

Annual Governance Statement

Introduction

1. The governance framework is the system, processes, culture and values by which the Council is directed and controlled and how it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
2. The Council has adopted a Code of Corporate Governance which has been produced to the standards prescribed in the best practice guidance in order to prepare the Annual Governance Statement (AGS). The best practice guidance is recognised as the CIPFA Framework Delivering Good Governance in Local Government, which was updated and issued in 2016. The AGS is used by the Council to report publicly on the extent to which the Council has complied with its adopted Code, which is a requirement of the Accounts and Audit Regulations (England) 2015.
3. The AGS also applies to the Council's wholly owned subsidiary, The Arch Group, an arm's length company which acts as the development vehicle dedicated to economic development, regeneration and housing market renewal throughout Northumberland. Last year's AGS referred to two other wholly owned subsidiaries: Generation and Innovation Ltd which was established to develop a range of proposals to deliver cohesive business and commercial capacity with the objective of identifying opportunities to generate revenue and which was dissolved in October 2017; and Homes for Northumberland whose remaining assets were transferred to the Council on 30 March 2017 and was removed from the Companies Register in January 2018.
4. The Council works in close partnership with a number of other bodies such as Active Northumberland, a registered charity delivering Northumberland's leisure and cultural services. Social Care support for ill or disabled adults in Northumberland is operated by Northumbria Healthcare NHS Foundation Trust and support for working age adults with mental health problems is operated by the Northumberland, Tyne and Wear NHS Foundation Trust. The role of Town and Parish Councils continues to become increasingly important both in sharing information and in carrying out complementary services. A number of shared services are in place including audit and risk management (with North Tyneside Council); procurement (with Northumbria Healthcare NHS Foundation Trust and North Cumbria University Hospitals NHS Trust) and Occupational Health (with Northumbria Healthcare NHS Foundation Trust). With effect from 29th January 2018, the Council entered into a shared pension administration initiative with South Tyneside Council through a joint administration team located at South Tyneside Council's offices in South Shields. The Council also agreed in January 2018 to establish a shared service with Newcastle City Council for a range of transactional financial services with effect from 1 April 2018.
5. The Council is working collaboratively with other authorities in the region in a number of ways and is currently a member of the North East Combined Authority comprising Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland.
6. The Chief Executive was appointed as the Accountable Officer for the Northumberland Clinical Commissioning Group in December 2016 and the role was subsequently taken on by the Executive Director of Adult Social Care and Strategic Health Commissioning in June 2017. The Council will participate in the Northumberland Accountable Care Organisation with health partners subject to the outcome of the strategic review currently being carried out by NHS England.

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The process

7. A Corporate Governance Group was established this year in line with the Improvement Plan adopted as part of the 2016-17 AGS. That Group reviewed the Council's Corporate Governance Framework which is shown at Appendix A and proposed a process for preparation of the AGS for 2017-18. The revised framework and the proposed process were endorsed by the Corporate Leadership Team. Heads of Service together with the Chief Operating Officer for Arch and lead officers in provision of shared services for Procurement and Internal Audit have completed returns summarising their compliance with the governance framework during the financial year 2017-18. From the information contained within the returns, the Corporate Governance Group has prepared the AGS and consulted with those officers, the Executive and Corporate Leadership Team and with the Audit Committee. The AGS is also reviewed by Internal Audit to provide assurance on its accuracy and completeness.

The Governance Framework

The revised governance framework is built around seven principles:



The Council's compliance with the seven principles is outlined below.

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

8. The Monitoring Officer supported by staff in Democratic Services has for the new Council elected in May 2017 established and maintained the Councillors' register of interests as required under the Localism Act 2011 which is available online for public inspection. The register includes the declaration of gifts and hospitality received by members in connection with their official duties.
9. Advice has been given throughout the year to Members with regard to the need to make appropriate declarations of interests under both the 2011 Act and the local members' code of conduct. As of the middle of February 2018 thirteen member code of conduct complaints were received under the arrangements adopted by the Council under the 2011 Act. The number of complaints received represented a reduction of almost 19% on the number of complaints received in the previous year. The work which had been commissioned in the previous year from a leading firm of ethical framework consultants to support a local council which had been experiencing ongoing governance problems was completed satisfactorily and progress reports on the accompanying action plan made to the Council's Standards Committee who have also expressed their satisfaction with the work undertaken by the local council in response to the consultants' work. The work undertaken was supported by both the Monitoring Officer and the Chairman of the Standards Committee with an improvement plan being agreed with the authority concerned which provided for regular monitoring reports to be made to the Monitoring Officer and onwards to the Standards Committee. It is considered that the County Council's willingness to commission and pay for such work is a clear indication of the seriousness with which it takes its statutory responsibilities under the 2011 Act as they pertain to member standards of conduct.
10. No matters arose during the year which caused the Monitoring Officer to consider exercising powers under section 5 of the Local Government & Housing Act 1985 in relation to the contravention, or potential contravention, of any enactment or rule or law or in relation to an instance of maladministration.
11. Roles and responsibilities of executive, non-executive, scrutiny and officer functions are clearly defined through terms of reference and job descriptions, ensuring effective leadership. Regular appraisals for staff ensure an awareness of the requirements and expectations of each role.
12. Terms of reference for all Committees can be found on the Council's website. Clear delegation arrangements are set out in the Finance and Contract Rules, which form part of the Council's Constitution. In relation to finance, the Council's management arrangements conform to the requirements of CIPFA's "Statement on the role of the Chief Financial Officer in Local Government".
13. A constructive working relationship exists between officers and elected members, which ensures that both are able to operate to optimal effect. The Council's Monitoring Officer has responsibility for ensuring that the Council acts within its legal powers at all times, and the Section 151 Officer is responsible for ensuring the proper administration of the Council's financial affairs. Within their respective roles, both have a duty to report formally any adverse matters, a requirement which is set out in the Constitution.
14. The Council operates a whistleblowing policy, and has a robust complaints process, designed to ensure that all issues are properly investigated. The Council has also

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introduced Safecall which provides an independent, confidential service where employees can report any concerns. The hotline does not replace internal reporting procedures, but is used alongside them to provide an alternative for employees who, for a number of reasons, may not wish to use the internal options.

B. Ensuring openness and comprehensive stakeholder engagement

15. The Council's Constitution describes how decisions are to be made and the processes which must be followed to ensure efficiency, transparency and accountability. Decisions are made by the Cabinet, working within the agreed budget and policy framework. The Cabinet is held to account by the Council's Overview and Scrutiny Committees. Notice of forthcoming decisions to be taken by the Cabinet is published via the forward plan. Meetings are generally held in the public domain, although of necessity a small number of items may be considered in private. Regulatory matters are normally dealt with by specific committees established for the purpose. Reports are provided to a standard template.
16. To enable a more streamlined process, responsibility for certain decisions is delegated to chief and senior officers, in line with powers set out in the Constitution.
17. An engagement strategy has been developed for the authority, to ensure that services are developed and delivered in an appropriate manner. With regard to public engagement, the Council has a consultation toolkit for officers, and the Economic and Inclusion Policy Team offer support with regard to compiling questionnaires, identifying appropriate sample sizes, and evaluating feedback. The Economic and Inclusion Policy Team also co-ordinate the Council's People's Panel of 2,000 citizens which can be used to seek views on specific strategic issues – examples in recent years include consultation on budget proposals, seeking views on the Devolution Agreement for the North East and awareness of Arch's role in Northumberland.
18. The Council last carried out an extensive Resident Perception Survey of 8,000 residents in 2015 which provided a range of quality of life perception data statistically valid at Area Committee level. It is intended to repeat the Resident Perception survey in 2018 and in 2021 using a methodology which will provide valid data at the level of the five Local Area Councils established in June 2017 and covering North Northumberland; Castle Morpeth; Ashington and Blyth; Cramlington, Bedlington and Seaton Valley; and Tynedale.
19. The Council's website provides details on information governance including the Council's policies covering data protection, freedom of information, environmental information regulations and records management. The publication scheme advises the public about how to get the information they seek from the Council and the transparency pages on the website meet the requirements of the Local Government Transparency Code 2015.

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

20. The Council's former Corporate Plan was adopted in November 2013 focusing on four outward facing priorities – Economic Growth; Places and Environment; Stronger Communities and Families; and Health and Well Being – complemented by an internal priority of Developing the Organisation. The Plan covered the period up to 2017 and was supported by the Council's vision and values statement. Each service prepares a Service Statement annually setting out its priorities in delivering the Council's Corporate Plan together with a performance framework identifying key measures of performance, current performance levels and targeted performance levels. Measures of performance are captured in the Council's web-enabled performance management system which is regularly

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updated with current performance so that the information is readily accessible to members, managers, staff, the public, partners and other stakeholders. The Council's performance is regularly monitored by the Corporate Leadership Team and by the Overview and Scrutiny Committees.

21. The Council's Core Strategy sets out the long term spatial vision and strategic planning policies of the Council. It identifies the scale and distribution of new development which is required to deliver the Council's economic growth ambitions. It also provides the strategic planning principles that will be used to inform Neighbourhood Development Plans across Northumberland. The Core Strategy was submitted to the Secretary of State for approval in March 2017 and was subsequently withdrawn in July 2017. The Council is now working towards a new strategy which will be issued for further public consultation.

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

22. The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. A framework of policies and procedures is in place as set out in the Financial and Contract rules. A comprehensive review of these rules is currently underway and is scheduled for completion in July 2018.
23. Planning protocols were fully reviewed and implemented in 2015-16 with increased delegation to officers and more effective engagement with applicants at pre-submission stage. The protocols have led to improved performance in dealing with applications and are set out on the Council's website.
24. The medium term financial plan for the period 2018-22 was approved by the Council at its meeting on 21 February 2018.

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

25. A Workforce Committee (at officer level) has been established and provides regular scrutiny, challenge and accountability for all workforce related improvement initiatives. Monthly workforce intelligence data and performance reports are produced and used to monitor and steer improvement actions. Significant Improvements in organisational compliance have been recorded during 2017-18. The data set will continue to be developed to include equality monitoring data.
26. The Council continues to deliver against the priorities identified within the Organisational Development Strategy to achieve its strategic objectives and deliver people and organisational improvement. Results for the 2017 staff survey show improvements across many of the elements and the engagement measure score of 3.76 for all responses is higher than the national average and higher than those of comparable public sector organisations in the region.
27. An HR policy review group has been established to manage a programme of policy development and review, ensuring all legislative changes are tracked and incorporated within key people management policies. Over thirty policies have been reviewed and approved by the Joint Consultative Committee and a further twenty four policies are planned to be reviewed during 2018-19.
28. A focused approach on improving employee performance management has led to the prioritised review of a number of key policies and procedures. The appraisal documentation

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has been refreshed for 2018 and incorporates improvement suggestions from employee engagement events and staff survey findings. Compliance levels for appraisal completions continue to rise above the 70.89% achieved in 2016-17 with an expected confidence assurance level of 90% in 2018.

29. The Workforce Committee continues to monitor compliance levels for all mandatory required learning. Overall performance for 2017-18 has improved from 75.83% in 2017 with an 89% compliance rate across all directorates recorded January 2018. To support preparations for the General Data Protection Regulations all employees will be assigned an additional mandatory piece of required learning in April 2018.
30. The positive introduction of the 'Welcome to Northumberland' corporate induction programme will be further strengthened in 2018 by the addition of two performance measures monitored through the Workforce Committee. The two mandatory performance indicators measures will monitor the compliance level for employees attending a corporate induction within 12 weeks and completion of a local induction within 8 weeks will demonstrate effective onboarding and induction practice.
31. Significant investment has been agreed for apprenticeships during 2017-18 and the initial preparatory work has been undertaken to ensure that the Council fulfils its public service duty and utilises its share of the Apprenticeship Levy. Current performance exceeds the 2.4% public service duty requirement for apprentices within the workforce (3.9%) and a commitment of 88% of available funds within the digital account.
32. A review of the Council's recruitment process will be carried out in 2018 to improve the level of assurance for safer recruitment practice and identify improvements to ensure a more efficient and expedient onboarding experience.

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

33. The Council's risk management framework provides a structured approach to the management of risk. The objectives of this framework are to: provide standard definitions to underpin the risk management process; co-ordinate the approach to risk management across the Council, providing a consistent and integrated output, through the clarification of key concepts; formally document the Council's risk management methodology; clearly identify roles and responsibilities for managing risk, raising awareness of the need for risk management by staff at all levels within Northumberland County Council; implement an approach which is fully integrated and embedded throughout the organisation; and ensure that risks are managed in accordance with best practice. The framework incorporates the policy and strategy for risk management, along with details of the key features of the Council's approach. The risk management policy is approved by the Cabinet and signed off by the Leader of the Council and the Chief Executive. Supporting this document is the strategy, which gives the scope, direction and priorities for risk management. The Council's risk management policy, strategy and methodology are set out in the November 2014 update of the Risk Management Framework. Improvements to the process to enhance management of risk had been planned during 2017-18 and will be rolled out early in 2018-19.
34. The Council's performance management framework is published to the website and performance information is updated regularly. The data is input to the corporate system by

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services and publicly available reports map the information to services, Corporate Plan priorities, Cabinet member portfolios and overview and scrutiny committees.

35. The Council benchmarks its services against a number of national and regional comparators and each service includes details of its benchmarking in its annual service statement.
36. During 2017-18 four Overview and Scrutiny Committees were in operation - Corporate Services and Economic Growth; Communities and Place; Health and Well-Being; Family and Children's Services - supporting the work of the Cabinet and the Council as a whole. They allow citizens to have a greater say in Council matters by holding inquiries into matters of local concern. Overview and Scrutiny Committees also monitor the decisions of the Cabinet. The scrutiny process allows for a decision made by the Cabinet, but not yet implemented, to be 'called in'. This enables them to consider whether the decision is appropriate. Members may recommend the Cabinet reconsider the decision. They may also be consulted by the Cabinet or the Council on forthcoming decisions and the development of policy.
37. An annual personal development process (PDP) and six monthly review process exists for all members. An online learning management system provides electronic records of individual learning plans and member development activity. The outcome of PDPs and development needs arising from various political committee and meeting structures inform the annual member development programme and member briefing sessions. The Chairmen's Group and Member Service Working Group contribute to the identification, monitoring and management of member capacity and capability. A full induction programme was delivered for all Members of the new Council from May 2017.
38. A dedicated resource is available within the Corporate Fraud Team to lead investigations into breaches of policy and suspected irregularities, with an element of the role being dedicated to pro-active work, and developing an anti-fraud culture. The Audit Committee receives regular updates on all fraud investigations.
39. The Council's Internal Audit Service plays a key role in the assessment of the control environment, and will make suggestions for improvement where necessary. The Service operates in accordance with the Accounts and Audit (England) Regulations 2015, the Public Sector Internal Audit Standards (revised 1 April 2016) and the related Local Government Application Note published jointly by the Chartered Institute of Public Finance and Accountancy and Institute of Internal Auditors (April 2013). Following wide consultation with stakeholders and assessment of risk, a Strategic Audit Plan is presented annually to the Audit Committee to consider and review the planned work and proposed coverage of Internal Audit. From 2016-17, an increased focus on 'assurance mapping' – using the Authority's own assessment of risks, and focusing assurance on the effectiveness of the controls in place – has been reflected in our audit planning.
40. The Council established a shared arrangement with North Tyneside Council for Internal Audit and Risk Management Services. The Shared Service Management Board which includes the respective Chief Executive and relevant Portfolio Holder of Northumberland County Council and North Tyneside Council oversees the arrangements across the two councils.
41. The Audit Committee plays a key role in the assurance process, advising on the adequacy and effectiveness of the authority's risk management arrangements, the control

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environment, corporate governance and associated anti-fraud and anti-corruption arrangements; and seeking assurances that action is being taken on risk-related issues identified.

42. The Committee considers the scope and remit of external audit, and internal audit and risk management and receives regular reports from each throughout the year. It also considers and advises upon any significant reports of inspection agencies where these have not been referred to a more relevant Overview and Scrutiny Committee. Audit Committee monitors management actions in response to the issues raised and recommendations made.
43. The role of Audit Committee includes being satisfied that the authority's assurance statements properly reflect the risk environment and any actions required to improve it. Annually, it receives a report from the Chief Internal Auditor, assessing the adequacy and effectiveness of the framework of governance, risk management and control; and provides an assurance to the County Council that its systems of governance are operating effectively through approval of the Annual Governance Statement.
44. The Committee meets at least six times per annum, with additional ad hoc meetings as required. The work programme for the Committee is reviewed annually to ensure compliance with all professional guidance.
45. The Council has an Information Governance Group (IGG) which meets on a regular basis to ensure that all Information Governance and Information Security policies and procedures are fully implemented across the organisation and that issues of non-compliance are raised at these meetings. The minutes of the IGG are reported to the Council's Digital Board which provides governance on all Information and Digital activities undertaken by the organisation. All services are represented on the Digital Board by senior officers.
46. Finance officers meet regularly with budget holders across the Council and prepare a monthly financial monitoring statement which is shared with the Corporate Leadership Team and reported to Overview and Scrutiny Committee.

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

47. As already mentioned, the website provides a platform for the Council's openness in governance with its transparency pages, publication scheme, access to committee agendas, papers and records of decision and up to date performance information.
48. Annual reports are provided on the State of Northumberland providing a range of information about the county aligned to the Corporate Plan and an account of physical progress made in delivering the aims of the Corporate Plan.
49. At Service level there has continued to be regular regulatory inspections of Adult and Children's Services and reports are provided to the Audit Committee to provide assurance of how the actions resulting from inspections are implemented and monitored. An annual report was also submitted to the relevant Overview and Scrutiny Committee on all external inspections of council services.

Developments in 2017-18

50. There have been significant changes in the organisation and direction of the Council during 2017-18 which are relevant to the Council's governance arrangements. County Council

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elections were held in May 2017 which resulted in a change of administration from a Labour led minority administration to a Conservative led minority administration. There has also been change in the officer structure with the previous Chief Executive leaving the Council in May 2017 and the appointment of a new Chief Executive in November 2017. The Council agreed a new executive management structure at its meeting on 1 November 2017. Recruitment to that structure is now at its final stages.

51. The previous Corporate Plan had been agreed in 2013 and a new Corporate Plan for the period up to 2021 was agreed by the Council at its meeting on 21 February 2018 along with the medium term financial plan for 2018-2022 and the budget for 2018-19. These decisions will enable the Executive Directors, Service Directors and Heads of Service in conjunction with relevant Portfolio Holders to publish Service Statements setting out how each service will contribute to delivery of the Corporate Plan over the next three years. This work is due to be completed in April 2018 and will include amendments to the Council's performance framework which will continue to be monitored via the web-enabled corporate performance system.
52. Two strategic reviews have been carried out during the course of the year on The Arch Group and Active Northumberland. In both cases governance arrangements were found to be inadequate and the County Council at its meetings on 3 January 2018 and 21 February 2018 agreed recommendations for strengthening arrangements with The Arch Group and Active Northumberland respectively. The Council also commissioned an independent review of finance to support development of the medium term plan and budget.
53. The Council's Core Strategy sets out the long term spatial vision and strategic planning policies of the Council. It identifies the scale and distribution of new development which is required to deliver the Council's economic growth ambitions. It also provides the strategic planning principles that will be used to inform Neighbourhood Development Plans across Northumberland. Last year's AGS reported that the Core Strategy had been submitted to the Secretary of State for approval in March 2017. The Strategy was subsequently withdrawn in July 2017 and the Council is now working towards a new strategy which will be issued for further public consultation.
54. In November 2017 Newcastle, North Tyneside and Northumberland councils agreed with Government a 'minded to approve' devolution deal for the North of Tyne. In order for the three councils to accept and implement the deal they must:
 - come out of the current North East Combined Authority (NECA), which comprises Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland
 - create a new mayoral combined authority for the North of Tyne area
 - create a joint transport committee in conjunction with NECA as revised to oversee public transport arrangements across the whole of the North East
55. It is anticipated that The North of Tyne Combined Authority will be established in the summer of 2018 and an interim Mayor will be appointed to oversee the authority until a Mayor is elected in 2019. In addition the Council is working with the Government to achieve a Borderlands Growth Deal along with Carlisle, Cumbria, Dumfries & Galloway, and Scottish Borders. Other developments with health and social care partners include the introduction of the Multi Agency Safeguarding Hub to streamline access to Council and health services and progress towards a Regional Adoption Agency in conjunction with Newcastle, North Tyneside, South Tyneside and Gateshead Councils.

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56. In relation to staffing, the Council agreed in January 2018 to establish a shared service with Newcastle City Council for a range of transactional financial services (including Council Tax, Business Rates, Business Improvement District Levy (BID), Housing Benefit, Council Tax Reduction, Crisis Support Scheme and Northumberland Emergency and Transition Scheme (NETS), Blue Badges, Concessionary Travel, Free School Meal Assessment, Sundry Debt Income and Recovery, Accounts Payable, Payroll and Income Management) with effect from 1 April 2018. The Council also decided that it would not relocate its principal administrative headquarters from County Hall in Morpeth to a new building in Ashington.

Overall assessment of governance arrangements in place

57. In line with best practice, the Corporate Governance Group has scored the Council's level of compliance with each of the seven principles:

Grade 1 : Outstanding - A principle rated as outstanding is highly effective in supporting the delivery of outcomes that provide exceptionally well for all council services. This ensures that the Council is very well equipped to continue to make best use of resources in meeting the needs of Northumberland.

Grade 2 : Good - A principle rated as good is effective in supporting the delivery of outcomes that provide well for all council services. This ensures that the Council is well prepared to make best use of resources in meeting the needs of Northumberland.

Grade 3 : Requires improvement to become good - A principle that requires improvement has some gaps in its performance framework or is not being applied consistently across all council services. Appropriate activity has been identified in the corporate or service governance improvement plan to effect development.

Grade 4 : Inadequate - A principle that has serious weaknesses is inadequate overall and requires significant improvement. Remedial action has been identified in the corporate governance improvement plan.

Principle	Evidence summary	Score
Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Systems and processes are generally considered to be well documented, robust and consistently applied across most of the Council. There have, however, been some clear failings as reported through the strategic reviews of The Arch Group and Active Northumberland.	3
Ensuring openness and comprehensive stakeholder engagement	There are many examples of good stakeholder engagement on an individual service basis, for example development of the Core Strategy and options for schools reorganisation. There is a gap, however, in the consistent publication of all engagement to support understanding of the aggregate impact of potential policy change across the Council.	3
Defining outcomes in terms of sustainable economic, social and environmental benefits	Processes in terms of developing proposals and building robust business cases are well embedded across the Council.	2
Determining the interventions necessary to optimise the achievement of the intended outcomes	There is a clear link between the Corporate Plan, Service Statements and the Council's performance framework which are all publicly available. Effective decision making is supported by Overview and Scrutiny Committees, Risk Appraisal Panels, Planning Committee, Audit Committee and Local Area Councils.	2
Developing the entity's	A comprehensive induction programme	2

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capacity, including the capability of its leadership and the individuals within it	was delivered following the County Council elections in May 2017. Performance levels in conducting appraisals and completing statutory and mandatory training have improved during 2017-18. Significant investment has been agreed for apprenticeships and engagement through the annual staff survey has increased. The increase in agile working has supported capacity within the Council.	
Managing risks and performance through robust internal control and strong public financial management	Performance management is seen to be consistent across the Council and is regularly reported to management and Member meetings as well as being available on the Council's website. There is robust internal control of financial management and an independent review of the Council's finances was conducted in 2017.	2
	The risk management process is not as well integrated with business delivery and performance. Improvements have been developed during the year and will be introduced early in 2018-19.	3
Implementing good practices in transparency, reporting and audit to deliver effective accountability	Strategic reviews, the audit programme, the Council's committee structure, service specific consultation and publication of information on the website demonstrate transparency. Services recognise that improvements are required in communication and dealing with complaints.	3

Improvement planning

58. Last year's AGS included a high level improvement plan which is attached at Appendix B along with commentary on progress. All actions have been progressed appropriately with the exception of a framework for the consistent publication of all Council public consultation which has been carried forward into 2018-19.

59. 22 services have provided returns on how they comply with Council's corporate governance framework and have identified improvements which they will implement in 2018-19. A number of common themes have emerged from these improvement plans:

- Engagement with users through better communication, consultation and dealing with complaints
- Engagement with staff in achieving a more rigorous approach to carrying out performance appraisals and acting on results from the staff survey
- General Data Protection Regulations (GDPR) to ensure that the Council and individual services are adequately prepared for introduction of the new regulations relative to data protection

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- Updating schemes of delegation to ensure that they reflect changes to the management structure

60. A corporate governance improvement plan for 2018-19 forms Appendix C to this AGS.

Conclusion

61. Any system of internal control can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period, and, that significant risks impacting on the achievement of the Council's objectives have been mitigated.

62. As a result of reviewing the evidence the Corporate Leadership Team has taken the view that, as a whole, the governance arrangements in operation during 2017-18 within the Authority were adequate. There are areas where improvements can be made, however, and these have been identified in the corporate and service improvement plans for 2018-19.

Signed:

Peter Jackson
Leader of the County
Council

Daljit Lally
Chief Executive
and Head of Paid
Service

Alison Elsdon
Service Director: Finance
and Interim Section 151
Officer

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NORTHUMBERLAND COUNTY COUNCIL CORPORATE GOVERNANCE FRAMEWORK

The International Framework defines governance as comprising the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The Framework also states that to deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times. In local government, the governing body is the full council.

Core principles	A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	B. Ensuring openness and comprehensive stakeholder engagement	C. Defining outcomes in terms of sustainable economic, social and environmental benefits	D. Determining the interventions necessary to optimise the achievement of the intended outcomes	E. Developing the entity's capacity, including the capability of its leadership and the individuals within it	F. Managing risks and performance through robust internal control and strong public financial management	G. Implementing good practices in transparency, reporting and audit to deliver effective accountability	
Evidence of good governance	Member Code of Conduct	Annual report	Corporate vision	Option appraisals	Regular reviews of activities, outputs and planned outcomes	Risk management protocol	Northumberland County Council website	
	Officer Code of Conduct	Freedom of Information Act publication scheme	Corporate Plan	Financial strategy	Research and benchmarking - Northumberland Knowledge	Risk management strategy	Annual report	
	Induction for new Members and staff on standard of conduct expected	Online council tax information	Service Statements	Calendar of dates for developing and submitting programme/project plans	Workforce Plan	Agendas and minutes of meetings	Annual financial statements	
	Performance appraisals	Northumberland County Council website	Performance reports	Internal communication strategy	Organisational Development Plan	Terms of reference for Committees	Head of Internal Audit's Annual Report	
	Communicating shared values with members, staff, the community and partners	Record of decision making	Risk management protocol	Risk management protocol	Job descriptions	Audit Plan	External Audit of Accounts	
	Declarations of interests made at meetings	Northumberland County Council Constitution	Service standards	Planning protocol	Scheme of delegation	Audit reports	Audit Committee	
	Conduct at meetings	Report pro-formas	Capital programme	Performance reports	Standing orders and financial regulations	Annual Governance Statement	Independent Remuneration Panel	
	Effective standards committee	Meeting reports show details of advice given	Capital investment strategy	Medium term financial plan	Induction programme	Internal Audit function	Open data and transparency code	
	Anti-fraud and corruption policies	Calendar of dates for submitting, publishing and distributing timely reports	Fair access protocols	Budget management	Update/courses on new legislation	Audit Committee	Freedom of Information Act publication scheme	
	Register of interests (members and staff)	Consultation feedback	Cabinet business	Service Statements	Policy digest	Data management framework and procedures		
	Register of gifts and hospitality	Citizen survey			Personal development plans for members and officers	Data protection policies and procedures		
	Whistleblowing policy	External communication strategy			Training and development programme	Designated data protection officer		
	Complaints policy	Local Area Councils			Succession planning	Data quality procedures and reports		
	Ethical awareness training	Database of stakeholders with whom the authority should engage			Residents' panels	Budget monitoring reports		
	Staff appointments policy	Partnership framework			Stakeholder forums	Financial rules and regulations		
	Procurement policy	Record of public consultations			Peer reviews			
	Protocols for partnership working	Joint strategic needs assessment			Human Resource policies			
	Northumberland County Council Constitution	Management of complaints and customer service standards						
	Job description/specifications for statutory officers and other key postholders							
	Job description/specifications for Members							
	Record of legal advice provided by officers							
								November 2017

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Appendix B – Review of 2017-18 Improvement Plan

Area for Improvement	Proposed action	Responsible Officer	Progress
Corporate approach to governance	To establish a governance group which will meet 4 times a year in: <ul style="list-style-type: none"> • June - to plan delivery of corporate improvements. • September - to review delivery of corporate improvements. • December - to review progress of corporate improvements and issue guidance for preparation of service AGSs. • April - to review service submissions and prepare the corporate AGS, score each of the seven principles and recommend areas for improvement in the following 12 months. 	Alison Elsdon	Group established and reviewed delivery of corporate improvements, reviewed and updated the Council's governance framework, issued guidance on completion of service assessments for 2017-18, drafted the 2017-18 AGS and recommended an improvement plan to the Corporate Leadership Team.
Constitution	To review and update the Constitution	Liam Henry	Constitution updated by County Council in November 2017.
Consultation	To establish a framework for the consistent publication of all Council public consultation.	Janice Rose	Engagement toolkit updated. Corporate Leadership Team agreed that activity and resource should be contained within the Communications Team and escalated to the Chief Executive for consideration in the revised management structure.
Risk Management	To introduce a streamlined approach to corporate risk management.	Allison Mitchell	Progressed during the year for implementation early in 2018-19.
Scheme of Officer Delegations	To review the scheme of officer delegations in all directorates to ensure they are aligned to the updated Constitution and current management structure	All Directors	Ongoing in light of further organisational change.
Corporate Plan	To prepare a new Corporate Plan to cover the period 2017-21.	Daljit Lally	Considered by Cabinet and Overview and Scrutiny Committee in November/December 2017 and by Local Area Councils in January 2018 prior to adoption by the County Council at its meeting on 21 February 2018.

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Area for Improvement	Proposed action	Responsible Officer	Progress
NECA and devolution	To review the Council's governance arrangements in relation to the North East Combined Authority and to devolution.	Geoff Paul	Being progressed in line with the timescales agreed with the Government.
Accountable Care Organisation	To review the Council's governance arrangements in relation to the development of the Accountable Care Organisation.	Vanessa Bainbridge	Proposals for the Accountable Care Organisation are still under development and consideration by NHS England.
The Arch Group	To review the Council's governance arrangements in relation to The Arch Group's activities as an arm's length company which acts as the development vehicle dedicated to economic development, regeneration and housing market renewal throughout Northumberland.	Daljit Lally	Strategic Review of Arch reported to County Council on 3 January 2018.

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Appendix C – 2018-19 Improvement Plan

Area for Improvement	Proposed action	Responsible Officer
Active Northumberland	Implement the recommendations of the strategic review as endorsed by the Council at its meeting on 21 February 2017.	Daljit Lally
Arch	Implement the recommendations of the strategic review as endorsed by the County Council at its meeting on 3 January 2018.	Daljit Lally
Service Statements	Publish Service Statements for all services to provide detail and accountability for delivery of the Corporate Plan in the period to 2021.	All Executive and Service Directors
Core Strategy	Maintain progress in development of a revised Core Strategy for consultation and submission within a timescale acceptable to the Government.	Paul Johnston
Constitution and scheme of officer delegations	Ensure that the Council's Constitution and scheme of officer delegations maintain step with organisational change.	Liam Henry
Devolution	Review the Council's governance arrangements in relation to the North East Combined Authority, establishment of the North of Tyne Combined Authority and the Borderlands Growth Deal.	Paul Johnston
Consultation	Establish a framework for the consistent publication of all Council consultation.	Kelly Angus
Data Protection	Ensure the Council and all of its services comply with the requirements of the General Data Protection Regulations (GDPR).	Neil Arnold
International	Carry out an audit of compliance of service systems and processes.	Allison Joynson

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