

## MERTON AND SUTTON JOINT CEMETERY BOARD

5 June 2018

**Wards: Borough Wide Merton and Sutton**

**Subject:** Annual Governance Statement 2017/18

**Lead officer:** Zoe Church

### **Recommendation:**

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That the Annual Governance Statement be noted and agreed

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## **1 PURPOSE OF REPORT AND EXECUTIVE SUMMARY**

- 1.1 The Merton and Sutton Joint Cemetery Board (MSJCB) is required to prepare an Annual Governance Statement (AGS) for the year 2017/18. This statement is required in order to comply with Regulation 6 (1b) of the Accounts and Audit Regulations 2015. As a Joint Committee, MSJCB is one of the scheduled bodies for the purposes of these regulations.
- 1.2 This statement provides assurance to all stakeholders that MSJCB by utilising the established processes and systems of Merton Council's processes and systems ensure that decisions are properly made and scrutinised, and that public money is being spent economically and effectively to ensure maximum benefit to all citizens of the borough.
- 1.3 MSJCB has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government"
- 1.4 The AGS explains how MSJCB has complied with the code and also meets the requirements of the 2015 Regulations. It is worthy of note at this point that MSJCB utilises the systems and procedures of the London Borough of Merton (the Council/Authority) and as such utilises the work undertaken by this organisation to demonstrate good governance.

## **2 DETAILS**

- 2.1 MSJCB 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.
- 2.2 In discharging this overall responsibility, MSJCB is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

- 2.3 The governance framework comprises the systems and processes, culture and values by which the authority is directed and the activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.4 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of MSJCB policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

### **3 The Governance Framework**

- 3.1 MSJCB 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 senior managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates
- 3.2 The Authority has established a Corporate Governance steering group and terms of reference agreed to undertake this review. Regular meetings have been held and an evidence pack compiled to review the seven principles which 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

### **4 ALTERNATIVE OPTIONS**

- 4.1 There are no alternative options as the AGS is a statutory requirement.

**5 CONSULTATION UNDERTAKEN OR PROPOSED**

5.1 No external consultation has taken place or is planned for this document.

**6 TIMETABLE**

6.1 This report has been prepared to meet the timetable for the approval of the Statement of Accounts.

**7 FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

7.1 There are no specific financial, resource or property implications.

**8 LEGAL AND STATUTORY IMPLICATIONS**

8.1 The AGS is a statutory requirement.

**9 HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

9.1 There are no specific human rights, equalities or community cohesion implications.

**10 CRIME AND DISORDER IMPLICATIONS**

10.1 None for the purposes of this report.

**11 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

11.1 There are no specific risk management or health and safety implications.

**12 APPENDICES – the following documents are to be published with this report and form part of the report**

12.1 Appendix I: Annual Governance Statement 2017/18

**13 12.BACKGROUND PAPERS – the following documents have been relied on in drawing up this report but do not form part of the report**

13.1 CIPFA / SOLACE Framework Delivering Good Governance in Local Government 2016



### ANNUAL GOVERNANCE STATEMENT 2017/18

In compiling the AGS the Board has adhered to the Solace/CIPFA Guidance which is deemed best practice and addressed their seven key principles:

#### **Principle 1 Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

##### **1. Codes of Conduct**

- 1.1 The Council has an Employee Code of Conduct that applies to all council employees without exception, as well as to non-employees who are engaged (e.g. agency workers) or contracted by the council. The summary code of conduct is available on the intranet, is given to all new members of staff and discussed as part of the induction process. This code includes a requirement for staff to declare any conflicts of interest.
- 1.2 The Members' Code of Conduct is included in the council's Constitution and includes the principles of public life and information on declaring and registering interests. Each year (after Annual Council) Members are asked to declare their interests and mechanisms are in place to update these regularly when there are changes.
- 1.3 The Standards and General Purposes Committee receives annual reports on gifts and hospitality declared by staff and Members.
- 1.4 The whistleblowing policy was last reviewed in 2016 and is available on the intranet and internet. Leaflets are distributed within the civic centre and to schools and other organisations.

##### **2. Principle 2: Ensuring openness and comprehensive stakeholder engagement**

###### **Transparency agenda**

- 2.1 The council publishes the information specified by the government's Open Data requirements on the council's Open Data webpage. The current data published on the council's website includes:
  - Spending over £500
  - Senior employees' salaries
  - Job descriptions of staff earning over £50k
  - Pay multiple
  - Pay policy statement
  - Payments to councillors – allowances and expenses
  - Councillors attendance at meetings
  - Democratic data including the Constitution, minutes, decisions and election results
  - The Business Plan, policies, performance, audit and inspections

- Finance data and counter fraud statistics
  - Merton's contract register
  - Funding to the voluntary and community sector
  - Structure charts
  - Parking income and expenditure
  - Details of on-street and off-street parking spaces
  - List of property assets
  - Trade union activity
- 2.2 The Protection of Freedoms Act 2012 requires the council to publish certain datasets that are requested.
- 2.3 Merton Council publishes an information requests disclosure log which gives brief details of the requests received each week under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.
- 2.4 Under the Freedom of Information (FOI) Act, a public authority must respond to FOI requests within 20 working days. The council is measured against a corporate target of 85% of FOI requests dealt with in time and performance for 2017/18 was 76%. Plans are in place to improve performance. Performance is reported to the Corporate Management team monthly and is also published on the council's website via the performance monitoring dashboard.

### **Complaints**

- 2.5 The Complaints policy is reviewed periodically to ensure it remains relevant and supports improvement in the way the council deals with complaints. New staff are introduced to effective complaints handling through their departmental inductions and all new managers receive through their specific managers induction. Training and advice is provided on request to teams and targeted training is provided for teams which regularly deal with complaints.
- 2.6 Work is on-going with service departments to identify policy complaints so departments can deal with them appropriately. Departments receive feedback to help them identify areas for improvement and departmental actions are monitored to assess whether changes that are made make a difference. The number of complaints received by the council has increased in the past year with 39% more complaints received between 2016/17 and 2017/18. Performance over the same period shows 6% of complaints were escalated to Stage 2, compared with 7% in 2016/17.
- 2.7 The council's performance in responding to complaints is reported to the Corporate Management team on a monthly basis and is published on the council's website via the performance monitoring dashboard.

### **3. Principle 3: Defining outcomes in terms of sustainable economic, social, and environmental benefits**

3.1 The Merton Community Plan has been developed by the Merton Partnership and sets the overall direction and vision for the borough until 2019. This is supported by the Council's Business Plan and Departmental Service Plans. These are reviewed and updated annually.

3.2 The Council's Business Plan 2017-21 sets out the following vision:

By 2020 Merton Council will be transformed by the fruition of a number of change projects which will maximise the use of information technology and streamline processes and service provision. Providing value for money services to our residents is at the heart of our business and we must be able to demonstrate that all of our services represent best value for money. We will do this by continuing to finding innovative solutions to maximise future efficiency.

The financial reality facing local government dominates the choices the council will make for the future of the borough. The development of the Business Plan 2017/21 is therefore based on the set of guiding strategic priorities and principles, as adopted by the council on 13 July 2011:

- Merton should continue to provide a certain level of essential services for residents. The order of priority of 'must' services should be:
  - i) Continue to provide everything that is statutory.
  - ii) Maintain services – within limits – to the vulnerable and elderly.
- After meeting these obligations Merton should do all that it can to help residents who aspire. This means we should address the following as priorities in this order:
  - i) Maintain clean streets and keep council tax low.
  - ii) Keep Merton as a good place for young people to go to school and grow up.
  - iii) Be the best it can for the local environment.
  - iv) All the rest should be open for discussion.

The financial pressures facing Merton mean we should no longer aim to be a 'place-maker' but be a 'place-shaper'. The council should be an enabler, working with partners to provide services.

Our top priority will continue to be to provide safe services of the best possible quality within financial constraints and the July 2011 principles. We will deliver services that customers want and need and, where possible, involve our customers in service specification and design.

The Authority is utilising best practice in project management/ transformation to assess the future direction of services and the required staff, process and IT development to deliver this change. Internal decision making structures have been established to maximise Authority wide assessment and development.

#### **4. Principle 4: Determining the interventions necessary to optimise the achievement of the intended outcomes**

## **Delegations**

- 4.1 The council's constitution sets out the roles and responsibilities of the executive, non-executive, scrutiny and officer functions.
- 4.2 The functions of Council are set out in Article 4 of the constitution. These include responsibility for adopting and changing the constitution, policy framework and budget
- 4.3 Cabinet (Article 7) has responsibility for carrying out all of the Council's functions which are not the responsibility of any other part of the local authority.

## **Financial strategy and financial management**

- 4.4 Both Merton and Sutton have well established procedures for compiling their multi-year financial and business strategies. These are reviewed and updated annually. Implicit within these plans is the need for MSJCB to break even so that they do not need to precept constituent authorities.
- 4.5 Over the last few years the Board has had to extend the cemetery at a cost of just over £1.6 million. This cost has been met by matching loans from the constituent authorities. The embedding of the new contract and maintaining a workable budget has been completed during 2017/18.

## **Policy and decision making**

- 4.6 Policy and decision making is undertaken by the Board which is compiled from 5 Merton and 5 Sutton Councillors. Normally there are two meetings of the Board each year.

## **Performance management**

- 4.7 The Board are requesting detailed reports from the Client and Contractor to each meeting of the Board.

## **5. Principle 5: Developing the entity's capacity, including the capability of its leadership and the individuals within it**

- 5.1 The Board are responsible for the governance of the Cemetery.
- 5.2 The authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- 5.3 Development needs members/officers
- 5.4 Members –A members' development plan is in place and this is adapted to meet arising needs. Induction training is provided for all new members.
- 5.5 Officers – All council employees (except those on probation) will have an annual appraisal. Training needs are identified through staff appraisals and training can



now be booked on the council's iTrent System. The Council has Induction workshops throughout the year for new starters and for employees who change their roles. There is a managers' induction session for managers new to the Council or new to role. Training is available to all staff to ensure they have the skills and knowledge to undertake their roles. The leadership behaviours have been included in the appraisals for the Collective Departmental Management Teams for 2016/17 with the view to rolling it out all staff in April 2017. As part of the Council's ambition to be London's Best Council in 2020 a development programme was launched for the Collective DMTs and the Leadership Team.

**6. Principle 6: Managing risks and performance through robust internal control and strong public financial management.**

**Risk management**

- 6.1 Risk management is a central part of the organisation's system of internal control. The focus of the risk management strategy is to ensure the identification and treatment of risk as part of everyday management.
- 6.2 The Board utilises Merton's approach to Risk Management and has adopted a Risk Management Strategy that is based on the Merton Risk Management Model. The Risk Register is reviewed at each meeting of the Board.
- 6.3 The council has an anti-fraud and corruption strategy. Integral to these arrangements is the Whistleblowing Policy which is communicated to staff via the intranet, leaflets and posters to outbuildings. All Whistleblowing cases and action are reported annually to the General Purposes committee.
- 6.4 The council also participates in the National Fraud Initiative (NFI) a computerised data matching exercise, led by the Cabinet Office to detect fraud perpetrated on public bodies.

**7. Principle 7 Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

**Internal Audit**

- 7.1 Internal Audit is an assurance function that provides an independent and objective opinion on the control environment. It operates to defined standards as set out in the Public Sector Internal Audit Standards. An external assessment was carried out in March 2014, which concluded that Merton's Internal Audit function complied with the standard.
- 7.2 An annual report is produced by the Head of Audit which provides an opinion on the adequacy and effectiveness of the internal control environment.
- 7.3 A review has been undertaken on the 5 elements of the CIPFA statement on the role of the Head of Audit in public sector organisations. These elements are all met.

**Data Security**

7.4 The council holds a significant amount of personal data across its many business areas and has put in place actions to manage the risk of possible loss of this data. These include annual mandatory training for all council and partner staff with access to council systems, publication of guidance and an Information Security policy. Staff are required to report any security incident promptly to the Information Governance team so an investigation and appropriate remedial or mitigating action can be taken. Each reported incident is followed up by the Information Governance team to identify lessons to be learned and to implement changes to reduce the risk of further similar incidents in the future. Security breaches are reported to the Information Governance Board quarterly. The Head of Information Governance assesses each security breach, in line with the Information Commissioners guidance, to identify whether an incident should be reported to the Information Commissioner's Office. During 2017/18 no enforcement action or monetary penalties were issued against the council, reflecting the effectiveness of the policies and procedures in place.

## **8. Other areas of corporate governance and assurances**

8.1 A review of the effectiveness of the governance arrangements for the council have been carried out also using the following areas:

- Performance management
- Internal Audit
- External Audit
- Risk management
- Other Inspection Reports

8.2 This evidence has been considered by the Steering Group as the review of effectiveness of the Corporate Governance Framework and Internal Control. Internal Audit Annual Report.

**9. Follow up of 2017/18 Improvement Plan and Improvement Plan 2018-19**

9.1 The improvement actions below have been identified as part of the AGS for 2017-18 and Improvement Plan for 2018-19.

<b>Action</b>	<b>Lead</b>	
Further Review of Financial Position Mid-Year	Treasurer/ Client Side Function	Report submitted to a November 2017 meeting of the Board. Detailed reports have been requested to be submitted to each meeting of the Board. <b>Reporting needs to be established and embedded during 2018-19.</b>
Review of Roles and Responsibilities	Treasurer/ Client Side Officer Client Side Officer only in 2018/19	Report submitted to November 2018 meeting of the Board. Restructuring is outstanding <b>Restructuring to be progressed during 2018-19.</b>
<b>New in 2018-19</b>		
Valuation of Fixed Assets and Establishment of a Formal Asset Register	Treasurer/Surveyor to the Board	Information to be utilised for 2018/19 account close

11. **Chair of the Board**

**Registrar to the Board**

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