

THURROCK COUNCIL

Annual Governance Statement 2018/19

1.0 Scope of responsibility

Thurrock Council is responsible for ensuring its business is conducted in accordance with the law and proper standards and public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The council also has a statutory duty to put in place 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 duty, the council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions which includes arrangements for the management of risk.

A revised Local Code of Corporate Governance was developed to ensure it reflects the seven principles of the recently refreshed *CIPFA/SOLACE "Delivering Good Governance in Local Government Framework 2016 Edition"*. The seven principles are:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- Managing risks and performance through robust internal control and strong public financial management.
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The code was updated in 2017/18 to reflect the new vision and priorities which were adopted at a meeting of the Full Council on 31st January 2018. This statement explains how the council has complied with the revised code and has met the requirements of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

The Council's financial management arrangements conform to the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016)*.

2.0 The purpose of the governance framework

The governance framework comprises the systems, processes, and culture and values, supporting the direction and control of activities of the council. These enable it to engage with and be accountable to the community. It also supports the council in monitoring the achievement of strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of this 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. It enables the evaluation of the likelihood of those risks being realised, the impact should they be realised and provides the ability to manage them efficiently, effectively and economically.

The council had the governance framework described below in place for the year ended 31 March 2019 and up to the date of approval of the statement of accounts.

3.0 The Governance Framework

Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies.

To demonstrate its commitment to Principle A, Thurrock Council has:

Defined and documented roles and responsibilities for Cabinet, Council, Overview and Scrutiny and all Committees of the council, along with officer functions, with clear delegation arrangement and protocols for effective communication within the Council's Constitution. The Constitution is regularly reviewed and updated, with amendments discussed with the Constitution Working Group, General Services Committee and thereafter agreed periodically at Full Council meetings.

All decisions being made in accordance with the requirements of the Constitution and the scheme of delegation, which forms part of the Constitution. The Monitoring Officer will report to Council or to Cabinet if it is considered any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration.

Codes of Conduct which define the high ethical standards and standards of behaviour expected from elected members and officers and ensure the council's business is conducted with fairness and integrity.

Counter – Fraud, Bribery & Corruption and Counter- Money Laundering guidance documents which were presented to the Standards & Audit Committee in November 2017 following discussion and approval by Directors Board. These documents advise staff and suppliers of what fraud, bribery, corruption and money laundering is, how to identify and report it and how the council will respond to any reported incidents.

Whistleblowing Policy and Procedures which were introduced in August 2015 and reviewed and updated in January 2019. These are available to all staff through the council's intranet site.

Processes for considering any complaints that come into the council. These cover member complaints which are dealt with by the Monitoring Officer, officer or service complaints which are dealt with by the Information Management team and Adult & Children's Social Care complaints, which have their own complaints systems and processes which are regulated by the Commission for Social Care Inspection (CSCI).

The Chief Finance Officer (Director of Finance & IT), the Monitoring Officer and Heads of Service are responsible for advising the

executive, council and scrutiny committees on legislative, financial and other policy considerations to achieve the council's objectives and are responsible for implementing councillors' decisions.

Principle B - Ensuring openness and comprehensive stakeholder engagement.

Local government is run for the public good; organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders.

To demonstrate its commitment to Principle B, Thurrock Council has:

Meetings of the Council and its Committees which members of the public can attend unless there are good reasons for not doing so on the grounds that items are exempt under schedule 12A of the Local Government Act 1972. The public have the right to see the agenda and minutes once they are published and they are available on the council's website.

Established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. The vision and priorities were consulted upon with stakeholders and the community. They were also written taking account of the extensive feedback from residents and other members of the Thurrock community through the Fairness Commission, Local Plan engagement and via the Health and Well Being Strategy consultation, which, in themselves, had extensive consultation exercises.

Carried out regular consultations with residents and service users to identify their priorities for service improvement and how satisfied they are with the council's services.

Supported the principle of sharing services with other local authorities. The Counter Fraud & Investigation Service supplies a service to Southend Council, Castle Point District Council, the Ministry of Justice and a number of other central government bodies. Payroll provide services to Brentwood District Council and Treetops Academy and the Monitoring Officer provides a service to the Office of the Police, Fire and Crime Commissioner for Essex.

Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits.

The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources.

To demonstrate its commitment to Principle C, Thurrock Council has:

A Corporate Priorities Project Plan which sets out what the council will do to achieve its vision and priorities in 2018/19. The plan is supported by the Corporate KPI (Key Performance Indicator) Framework which details the statistical evidence the council will use to monitor progress and performance against those priority activities.

A Forward Plan for both Council and Cabinet meetings which is used to provide the required 28-day notice of such decisions and also includes decisions that are proposed to be taken over the next four months by the Leader of the Council, the Cabinet, Cabinet Members and Officers of the Council.

2 Strategic Leadership Boards and 8 Strategic Management Boards. The aim of strategic boards is to proactively contribute to the improvement of Thurrock Council by:

- identifying and prioritising changes which are most likely to lead to sustained improvements in the way that Thurrock Council operates as a corporate entity.
- making sure that changes are appropriately resourced, and effectively programme/performance managed.
- making sure that the council has appropriate knowledge and skills in order to deliver high quality and efficient corporate services.
- making sure that changes are effectively communicated through management teams, corporate communications and other channels as appropriate.
- taking the lead to monitor and report on progress and take appropriate action where improvements are not being achieved.

The boards are decision-making bodies that are solution-focused in the way their business is conducted. Directors' Board will sign off the annual work plans and priorities and will also be responsible for resolving areas of conflict and any shortfalls in resources to deliver the plans.

A Social Values Framework that describes how the council will consider the social, economic, environmental and equality aspects when procuring services from suppliers.

Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes.

Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. Decisions made need to be reviewed continually to ensure that achievement of outcomes is optimised.

To demonstrate its commitment to Principle D, Thurrock Council has:

A Medium Term Financial Strategy (MTFS) that sets out a stable financial framework within which the council operates and is reviewed throughout the year. It supports the Medium Term Financial Plan reported to councillors during the budget setting process.

A Performance Management Framework through which the achievement of objectives, quality of service and use of resources is measured. The Performance Management Framework, which works on the “Plan-Do-Review-Revise” cycle and covers all areas of performance management including the scorecard process, corporate planning cycle, risk and opportunity management, use of statistical evidence and data quality.

A corporate scorecard process which monitors the key performance indicators relating to progress against key strategic objectives within the Corporate Plan/MTFS. This is monitored by the Performance Board on a monthly basis.

A Local Plan (Local Development Framework) which sets out how we will use land and has been the basis to achieve both our partners’ and the council’s wider objectives.

Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it.

Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve their intended outcomes within the specified periods.

To demonstrate its commitment to Principle E, Thurrock Council has:

Robust HR policies and procedures which include detailed guidance on the recruitment and selection process.

A mandatory induction programme, equality and diversity training and on-line information security training for new employees.

An induction programme for newly elected members and opportunities for longer serving members to update their skills. There is also mandatory training for members on equality and diversity and for those moving on to quasi-judicial committees or the Standards & Audit Committee.

A staff Performance Development Review (PDR) process which requires line managers to agree individual performance targets and identify development opportunities for their direct reports in the coming year. This is supported by a six monthly 1 to 1 meeting to check progress and a year-end annual appraisal to measure achievement, with pay progression being related to performance.

Executive and scrutiny arrangements in place consisting of a Leader/Cabinet model and Overview and Scrutiny Committees which consider specific areas of the council's business. The scrutiny function allows a committee to question and challenge the policy and performance of the executive and promote public debate.

A management structure that includes a Chief Executive who leads a management team (Directors' Board) which includes the Corporate Director - Children's Services, Corporate Director - Place, Corporate Director - Adults, Housing and Health, Director of Finance & IT (Section 151 Officer), Director of Commercial Services, Director of HR, OD and Transformation, Director of Strategy, Communications and Customer Services, Director of Environment & Highways and the Assistant Director - Law & Governance (Monitoring Officer).

Principle F - Managing risks and performance through robust internal control and strong public financial management.

Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and crucial to the achievement of outcomes.

To demonstrate its commitment to Principle F, Thurrock Council has:

A Risk and Opportunity Management (ROM) Policy, Strategy and Framework and a Strategic/Corporate Risk and Opportunity Register which are regularly reviewed and the outcomes from the reviews reported to Standards & Audit Committee, via Directors Board and Performance Board.

Aligned the refresh of service risk/opportunity registers with the annual service planning cycle. Where risks and opportunities are identified, they are included in service plans. Service managers are responsible for the regular monitoring of progress against the service plan and the management of risks/opportunities as part of the performance review process.

7 scrutiny committees, including a joint committee for Public Health, which report annually to the council. Scrutiny committees provide constructive challenge to the executive on policies and performance. In addition, task forces have been developed to discuss the Lower Thames Crossing; Local Development Plan; Orsett Hospital and there are Governance and Constitution working groups.

The Director of Finance & IT is the Section 151 Officer responsible for the overall management of the financial affairs of the council. The Director of Finance & IT is responsible for all financial systems, procedures and supporting records of the council. Any new or amended financial systems, procedures or practices are agreed with the Director of Finance & IT before implementation.

Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner.

To demonstrate its commitment to Principle G, Thurrock Council has:

An Internal Audit Service that provides an independent assurance function that primarily operates in accordance with best practice professional standards and guidelines. It reviews on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the council's objectives, and contributes to the proper, economic, efficient and effective use of resources.

Internal audit reports which are presented to the Standards & Audit Committee on a quarterly basis and at the July meeting through the Chief Internal Auditor's Annual Report which gives an assurance opinion on the overall internal control, risk management and governance environments. Any individual internal audit review judged "Red" or "Red/Amber" is subject to timely action plan and follow up audit.

A process, through the Standards & Audit Committee, for members to oversee and monitor the council's response to the findings and recommendations of internal and external audit reports and call in officers if necessary.

Produced an Accounting Statement that includes the External Auditor's independent opinion and the council's financial statements.

Produced an Annual Governance Statement which details the council's system of internal control and its commitment to achieve good governance.

Published information on the council's website in accordance with the Local Government Transparency Code 2015.

4.0 Review of effectiveness of the governance framework

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of effectiveness is informed by the work of the managers within the council who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report and also by comments made by the external auditors and other review agencies and inspectorates.

The following highlights our review of our governance framework and sets out the assurances of committees, officers and external organisations.

REVIEW OF OBJECTIVES

To ensure we are doing the right things in the right way and for the right people, in 2011/12 the council undertook a major review of the Corporate Plan and adopted the Corporate Plan and Medium Term Financial Strategy (MTFS).

During 2018/19, the council did not have an annual Corporate Plan due to the decision to review and update the council's visions and priorities. The new vision and priorities were adopted at Full Council on 31st January 2018. However, the council did have a Corporate Priorities Project Plan which set out the key projects being undertaken during 2018/19 to help the council meet its vision and priorities. The MTFS addresses how the council will meet the financial challenges in delivering the priorities and is regularly reported to members and updated on a rolling basis. The Corporate Priorities Project Plan, together with the MTFS, will set out the strategic direction of the council and how they contribute to the delivery of the vision and priorities.

INSPECTIONS

ADULT SERVICES

Following the visit by the Care Quality Commission (CQC) to the Extra Care Service on the 14th to 16th November 2017, the service received an overall rating of the service of requires improvement. As a result, an unannounced visit was made on 31st July and 1st August 2018. This gave an overall opinion of good. In respect of the individual areas inspected, the results were as follows:

- Is the service safe? Good (was Requires Improvement)
- Is the service effective? Good (was Requires Improvement)
- Is the service caring? Good (remained the same)
- Is the service responsive? Good (remained the same)
- Is the service well-led? Good (was Requires Improvement)

There was an unannounced visit by the CQC to Collins House on 5th February 2019. This gave an overall opinion of good. In respect of the individual areas inspected, the results were as follows:

- Is the service safe? Good
- Is the service effective? Good
- Is the service caring? Good
- Is the service responsive? Good
- Is the service well-led? Good

There was an announced visit by the CQC to inspect the Thurrock are at Home service on 28th, 29th June and 3rd July 2018. This was a comprehensive inspection and resulted in an overall opinion that the service requires improvement. In respect of the individual areas inspected, the results were as follows:

- Is the service safe? Requires Improvement
- Is the service effective? Requires Improvement
- Is the service caring? Good
- Is the service responsive? Requires Improvement
- Is the service well-led? Requires Improvement

CHILDREN'S SERVICES

During 2018/19, a joint inspection to judge the effectiveness of the council in implementing the disability and special educational needs reforms as set out in the Children and Families Act 2014 was undertaken by OFSTED and the CQC. The inspection took place from 4th to 8th March 2019. The report raised concerns around the effectiveness of the area being reviewed and requires the council to submit a written statement on the actions it will take to address the weaknesses.

On 11th and 12th September 2018, a focussed inspection on children in need and those subject to a child protection plan took place. Some weaknesses were identified and these have to be addressed as they will be taken into account as part of the next inspection or visit.

There was 1 full and 1 short OFSTED inspection carried out at Thurrock Schools (excluding Academies) in 2018/19. The overall results were as follows:

- Warren Primary School – Short report shows the school continues to be Good.
- Little Thurrock Primary School – Full report shows the school has gone from Good in February 2015, to Inadequate following the inspection held on 12th and 13th December 2018. In respect of the individual areas inspected, the results were as follows:
 - Effectiveness of leadership and management – Inadequate
 - Quality of teaching, learning and assessment – Requires Improvement
 - Personal development, behaviour and welfare – Good
 - Outcomes for pupils – Requires Improvement
 - Early years provision – Requires Improvement

LEGAL FRAMEWORK

The Authority approved changes to the Senior Management Structure last year to ensure the Council became and remained more focussed on service outcomes and on delivering quality services to all the communities in Thurrock.

The shared legal service with the LB of Barking and Dagenham (known as BDT Legal) was discontinued in March 2018 with each Authority having their own Director of Law & Governance and Monitoring Officer.

Thurrock Council also inputted significant extra budget resources to fund permanent growth in its legal service to build centres of legal excellence in both governance and regeneration law (including contracts, procurement planning, highways and property law) to match the Authority's significant regeneration agenda.

These teams have been successfully recruited to and staffed with highly experienced and specialist lawyers almost completely eliminating the use of agency lawyers.

The two Authorities continue to collaborate to retain and build resilience in the fields of housing & litigation, employment, education, safeguarding and share a Deputy Head of Law & Governance (Safeguarding) through the mechanism of a master collaboration agreement and associated protocols.

Thurrock Council's Monitoring Officer was also appointed to cover the Monitoring Officer functions of the Office of the Essex Police, Fire & Crime Commissioner, Essex County Fire & Rescue Service and latterly Service Solicitor to both Authorities.

The Monitoring Officer has also served as vice Chair of the Public Law Partnership of 32 south east authorities working together to promote efficiencies and resilience as well as joint training.

The Constitution has been regularly reviewed during the year by the Monitoring Officer in conjunction with the Constitution Working Group and Full Council to ensure it remains up to date and appropriately addresses legislative changes together with changes to Scrutiny and Full Council questions. Consequential amendments have included changes to portfolios held by Cabinet Members, Management / Directorate structures and minor formatting and typographical errors.

Legal or Monitoring Officer implications are a mandatory requirement of every report and / or motion of Council thereby informing decision makers of relevant legal comments.

A legal advisor, from the Legal Service generally attends all formal decision-making meetings.

The Assistant Director, Law & Governance (Monitoring Officer) is a member of the weekly Directors' Board at the Council, together with attending regular monthly Governance Group meetings of Chief Statutory Officers with Group Leaders.

Legal advisors also regularly attend relevant boards.

The Monitoring Officer manages the investigation of any disclosures of malpractice made under the Council's Whistleblowing Policy and Procedures and monitors the implementation of recommendations arising from any investigation.

The Monitoring Officer is the Senior Responsible Officer for the Regulation of Investigatory Powers Act (**RIPA**) and monitors both the RIPA policy and countersigns authorisations.

There are embedded review procedures for Members' and Officers' declarations of interests and declarations of gifts and hospitality, together with monitoring and reviewing Local Government Ombudsman decisions and supporting Standards & Audit Committee in its oversight function.

Legal & Democratic Services provides regular briefings and training to senior managers, legal officers and Members on new legislation and key changes in the law in a local authority context and / or matters of particular significance to the Council' work together with training events – some of which have been attended by a wide range of other authorities through the Public Law Partnership network..

The Council has an Induction and Member Training programme of internal and external training events. Extensive Induction Handbooks are produced for all Members, with training for holders of key positions such as Cabinet, Chairs of committees together with mandatory annual training for planning and licensing committee Members and Overview & Scrutiny training.

The Monitoring Officer did not need to use any statutory powers during the year.

FINANCIAL FRAMEWORK

BUDGET MONITORING

Every year the council sets a comprehensive and balanced budget, which has been shown to provide adequate resources to deliver the services of the council.

The council's budget planning cycle is well established. Corporate Finance complete the annual budget for consideration by Cabinet by February, before it is discussed and approved at Council later that month. The process is supported by Scrutiny Committee review of the budget between October and February each year and ongoing discussion with Members.

There is a formal budget monitoring framework in place for monitoring both revenue and capital income and expenditure. The year to date revenue position is reported to Directors Board on a monthly basis and on a quarterly basis to Cabinet.

Corporate Finance officers meet with Budget Holders regularly during the year (monthly for high risk budgets) to discuss performance against budget and actions to be taken. Corporate Finance report the position in the budget monitoring report. This highlights the key variances enabling both management and members to review and challenge the financial position throughout the year.

As appropriate this also enables resources to be realigned to ensure the overall delivery of the annual budget is managed effectively.

The Chief Finance Officer presents an outturn report to Cabinet annually reflecting the outturn position and impact on reserves.

In addition for all committee reports for which a decision is required, a “financial implications” section is included assessing financial consequences of the decision being taken. This is verified by a member of Corporate Finance and the financial implications are considered as part of the wider budget monitoring.

FINANCIAL REPORTING

The Statement of Accounts is produced annually in accordance with statutory deadlines. Currently this means the draft financial statements are required to be published by 31 May each year with the final audited set published by 31 July.

Corporate Finance officers keep up to date with the latest developments in accounting practice to support the preparation and presentation of the financial statements. Staff support the completion of the financial accounts by attending appropriate external training days including specific CIPFA events.

A timetable is in place to support the delivery of the financial statements and the process is managed throughout the year by the Corporate Finance team.

The Statement of Accounts and Annual Audit letter are made available to the public and are published on the council’s web site. They can be made available in accessible formats. To assist the public in understanding the accounts, an explanatory foreword is included in the Statement of Accounts. This explains their purpose and summarises the key messages arising from them. There is also a glossary of terms to aid understanding.

CAPITAL STRATEGY (Incorporating the Treasury Management Strategy)

The council’s Capital Strategy, which the Council agrees annually, sets out the strategic framework underpinning capital expenditure and the associated financing at the Council. This also includes the Treasury Management Strategy which was previously considered in isolation up to 2018/19. It is also intrinsically linked to the council’s ambitions of becoming a more commercially focused borough; one where sensible transactions are completed which create revenue returns.

The Treasury Management Strategy ensures the council has sufficient cash to meet its needs, returns are maximised, costs are minimised whilst the security of the council’s financial assets is maintained. The strategy has regard to the CIPFA Code of Practice for Treasury Management in Public Services and the CIPFA Prudential Code for Capital Finance in Local Authorities, which were revised and updated in December 2017.

Cabinet take responsibility for ensuring effective scrutiny of the Capital strategy, policies and performance in accordance with the CIPFA Prudential code and CIPFA Treasury Management code.

FINANCIAL SYSTEM

The financial reporting of the Council is underpinned by the Oracle financial system which generates all financial information required by stakeholders.

From April 2019, the council moves to Oracle Cloud which becomes the council's corporate system to provide the Human Resources, Payroll, Finance and Procurement functions.

COMMENT ON THE ROLE OF THE CHIEF FINANCIAL OFFICER

The Chief Financial Officer (CFO) has a number of statutory duties and powers intended to ensure that Members are acting on sound information, and are fulfilling their obligations to balance the budget and make decisions which support the long-term interests of the authority and its local community. Some of these powers are routine, others are only used in extreme circumstances.

Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a CFO to have responsibility for those arrangements. The council's CFO and Section 151 officer is the Director of Finance & IT.

Section 25 of the Local Government Act 2003 requires the S151 officer to state in the budget report their view on the robustness of estimates for the coming year, the medium-term financial strategy, and the adequacy of proposed reserves and balances. The council is required to take this into account when making its budget and taxation decisions.

The Section 25 statements are important. They give the chief financial officer the opportunity to articulate their professional judgment of the authority's financial plans and direction and the risks it faces.

In commenting on the sufficiency of reserves a realistic assessment of those available needs to be set out, projected over the medium term.

All the arrangements detailed above demonstrate the Cabinet and the Chief Financial Officer's team exercise collective responsibility for financial matters. The Chief Financial Officer takes responsibility for the stewardship of use of resources and financial accountability.

AUDIT (INTERNAL/EXTERNAL) AND THE HEAD OF INTERNAL AUDIT

The Section 151 Officer has a responsibility to ensure an effective internal audit function is resourced and maintained. The council's internal audit function is led by the Chief Internal Auditor.

The council requires internal audit to provide an effective service in accordance with professional standards, and internal audit officers must abide by the Institute of Internal Auditors Code of Ethics and receive suitable training and development to maintain the appropriate skills, experience and competence. The performance of internal audit is subject to annual review

through an annual report to the Standards & Audit Committee who also consider key issues from specific audit reports.

Internal audit is an independent assurance function that operates in accordance with best practice professional standards and guidelines. It reviews on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's objectives, and contributes to the proper, economic, efficient and effective use of resources.

The Chief Internal Auditor's overall opinion will be included in the Internal Audit Annual Report for the year ended 31st March 2019 which will be submitted to the Standards & Audit Committee in July 2019. In 2018/19, the overall Control, Risk Management and Corporate Governance environments were given Green opinions. Both the Control and Risk Management environments showed an upward direction of travel from Amber in the previous year and Corporate Governance remained the same.

The External Auditor issued an unqualified audit opinion and unqualified value for money statement for 2017/18.

RISK AND OPPORTUNITY MANAGEMENT

In accordance with the Risk and Opportunity Management (ROM) Policy, Strategy and Framework the Strategic/Corporate Risk and Opportunity Register was regularly reviewed during 2018/19 and the outcomes from the reviews reported to Standards & Audit Committee, via Directors Board and Performance Board.

The annual review of ROM arrangements was undertaken in 2018 using the ALARM/CIPFA Risk Management Benchmarking Model. This model is used to test and compare the council's performance against the major risk management standards and the criteria that informs the risk management element of the Annual Governance Statement. The Council retained a Level 4 rating of Embedded and Integrated against the model.

The results of the review and proposals to maintain and further embed the practice across the organisation were reported to the Standards & Audit Committee in March 2019.

In addition, a review of the council's risk maturity was undertaken by the internal audit team in 2018 and resulted in a rating of Risk Managed which was in line with the annual review against the ALARM/CIPFA Model.

The challenge facing the council is to ensure that adequate ROM arrangements remain in place and form part of the decision making process both at operational and strategic levels.

ANTI-FRAUD AND CORRUPTION, WHISTLEBLOWING AND MONEY LAUNDERING

Counter – Fraud, Bribery & Corruption and Counter- Money Laundering Guidance documents were presented to the Standards & Audit Committee in November 2017 following discussion and approval through Directors Board. These documents advise staff and suppliers of what fraud, bribery, corruption

and money laundering is, how to identify and report it and how the council will respond to any reported incidents. The council's Counter Fraud & Investigation Directorate has sole responsibility for the prevention, detection and deterrence of any fraud, bribery and corruption promoting an anti-fraud culture through a zero tolerance approach. A programme of training and awareness was rolled out across directorates and subject matter experts from the Counter Fraud & Investigation Directorate have been assigned to each council service area.

Whistleblowing Policy and Procedures were introduced in August 2015 and reviewed and updated in January 2019 and the policy is available to staff on the council's intranet site, or through the Thurrock Council website. During 2018/19, the council raised the profile of the whistleblowing process and during December 2018, provided professional training to all relevant senior managers on how to deal with whistleblowing cases.

BUSINESS CONTINUITY

As part of the council's plans to meet its savings targets, it was agreed that business continuity would be devolved down to local managers and there would be no central coordination through the Emergency Planning Team. However, it is important to note that business continuity is a statutory duty for local authorities under the Civil Contingencies Act 2004.

Reductions in the risk to the business continuity in some areas of the council have been achieved by joint working, for example in respect of IT, an arrangement has been agreed with Southend Council to have a number of terminals available to maintain critical services if a disaster were to occur. The arrangement is reciprocal with Southend Council being able to access terminals in Thurrock if the disaster were to occur within their borough.

GROUP RELATIONSHIPS

Thurrock Regeneration Limited (TRL) is the council's wholly owned development and regeneration company whose principle aim is "to help deliver the council's growth agenda by developing new housing and commercial projects to stimulate market confidence within the Borough and to provide quality housing to meet housing needs and improve the lives of Thurrock residents". Any profits made by the company will be used for further developments and/or to support services.

TRL is funded from loans granted via the council, and any land considerations from the Council are sold to TRL at market value in return for shares/equity. The sale of the Council land and the agreement of the loan facility has delegated authority to the s151 officer of the Council. Projects undertaken by TRL are overseen by the TRL Board which meets bi-monthly and is made up of senior council officers from Regeneration, Housing and Finance and also includes an external director from Homes England. TRL are currently considering the long term board structure. The shareholder group which represents the Council made up of the Leaders and Deputy Leaders of the 3 main political parties in Thurrock who meet bi-annually with members of the TRL Board to discuss current and future projects.

Gloriana Thurrock Homes Ltd provides the estate management and lettings for the properties built by TRL and retained in the group. This is overseen by the board which has the same members as the TRL board but does not include the external director from Homes England.

STANDARDS & AUDIT COMMITTEE

The Standards & Audit Committee undertake the core functions of an audit committee by providing independent assurance the Authority's financial and risk management is adequate and effective and there is a sound system of internal control that facilitates the effective exercise of its functions, including:

- keeping under review the Authority's own audit standards and whether they are relevant and represent best practice.
- considering or reviewing the following and the action taken on them and advising the Council and/or the Cabinet, as appropriate:
 - (a) internal and external audit plans and progress against plans;
 - (b) summaries of external and internal audit reports and progress against recommendations made in audit reports;
 - (c) the annual report of the internal auditor and the Annual Governance Statement;
 - (d) approving the annual statement of accounts and whether appropriate accounting policies have been followed;
 - (e) reports from inspection agencies, including the external auditor's Annual Audit letter and Audit Results Report to those charged with governance;
 - (f) keeping under review the Authority's control environment and anti-fraud and anti-corruption arrangements, including compliance with the Financial and Contracts Procedure Rules; and
 - (g) keeping under review the relationships between external and internal audit and other inspection agencies.
- reviewing the performance of the council's appointed Internal Audit provider.

Our Standards & Audit Committee also undertakes standards functions pursuant to the abolition of the old statutory Standards Committees by the Localism Act 2011.

The authority has also adopted a new local Code of Conduct for Members that reflects the Nolan principles, appointed three Independent Persons and established a complaint procedure for complaints against Members.

The Standards functions include:

- promoting and maintaining high standards of conduct by Members and co-opted Members of the authority;
- receiving periodic reports from the Monitoring Officer on dispensations granted / refused, complaints received against Members, complaints resolved informally, complaints resolved after an investigation and a Members Advisory Panel Hearing and assessing the operation and effectiveness of the Members' Code of Conduct;

- advising on training or arranging to train Members and co-opted Members on matters relating to the Members' Code of Conduct;
- assisting Councillors and co-opted Members to observe the Members' Code of Conduct;
- to receive referrals from the Monitoring Officer into allegations of misconduct in accordance with the authority's assessment criteria;
- advising the council upon the contents of and requirements for codes/protocols/other procedures relating to standards of conduct throughout the council;
- maintaining oversight of the council's arrangements for dealing with complaints;
- informing Council and the Chief Executive of relevant issues arising from the determination of Code of Conduct complaints;
- appointment of Members' Advisory Panel (a Working Group of the Committee) to hear and make recommendations to the Monitoring Officer concerning complaints about Members and co-opted Members referred to it by the Monitoring Officer;
- on referral by the Monitoring Officer to grant dispensations after consultation with the Independent Person pursuant to S33(2) (b), (c) and (e) of the Localism Act 2011; and
- hear and determine appeals against refusal to grant dispensations by the Monitoring Officer pursuant to S33 (2) (a) and (d) of the Localism Act 2011.

The Monitoring Officer received no complaints during 2018/19 which passed the council's agreed threshold criteria requiring a hearing or was relevant to a Members' official role and duties.

SCRUTINY COMMITTEES

The Council reviews at its meeting the Annual Report of the Scrutiny Committees which details the work of its committees and their main achievements for that municipal year. The aim of this is to improve the effectiveness of the scrutiny function. These committees continue to help develop council policy, review performance in meeting council objectives and satisfy themselves there are robust governance arrangements in place.

As part of the scrutiny function, the council currently operates 7 scrutiny committees as follows:

- Corporate Overview and Scrutiny Committee;
- Children's Services Overview and Scrutiny Committee;
- Health and Wellbeing Overview and Scrutiny Committee;
- Cleaner, Greener and Safer Overview and Scrutiny Committee;
- Planning, Transport, Regeneration Overview and Scrutiny Committee;
- Housing Overview and Scrutiny Committee; and
- Joint Health Overview and Scrutiny Committee.

The terms of reference for the first 6 of the scrutiny committees mentioned above are set out in the Constitution and are reviewed and agreed annually

by Council. The Joint Health Overview and Scrutiny Committee terms of reference are agreed between Thurrock and Southend Councils.

EXTERNAL SOURCES OF ASSURANCE ON THE GOVERNANCE FRAMEWORK

The main assurance on the council's governance framework comes from the External Auditor through the Annual Audit Letter and Certification of Claims report. The Annual Audit Letter was reported to the Standards & Audit Committee in November 2017 and reported that:

- The council was issued with an unqualified Audit Opinion on the 27th September 2018;
- An unqualified Value for Money assessment was issued on the 27th September 2018;
- There were no issues to report on the accuracy of the consolidation pack the Council prepared for the Whole of Government Accounts which was submitted to the National Audit Office on the 31st August 2018; and
- There were no identified areas of concern with respect to the Annual Governance Statement.

The Housing Benefit Subsidy Claim audit was completed in November 2018 with only minor issues identified and subsequent confirmation from the Department of Work and Pensions that the amount payable to the authority was correct.

INFORMATION GOVERNANCE

The Data Protection Act 2018 and the General Data Protection Regulation (GDPR) came into effect in May 2018 and introduced a range of new requirements regarding the processing of personal data.

Organisations will always have on-going work to achieve compliance with Data Protection Legislation and work programmes will be fluid due to this. The Information Commissioner's Office has recognised this and will want an assurance that action plans are in place to move Data Protection best practice forward. The council has robust actions plans in place to ensure it complies with the new Data Protection Act and this work forms part of the corporate wide information governance group work programme.

The council has to comply with the provisions of the Freedom of Information Act (FOI) 2000 when considering its arrangements around information governance. The Strategic Lead for Information Management provides an annual Information Governance Report to the Standards & Audit Committee. This report covers compliance in relation to FOI and Data Protection legislation.

LOCAL GOVERNMENT AND HOUSING OMBUDSMAN

The Local Government and Social Care Ombudsman (LGSCO) and Housing Ombudsman's (HO) services provide a complaints handling service to make sure that local public services are accountable to the people that use them and that things are put right when they go wrong. The Strategic Lead for

Information Management provides regular reports (six monthly) to the Standards & Audit Committee which gives a summarised breakdown of all complaints that were dealt with by the LGSCO/HO Ombudsman and the outcomes of their findings.

5.0 Significant governance issues

During 2017/18, we addressed the following issues to improve the council's governance arrangements:

Significant Governance Issues from 2018/19				
Source	Issue	Description	Responsible Officer (s)	Progress
Central Govt	Troubled Families Programme	A check of the council's claims by the Ministry of Housing, Communities and Local Government (MHCLG) identified a number of concerns around the claims submitted under the Troubled Families Programme. As a result, the council have developed an action plan to address these concerns. This action plan has been agreed by the MHCLG, thereby allowing additional claims to be submitted. Working with the service area, Internal Audit will provide independent verification of a sample of the claims to provide assurance around their accuracy to ensure the council is able to evidence that the claims are correct.	Director of Children's Services, Strategic Lead Prevention and Chief Internal Auditor.	Internal Audit continue to undertake 20% random checks on claims to ensure they meet the relevant criteria. This will reduce to the recommended level of 10% when any further spot, or arranged, check by the Ministry of Housing, Communities and Local Government (MHCLG) identifies minimal or no errors. This work is on-going.
National & Risk Register	OFSTED	It is likely that the council will be subjected to an unannounced OFSTED visit in 2018/19. Following the last visit in March 2016, the council was rated as requires improvement. Since then significant work	Director of Children's Services and Strategic Lead Transformation	Whilst the unannounced visit did not take place, there was a joint visit to review Special Educational Needs and Disabilities and a focussed visit to review children in need and those subject to a child

Significant Governance Issues from 2018/19

Source	Issue	Description	Responsible Officer (s)	Progress
		has been undertaken to address the action plan and key to the success of this visit, is the accuracy of the performance indicators used to report centrally and locally. Some of this is being picked up as part of a cross cutting children's services review and Internal Audit are supporting this by undertaking work to verify the accuracy and evidence through an end to end review of a sample of indicators.		protection plan. Some weaknesses were identified as part of these reviews and the issues raised are being addressed as they are likely to be rechecked as part of any future visit. It is now anticipated the full unannounced visit will take place mid 2019/20.
Central Govt	Local Plan	The Government has legislated through the Neighbourhood Planning Act 2017 the requirement for all areas to be covered by a Local Plan. Where a local authority fails to meet this requirement the Secretary of State has the power to intervene and direct the review and/or preparation of a Local Plan which depending on the circumstances, could be undertaken by another authority or jointly in partnership with surrounding authorities. In all instances the failing authority could be liable to pay the full or a proportion of the costs involved in producing the local plan.	Director of Place, Assistant Director of Planning, Transportation and Public Protection, Strategic Planning Officers	The requirement for a Local Plan is accepted and understood by the council. However, the challenges still being encountered around the Lower Thames Crossing (LTC) which would have a clear impact on any Local Plan, are continuing. Therefore, the issue of adopting a Local Plan is on-going and has been repeated for 2019/20.

Significant Governance Issues from 2018/19

Source	Issue	Description	Responsible Officer (s)	Progress
External and Internal Audit	Oracle access arrangements	<p>Oracle is the main financial accounting system the council operates. However, it has been identified in a number of internal audit reviews that the process for allocating access and permissions to staff who use the system is basic and carries a high level of risk.</p> <p>When someone requires access to Oracle, the manager is asked to provide the name of someone else doing a similar job role and then the access is mirrored. This staff member may already have access to parts of the system they should not be able to access, particularly if they have changed role or job and their previous access has not been removed, so mirroring their access results in the new staff member also having a level that is in excess of that required to do their job. This has also been picked up by the External Auditors and as a result, they have indicated they will have to carry out additional transaction testing and walkthrough testing. They have determined that they cannot place reliance on the access control arrangements as</p>	Director of Finance & IT, Head of IT, Oracle Improvement team	With the move to Oracle Cloud from April 2019, this should be superseded. Under the new system, it is expected that access will be based upon the role, rather than through mirroring an existing member of staff who may have more access than they require to do their job. This should improve the access control arrangements and reduce the risk of unauthorised staff making changes or approving transactions that they do not have the authority to carry out.

Significant Governance Issues from 2018/19

Source	Issue	Description	Responsible Officer (s)	Progress
		unauthorised staff could make changes to the system, figures etc.		
Risk Register and Internal Audit	Cyber Security	<p>Recent events have shown that no matter what sector organisations operate in, public or private, the increasing reliance on internet based activities makes organisations more vulnerable to 'cyber attacks'. There are substantial risks of being hacked, being unable to use key systems or access key data, all potentially leading to reputational loss. Cyber security is not just the proactive prevention of cyber-attacks, but also the identification and activation of both strategic and technical responses following an attack.</p> <p>It has been agreed that Internal Audit will undertake a review in 2017/18 to check that the council has the relevant technical security controls in place to protect both the council and customer's information from cyber-attack.</p>	Head of IT and Chief Internal Auditor	A review by internal audit at the end of 2017/18 raised a number of issues around cyber security. This was reported to Directors Board and as a result, a follow up review was undertaken at the start of 2018/19 which showed further actions had been completed and the issues identified in the original review had been addressed.

We propose over the coming year to take steps to address the matters set out below to further enhance our governance arrangements.

Significant Governance Issues for 2019/20			
Source	Issue	Description	Responsible Officer (s)
Central Government	Troubled Families Programme	A check of the council's claims by the Ministry of Housing, Communities and Local Government (MHCLG) identified a number of concerns around the claims submitted under the Troubled Families Programme. As a result, the council have developed an action plan to address these concerns. This action plan has been agreed by the MHCLG, thereby allowing additional claims to be submitted. Working with the service area, Internal Audit will provide independent verification of a sample of the claims to provide assurance around their accuracy to ensure the council is able to evidence that the claims are correct. It is anticipated that in 2019/20, the level of checks could reduce due to better systems and assurances that can be provided by the service.	Director of Children's Services, Strategic Lead Prevention and Chief Internal Auditor
National & Risk Register	OFSTED	It is likely that the council will be subjected to an unannounced OFSTED visit in 2019/20. During 2018/19, there was a targeted visit and a joint visit which identified some issues that are being addressed. However, it is more likely than not, that OFSTED will undertake an Inspection of Local Authority Children's Services (ILACS) using the new framework developed in 2017 and updated in 2019. This will require a significant input of time and resources, particularly for front line staff who will be subjected to interview.	Director of Children's Services and Strategic Lead Transformation
Central Government	Local Plan	The Government has legislated through the Neighbourhood Planning Act 2017 the requirement for all areas to be covered by a Local Plan. Where a local authority fails to meet this requirement the Secretary of State has the power to intervene and direct the review and/or preparation of a Local Plan which	Director of Place, Assistant Director of Planning, Transportation and

Significant Governance Issues for 2019/20

Source	Issue	Description	Responsible Officer (s)
		<p>depending on the circumstances, could be undertaken by another authority or jointly in partnership with surrounding authorities. In all instances the failing authority could be liable to pay the full or a proportion of the costs involved in producing the local plan.</p> <p>In addition to the threat of intervention and possible sanctions from Government (as has been seen locally and elsewhere in the country – including Castle Point), an ongoing failure to adopt a sound and deliverable Local Plan would also:</p> <ul style="list-style-type: none"> · Lead to a whole generation of local people being put at risk of not being able to find decent or affordable housing in the Borough; · Undermine efforts by the Council to boost the supply of affordable housing through a lack of viable and deliverable sites for development; · Undermine opportunities to support the future regeneration and renewal of existing local centres and communities; · Prevent the provision of new community infrastructure which requires large sites including primary and secondary schools to meet existing and future needs due to the constraining nature of the Green Belt boundaries in Thurrock and a lack of suitable sites in the urban area · Raise a serious risk that, without an adequate supply of housing to meet workers needs locally, firms could relocate or switch investment to other locations as workforce availability declines. 	Public Protection, Strategic Planning Officers
Internal Audit	Commissioning & Contracts (including	There have been a number of instances, both with large and small contracts where officers have failed to comply with the council's contract procedure rules. Changes in the way in which goods and services can be procured with	Director of Commercial Services, Corporate

Significant Governance Issues for 2019/20

Source	Issue	Description	Responsible Officer (s)
	compliance with procurement rules)	the move to iprocurement and payment by purchase cards for some off contract spend reduce the burden of having a paper audit trail but rely on officers having sufficient detailed narrative and evidence to support payments. Internal Audit will continue to undertake ad hoc reviews of contract management and Procurement Services will monitor on contract and off contract spend.	Procurement, Strategy and Special Projects Lead and Chief Internal Auditor
External and Internal Audit	Oracle Cloud	From April 2019, the council has implemented Oracle Cloud as its corporate financial, HR, Payroll and Procurement system. Utilising the Cloud allows staff to access and submit claims for overtime, expenses etc. through their own devices once they have downloaded the mobile app. However, it has been identified in a number of internal audit reviews that the process for authorising payments to staff who use the system is reliant on managers checking details and receipts where applicable before auto approving payments. This checking is not always robust and has resulted in duplicate payments being made. As a result, further work needs to be undertaken on Oracle's reporting capability to determine if reports can be generated which would help to identify these duplicate payments. If not, other solutions need to be investigated including the use of specialist auditing software such as Auditware IDEA data analytics.	Director of Finance & IT, Head of IT, Oracle Improvement team

6.0 Conclusion

We are satisfied these steps will help to enhance the governance framework and will monitor their implementation and operation as part of our next annual review.

This statement from the Leader of the Council and Chief Executive, provides reasonable assurance to all stakeholders that within Thurrock Council, processes and systems have been established which ensure decisions are properly made and scrutinised and that public money is being spent economically and effectively to ensure maximum benefit to everyone who is served by the council.

Signature

Date

Lyn Carpenter, Chief Executive

Signature

Date

Cllr Robert Gledhill, Leader of the Council