Bristol City Council

Annual Governance Statement
2010/11

1.   Scope of Responsibility

1.1   Bristol City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has 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.

1.2   In discharging these overall responsibilities, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, including arrangements for the management of risk.

1.3   This statement explains how the Council endeavours to deliver good governance and reviews the effectiveness of these arrangements. It also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2011, which require the Council to publish an Annual Governance Statement (AGS) in accordance with proper practice in relation to internal control.

2.   The Council's Governance Framework

2.1   The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled, and by which it accounts to, engages with and leads the community. It includes arrangements to monitor the achievement of its strategic objectives and to consider whether this has led to the delivery of appropriate, cost-effective services.

2.2   The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It can not 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 aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

2.3   In January 2009, the Council approved and adopted a local Code of Corporate Governance (revised April 2011), which provides in-depth details of the framework the Council has in place to meet the six core principles of effective governance, as prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society Of Local Authority Chief Executives (SOLACE) guidance ' Delivering Good Governance in Local Government.

2.4   The following paragraphs summarise Bristol City Council's Governance Framework

which has been in place for the year ended 31st March 2011 and up to the date of approval of this Statement and the Statement of Accounts.

3. Determining the Council's Purpose, its vision for the local area and intended outcomes for the community

The Council aims to deliver high quality services that provide value for money and which are aligned to the needs and priorities of the local community.

The Council is involved in a number of partnerships including being a lead member of the Bristol Partnership. The Bristol Partnership has agreed the Bristol 20:20 plan setting out a vision and priorities for Bristol. The Council sets out its priorities, in the context of the 20:20 plan, in a Corporate Plan 2008 -2011. The four West of England Authorities are also working together to establish a Local Enterprise Partnership.

3.1 Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision of the local area.

- The Council has in place high level action plans to deliver each of the aims of the Corporate Plan. This work is coordinated with the work of the Bristol Partnership. Progress is monitored by the Strategic Leadership Team (SLT).
- All divisions are required to produce a service plan which includes clear objectives and targets which reflect the Corporate Plan priorities. These plans are produced annually and progress against the targets is monitored throughout the year.
- The Council has a Medium Term Financial Plan (MTFP) which currently covers the period 2010 - 2013. The projections in the MTFP for 2012-13 to 2014-15 are currently being reviewed and will be updated to reflect the approved budget for 2011-12, the latest information on government support and the required level of reductions that will be required.

3.2 Members and officers working together to achieve a common purpose with clearly defined functions and roles.

- The Council's Leader allocates portfolio responsibilities to the individual Executive Members appointed by the administration.
- The Council appoints a number of committees to discharge the Council's regulatory and scrutiny responsibilities.
- The Council has a Constitution which clearly sets out the leadership role and the delegated responsibilities of officers. The Constitution also includes a Member/Officer protocol which describes and regulates the way in which Members and Officers should interact to work effectively together.
- All committees have a clear terms of reference and work programmes which set out their roles and responsibilities.
- There is a Strategic Leadership Team (SLT) made up of the Chief Executive and Strategic Directors that meets each week to discuss matters which are of strategic and operational importance to the Council.
- The Service Director Finance (Section 151 Officer) and the Head of Legal Services (the Monitoring Officer) are not members of SLT but have open invitations to attend when necessary and receive all papers. Both have a direct reporting line and have

monthly meetings with the Chief Executive (Head of Paid Service) in relation to governance issues. Both also attend Cabinet and Cabinet briefings. The Service Director Finance is the lead officer for the Audit Committee and attends all meetings as well as reporting regularly to the Resources Scrutiny Commission.

3.3   Promoting the Council's values and upholding high standards of conduct and behaviour.

- The Council supports a culture of behaviour based on its statement of values. This guides both how the long term vision is put into effect and how members and officers behave in their day-to-day work.
- Members' and Officers' behaviour is governed by Codes of Conduct which include the requirement for declarations of interest to be completed by all Members annually, by all new staff, and biennially by staff working in sensitive areas or paid above a certain grade.
- The conduct of Members is currently monitored by a Standards Committee.
- The Council has a robust complaints procedure.

3.4   Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

- The Council has a Constitution which clearly sets out how it operates and the process for policy and decision making. The Constitution is available to the public on the Council's website.
- Cabinet meetings where key decision are made are open to the public and available via web cast through the Council's website.
- The Leader's Forward Plan of key decisions to be taken over the next four months is published on the Council's website.
- The decision-making process is scrutinised by a scrutiny function which also undertakes some pre-decision and policy development work.
- Policies and procedures governing the Council's operations include Financial Regulations, Procurement Regulations and a Risk Management Policy Statement.

3.5   Developing the capacity and capability of Members and officers to be effective.

- The Council recognises the value of well trained and competent people in effective service delivery, and as such aims to ensure that Members and managers within the Council have the skills, knowledge and capacity they need to discharge their responsibilities.
- There is a Councillors' Development Policy which assists Members to strengthen their capacity as confident and effective political and community leaders.
- The Council's Performance Management and Development Scheme for all staff ensures performance is managed and development needs for each member of staff are identified.

3.6   Engaging with local people and other stakeholders to ensure robust public accountability

- The Council's planning and decision making processes are designed to include consultation with stakeholders and the submission of views by local people. These

include the Citizen's Panel, Ask Bristol e-communication, petitions and e-petitions and the provision of a public forum at the majority of committee meetings.

- All Members are expected to offer, as best practice, surgeries, or equivalent means of providing assistance, for their constituents and key partners (eg. Police) could be involved where appropriate.
- The free Council newsletter 'Our City' communicates the Council's vision and priorities and this is delivered to homes across Bristol. Information is also available on the Council's website.
- The Council works extensively in partnership. The Bristol Partnership informs the Bristol 20:20 plan which drives the Council's own Corporate Plan and is implemented through Partnership Delivery Groups.
- The Council has established 14 Neighbourhood Partnerships, based on ward boundaries, to provide an opportunity for local communities to have a greater say in the way services and local issues are managed by the Council and its partner agencies. Some powers over Council services are devolved to these Partnerships.

4.   Review of Effectiveness

4.1   Bristol City Council annually reviews the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by managers within the Council who have responsibility for the development and maintenance of the governance environment, the work of the internal auditors and by comments made by the external auditors and other inspection agencies.

4.2   Both in-year and year-end review processes have taken place. In-year review mechanisms include:

- the Executive is responsible for considering overall financial and performance management and receives comprehensive reports on a quarterly basis. It is also responsible for key decisions and for initiating corrective action in relation to risk and internal control issues.

- there is a well resourced Scrutiny function which holds the Executive to account. The Resources Scrutiny Commission is responsible for maintaining an overview of service and financial performance, efficiency and effectiveness.

- the Standards Committee have met regularly throughout the year to consider and review issues relating to the conduct of Members. Their work has included agreeing the voluntary code of conduct for Members attendance and endorsing the guidance to Members and officers on purdah.

- the Audit Committee met throughout the year to provide independent assurance to the Council in relation to the effectiveness of the risk management framework and internal control environment. The Committee met eight times during the year, receiving regular reports on risk management, internal control and governance matters.

- Internal Audit is an independent and objective assurance service to the management of the City Council, who complete a programme of reviews throughout the year to provide an opinion on the internal control, risk management and governance arrangements. In addition, the Section

undertakes fraud investigation and proactive fraud detection work which includes reviewing the control environment in areas where fraud or irregularity has occurred. Significant weaknesses in the control environment identified by Internal Audit are reported to senior management, the Executive and the Audit Committee.

- the External Auditor's Annual Audit and Inspection Letter is considered by the Audit Committee, the Executive and the SLT. A number of external audits and inspections have also taken place.

- the Performance and Improvement Team regularly monitor value for money and performance measures and recommend improvements to SLT and senior Members, as appropriate.

- The Corporate Risk Register (CRR) is reviewed periodically by SLT and the Executive Member and then presented to Cabinet Briefings for review and approval. The Strategic Director (Corporate Services) takes the lead on the Register together with the Risk Management Group which meets three time a year to review the effectiveness of the Council's Risk Management Framework.

4.3   The year-end review of the governance arrangements and the control environment included:

- obtaining assurances from Strategic Directors that key elements of the control framework were in place during the year in their directorates. They were also asked to identify areas where control weaknesses had resulted in significant issues arising for the Directorate and their comments are reflected in this Statement. The Statement itself was considered by SLT on 14th June 2011and is supported by them as an accurate reflection of the governance arrangements in place for the year.

- obtaining assurances from other senior management, including the s151 Officer, the Monitoring Officer and the Service Manager: Strategy that internal control and corporate governance arrangements in these essential areas were in place throughout the year.

- obtaining assurances from Strategic Directors with regard to the governance arrangements in place for key partnerships.

- reviewing external inspection reports received by the Council during the year, the opinion of the Chief Internal Auditor in his annual report to management and an evaluation of management information in key areas to identify any indications that the control environment may not be sound.

- consulting the Audit and Standards Committee regarding any potential issues they felt could indicate a problem with the control environment as a result of their work during the year and consideration by the Audit Committee, in preparation of its annual report to Council, of the assurances it was able to provide in respect of risk management and internal control, including the Internal Audit function.

5. Significant Governance Issues

5.1   The review process has highlighted a number of new significant issues regarding the governance and internal control environment. Additionally, there are a number of issues which were highlighted in the 09/10 AGS which have not progressed sufficiently to be excluded from this year's statement. For each issue, detailed action plans have been determined by a responsible officer and a summary of the key elements of these are included in the table below.

5.2   Conversely, there are a number of items which were included in the 09/10 Statement which have been excluded this year as significant progress has been made in addressing the issues such that they are no longer considered a threat to the governance and control environment. These items are:

- Performance management - the Performance Management Strategy has been updated, a directorate balanced scorecard mechanism has been rolled out and benchmarking information is being reviewed by all Directorates
- Partnership Working - Neighbourhood Partnerships developing and the role of the LAA and MAA are changing due to governmental developments
- Procurement - revised procurement regulations and supporting manual issued

5.3   The table below summarises the significant issues and the proposed action to be taken to address those issues:

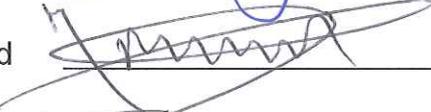| Issue	Action to be undertaken in 2011/12, and Responsible Officer
Health and Social Care (HSC) Directorate senior leadership team is wholly temporary - address the impact on management capacity to achieve objectives, required performance, value for money and savings required.	- Permanent appointments process to three Service Director posts to be completed by June 11 - Interim Strategic Director in place until 31/12/11 as department merges with CYPS - Transformation Programme Business Plan to be completed by July 2011 which will identify savings and shape of service delivery. **Strategic Director (Health & Social Care)**
Housing Benefits - strengthen arrangements to improve performance.	- Audit Commission Improvement Plan followed 10/11 and now subsumed into 11/12 Service Plan. - Benefits Improvement Board in place which includes Birmingham's Benefits Service manager to monitor progress. - Staff recruitment underway following increase in resources. - Service has moved to Integrated Customer Services to better link front and back office. - Permanent appointment of ICS Service Director. - Proposal in place to merge Service Managers for Local Tax and Housing Benefit. - Process Ownership Board set up and

Issue	Action to be undertaken in 2011/12, and Responsible Officer
	operational.
	Service Director (Integrated Customer Service)

Value for Money - strengthen arrangements for improving Value for Money (VFM)	● Revised and refreshed VFM strategy approved by SLT in April 2011 and due to be launched in June 2011. Key changes include:
	   ● **Strengthened ownership and responsibility**, whereby VFM must be a central focus and be the responsibility of every budget holder and employee in the council
	   ● **Agreed directorate VFM priorities for 2011/12**, based on benchmarking evidence, to provide a focus for VFM work.
	   ● **Compulsory VFM self-assessment** to be **completed** by each budget holding manager for their service and to result in actions to improve value for money
	   ● **Strengthened governance and reporting** including quarterly and annual reports to SLT, Service Directors and Cabinet
	
	● The Corporate Performance & Improvement Team will undertake focused improvement work to deliver improvements in the agreed VFM priority areas.
	● The VFM strategy is being incorporated in the Enabling Commissioning Training Programme.
	● The Audit Committee are monitoring progress and have received one report to date and will have a further update in September.
	
	Strategic Director (Corporate Services)

Business Transformation Programme - address delivering major change without reducing the effectiveness of the system of internal control and delivering the savings and performance improvements planned.	● The Strategic Options Delivery Board (SODB), chaired by the Chief Executive, has responsibility for the planning, prioritisation and approval of the overall portfolio of change across the council. It meets monthly. ● SODB has recently agreed a set of design principles and a prioritisation criteria which will be embedded in the governance processes for 2011/12. This will ensure strong alignment of the change portfolio with with the Medium Term Financial Plan (MTFP) ● Member scrutiny is achieved by regular monthly briefings to the Executive Member for Targeted Improvement. Cross party engagement on major

Issue	Action to be undertaken in 2011/12, and Responsible Officer
	change programmes is achieved through the Resources Scrutiny Commission. ● All major change programmes and projects are subject to scrutiny by the the Centre of Excellence (CoE) for Portfolio, Programmes and Projects. The CoE ensures that all programmes and projects comply with the councils delegated authorisation controls. ● All programmes and projects have a senior accountable manager appointed as SRO or Project Executive. For major programmes, a Strategic Director takes on the SRO role. ● All programmes and projects are subject to an internal audit impact assessment to consider the effect of any changes on the effectiveness of internal controls across the authority. ● A Benefits Realisation Boards, (BRB) led by the Strategic Director of Corporate Services, is now in place and meets on a quarterly basis. It reviews the delivery of benefits and outcomes for all projects and programmes that are in delivery, or with relevant line managers where the programme or project has closed ● Benefits contracts are being introduced for all programmes and projects, to ensure there is clear a accountability for the delivery of benefits, both financial and non-financial. **Service Director (ICT)**
Key Decision Reports and the Leaders Forward Plan - strengthen the planning process for key decisions to enable appropriate notice to be given in the Leaders Forward Plan and additional time for comprehensive quality reports to be prepared for Cabinet.	● SLT received Internal Audits report on Key Decision Making on 28th June, and have agreed actions taken forward including Directorate Leadership Team report and the use of a quality assurance checklist ● Improved key decision template and guidance to be introduced ● Strategic Directors to be responsible for reinforcing agreed SLT actions and new guidance for all their Directorates' key decision reports ● Forthcoming decisions to be entered further in advance on the Leaders Forward Plan where possible. **Chief Executive**
Achievement of current year and planned savings - address the	● Finance Business Partners working with Directorates to identify further level of required

Issue	Action to be undertaken in 2011/12, and Responsible Officer
achievement of current savings and the plans for future savings required.	savings for 2012/13 - 2014/15 ● 2012/13 -2014/15 Medium Term Financial Plan projections are being amended and updated to reflect the new level of Government support, and the required Directorate Savings ● Centre of Excellence engaged with all prospective change plans, and linked in to MTFP to achieve required savings ● Improved quality information on which to base savings plans ● Tighter control around monitoring of savings **Strategic Directors**
Senior Management Capacity - address the continuity of management and the significant increase in workload of senior management as a result of reduced number of Strategic and Service Directors.	● The Senior Leadership Team to continue to monitor Directorate leadership arrangements to ensure Council agenda and objectives can be effectively delivered ● Strategic Directors to monitor Service achievements against service delivery plans and targets to ensure objectives fully achieved ● Third and fourth tier spans of control to be kept under review to ensure resources available effectively managed in pursuance of defined objectives **Chief Executive**
A shortage of primary school places in Bristol.	● A draft School Organisation Strategy is currently out for consultation; this details proposed medium and longer term actions to meet future need. ● Extending current work to build effective partnerships with schools to enable and support school expansion where needed and appropriate ● Evaluating and acting on opportunities to bring new providers in to the city to deliver high quality primary education ● Ensuring a joined-up, Council wide approach to utilising available capital and property resources - including those that may become available in the future. ● Working with construction partners and delivery agents to set revised standards and employ new construction techniques to deliver more cost effective solutions quicker **Strategic Director** **(Children, Young People and Skills)**

6. Certification

6.1 To the best of our knowledge, the governance arrangements, as defined above, have been effectively operating during the year with the exception of those areas identified in Section 5. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangement. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness, and will monitor their implementation and operation as part of our next annual review.

Leader of the
Council: Barbara Janke   Date: 30-09-11

Chief Executive: Jan Ormondroyd   Date: 30.09.11

s151 Officer :   Peter Robinson   Date: 30.9.11