate education and training;
- Developing, implementing and reviewing the risk management framework and risk management processes to ensure they remain fit for purpose;
- Linking with other functions of the Councils, namely Health and Safety and Performance Management.
- Reporting, escalating and communicating risk management issues to key stakeholders.

Work to further embed Risk Management within the Councils has continued and the following achieved:

- Quarterly SLT risk sessions with open challenge structured by Agenda with decisions minuted;
- Addition of Cabinet Lead Members to all significant risks to strengthen communication and ownership;
- Linkages to performance and projects within the Significant Risk Register;
- Creation and development of Operational and Project risk registers with training and support provided;
- Alignment of the Risk Matrix for Health and Safety purposes;
- Continuing review and sign-off of risk section of Committee reports; and
- Overview of the Operational Risk Registers and escalation of risk concerns to Assistant Director level.

Commissioning and Procurement

The Councils will be implementing a Contract Management System during 17/18 enabling improvement in transparency and management of contracts, this will follow the updating of the tendering system. An electronic supplier portal to the Councils' Finance system will be implemented in 17/18 enabling suppliers to have access to real time information with regard to their purchase orders from the Councils and payment of invoices. Suppliers will also be able to submit invoices through the portal which will improve the Councils' payment processes.

The eTendering system has been updated and the contract management system is now available. Completion of the implementation across the Councils was delayed due to the relocation of offices and will be completed in 18/19.

The implementation of the supplier portal has been delayed into 18/19 due to software delays with the system provider.

Conclusion

The Annual Governance Statement provides an assurance of the effectiveness of each Council's system on internal control. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework. There have been no governance issues identified during the year that are considered significant in relation to each Council's overall governance framework.

We are already addressing the key governance risks and challenges set out in this Annual Governance Statement and will continue to do so over the coming year to further strengthen our governance arrangements. We are satisfied that these steps will continue to address the need for any improvements that are required and that arrangements are in place to monitor the issues raised as part of each Council's annual review.

Signed

Arthur Charvonia, Chief Executive

Date

Signed

John Ward, Leader of the Council – Babergh DC

Date

Signed

Nick Gowrley, Leader of the Council – Mid Suffolk DC

Date