

DRAFT Annual Governance Statement 2017/18

Introduction

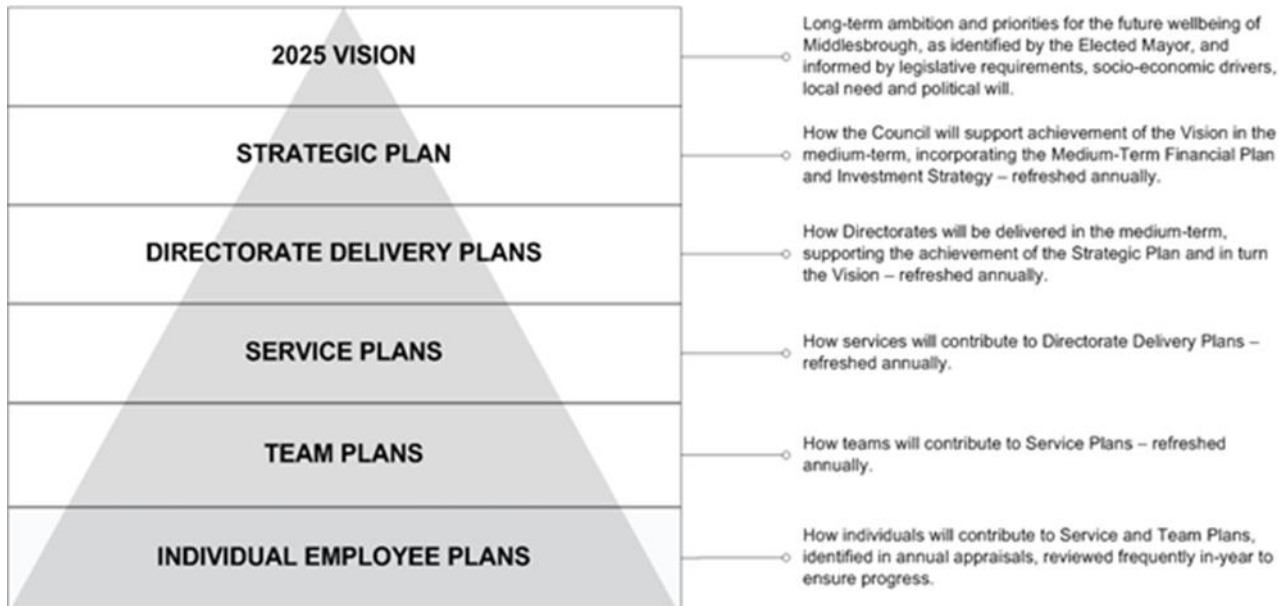
1. Middlesbrough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. The Council has in place a [Code of Corporate Governance](#), which sets out its corporate governance framework. This framework comprises the culture, values, systems and processes of the Council, which together ensure that it does the right things, at the right time and in the right way.
2. The Council's Code of Corporate Governance aligns with the latest CIPFA / Solace guidance, which sets out the following principles of good governance:
 - 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; and
 - implementing good practices in transparency, reporting, and audit to deliver effective accountability.
3. The purpose of the Annual Governance Statement (AGS) is to assess the extent to which the Council complies with its Code of Corporate Governance, how it has monitored and improved the effectiveness of its governance arrangements in the past year, and identify actions to strengthen these arrangements going forward.
4. The AGS forms part of the Statement of Accounts that the Council must produce on an annual basis and as such must be approved by the Mayor of Middlesbrough and the Council's Chief Executive and Section 151 Officer.

Structure of the AGS

5. The AGS comprises the following sections:
 - an overview of the Council's governance arrangements;
 - progress made on governance during 2017/18 including an outline of the work undertaken to address the 2016/17 External Audit qualification in relation to asset disposal governance arrangements;
 - a position statement against the Code of Corporate Governance; and
 - governance priorities for 2018/19.
6. The development of the AGS was coordinated by the Strategy, Information and Governance service, in conjunction with statutory and other officers with responsibility for corporate governance processes, and with input from Internal Audit.

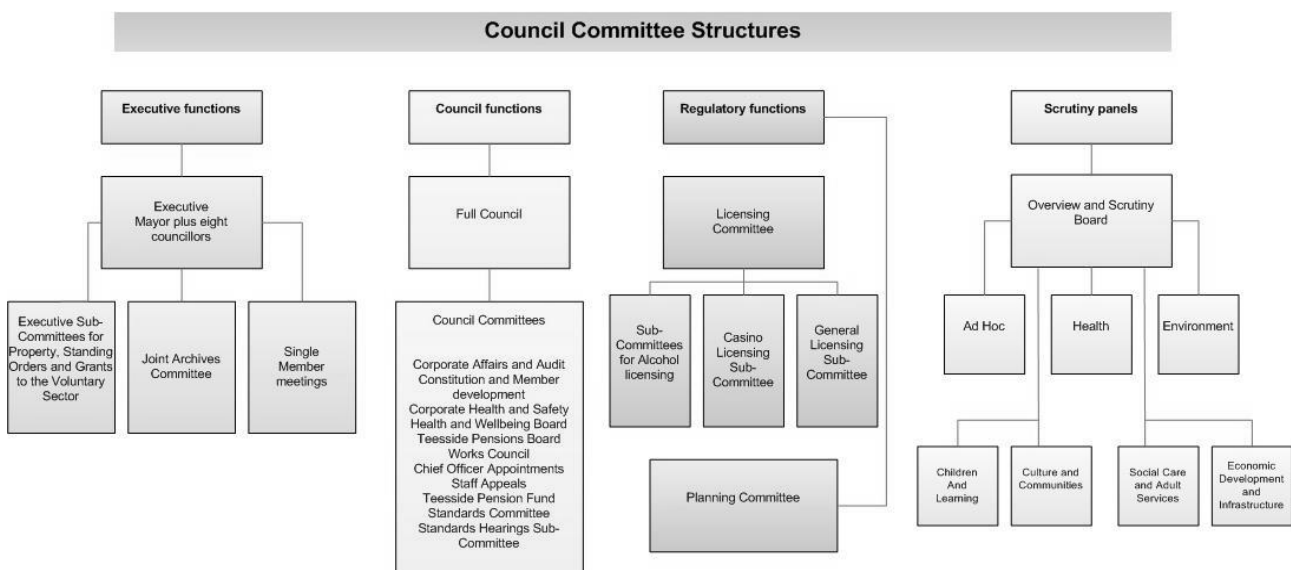
The Governance arrangements of the Council

7. The Strategic vision for the Council is provided by the elected Mayor for Middlesbrough's [2025 Vision for Middlesbrough – Fairer, Safer, Stronger](#). The Council's contribution to the vision is articulated by the [Strategic Plan](#). There is a 'golden thread' which runs from these two documents through the rest of the Council's governance and policy frameworks.



Roles and responsibilities

8. The Mayor and Councillors are supported by a senior management structure that is designed to support effective compliance with the Council's legal responsibilities. The Council's [Constitution](#) clearly defines the roles of Councillors and Officers. It outlines expected standards and behaviours and supports effective working relationships across the Council. The Council's Constitution also provides clear direction on the various roles that are in place to ensure effective corporate governance arrangements are in place. This diagram sets out the Committee structure of the Council:



Progress made during 2017/18

Implementing actions from the 2016/17 AGS

9. The 2016/17 AGS outlined a range actions that would be taken to strengthen corporate governance during 2017/18.

| | |
|---|--|
| <p>Action: Establish a multi-disciplinary group to monitor delivery of improvement actions and regularly assess alignment of Council processes with the Code of Corporate Governance.</p> | <p>Lead: Head of Performance and Partnerships (now Strategy, Information and Governance)</p> <p>Progress: Completed. The group has provided oversight of delivery of the actions during the year.</p> |
| <p>Action: Test compliance against changes to corporate governance frameworks made during 2016/17.</p> | <p>Lead: Head of Internal Audit</p> <p>Progress: The results are expected in mid to late May and therefore the opinion will be reflected in the final version of the Annual Governance Statement.</p> |
| <p>Action: As part of the wider Internal Audit 2017/18 work programme to test compliance with governance frameworks, undertake an internal audit of governance within partnership settings.</p> | <p>Lead: Head of Internal Audit</p> <p>Progress: The results are expected in mid to late May and therefore the opinion will be reflected in the final version of the Annual Governance Statement.</p> |
| <p>Action: Plans to provide further communication and training to staff on the Council's decision making and governance requirements in place.</p> | <p>Lead: Members and Statutory Services Manager</p> <p>Progress: Completed. Heads of Service have received a presentation on decision-making, and e-learning materials are now available. Complementary work was also undertaken to review the committee report format and training on this was provided, with additional training on report expectations. The call in procedure was also reviewed in-year to further strengthen governance.</p> |
| <p>Action: Checks of compliance with the decision making process put in place.</p> | <p>Lead: Members and Statutory Services Manager</p> <p>Progress: Commenced from June 2017, with quarterly reports provided to senior officers. Further work is planned to provide a guidance note to strengthen the quality assurance process.</p> |
| <p>Action: Develop a Competency Skills Framework for all Members, aligned to the Local Government Association's Political Skills framework. The Council's training and development programme will then be aligned to that framework.</p> | <p>Lead: Members and Statutory Services Manager</p> <p>Progress: Completed. A skills framework has been implemented and an associated development programme is now being delivered.</p> |
| <p>Action: Develop the Strategic HR function to deliver the development of a Workforce Strategy.</p> | <p>Lead: Organisational Development Manager</p> <p>Progress: Completed. The Council's People Strategy 2017-19 was agreed by Executive during 2017/18 and is now in delivery, with an assurance report provided to Corporate Affairs and Audit Committee in the year.</p> |
| <p>Action: Put in place plans to commence delivery of Middlesbrough Manager Phase 3.</p> | <p>Lead: Organisational Development Manager</p> <p>Progress: Completed. The Middlesbrough Manager profile was refreshed with input from Heads of Service. In addition, 360 degree feedback programme has been agreed and piloted, and will be rolled out in 2018/19 to inform training plans for Phase 3.</p> |
| <p>Action: Creation of an officer oversight board; delivery of training on procurement and state aid issues and provision of further Value for Money guidance.</p> | <p>Lead: Strategic Director of Finance, Governance and Support</p> <p>Progress: Completed. Chaired by the Chief Executive, the board has been place from August 2017 and includes senior representation from Finance, Governance and Support, economic development and property.</p> |

10. The last action represents one of the steps put in place to ensure good governance around asset disposals. In the 2016/17 External Audit issued an 'except for' VfM judgement in relation to the Council's governance arrangements for property disposals because the revised arrangements had not been fully embedded by 31 March 2017.
11. The asset disposal process is now well-embedded. There are regular meetings of the board established to oversee this process, which is supported an asset disposal policy amended to reflect Internal Audit recommendations, and robust procedures including oversight by the Section 151 officer, and audits of compliance by staff and Internal Audit. In addition, during 2017/18 training on asset disposals has been delivered to relevant officers. This is currently subject to testing by External Audit and the outcome of that testing will be reflected within the final version of the Annual Governance statement considered by the Committee in July 2018.

Internal Audit during 2017/18

12. During 2017/18 Internal Audit has undertaken the following audits – (D) indicates where the report is still in draft and therefore the opinion may change:

| Audited System /Service | Assurance Opinion | Priority | | |
|--|-------------------------------|----------|-----------|-----------|
| | | P1 | P2 | P3 |
| Purchasing Cards | Moderate | 0 | 3 | 1 |
| Youth Offending Service | Moderate | 0 | 4 | 1 |
| Declarations of Interest | Moderate | 0 | 4 | 1 |
| Town Hall Project Management | Strong | 0 | 1 | 2 |
| Planning Enforcement | Moderate | 0 | 4 | 1 |
| Data Protection Reforms | Cause for Concern | 1 | 7 | 1 |
| Highways and Winter Maintenance | Moderate | 0 | 3 | 3 |
| Compliance with Contract Procedure Rules | Strong | 0 | 1 | 0 |
| Capital Accounting | Strong | 0 | 0 | 0 |
| Income Targets | Strong | 0 | 0 | 1 |
| Property and Commercial Services | Strong | 0 | 1 | 1 |
| Social Care Payments | Moderate | 0 | 5 | 1 |
| Street Lighting Contract | Cause for Concern | 0 | 7 | 0 |
| Trading Breach | Cause for Concern | 2 | 2 | 6 |
| HR Policies Compliance | Good | 0 | 3 | 6 |
| Volunteer Controls (D) | Good | 0 | 3 | 1 |
| Road Safety (D) | Strong | 0 | 0 | 2 |
| Decision Making (D) | Moderate | 0 | 5 | 0 |
| Pension Fund Investments (D) | Strong | 0 | 0 | 0 |
| Medium Term Financial Plan (D) | Strong | 0 | 0 | 0 |
| Debtors (D) | Good | 0 | 2 | 4 |
| Capital Programme (D) | Strong | 0 | 0 | 0 |
| | Total¹ : 89 | 3 | 55 | 32 |

¹ Further audit reports will be included in this list and reflected in the final version of this document considered by the Committee in July 2018.

13. The opinions used by Internal Audit during 2017/18 are explained below:

- Strong – Overall, a Strong Control Environment in relation to the areas examined. Based on the audit work undertaken, an effective system of internal control is in operation and is applied consistently.
- Good – Overall, a Good Control Environment with room for improvement in relation to the areas examined. Based on the audit work undertaken, an effective system of internal control is in operation but is not always applied consistently.
- Moderate – Overall, a Moderate Control Environment with some weaknesses in relation to the areas examined. Based on the audit work undertaken, an acceptable internal control environment is in operation, but there are a number of improvements that could increase its consistency and effectiveness.
- Cause for Concern – Overall, Cause for concern in relation to the areas examined. Weak management of risk exists within a key area(s) that is/are crucial to the achievement of objectives. Major improvements need to be made to the system or area in order to ensure the control environment is effective.
- Cause for Significant Concern – Overall, Cause for Considerable Concern in relation to the areas examined. Fundamental failures exist within the control environment and the Council is exposed to unacceptable levels of risk. Key areas that are crucial to the achievement of objectives need fundamental improvements.

14. The following categories of opinion are also applied to individual recommendations agreed with management:

- Priority 1 (P1) – A fundamental risk exists to the achievement of the system/service objectives and it is of an unacceptable level. Management should initiate immediate action to address this system weakness.
- Priority 2 (P2) – A significant risk exists which has the potential to adversely affect the achievement of the system/service objectives. Management should initiate timely action to address the weakness.
- Priority 3 (P3) – System objectives are not exposed to significant risk but the issue merits attention by management as it offers service improvements by complying with best practice, and strengthening the overall control environment.

15. There are currently a number of audits completed during 2017/18 where work is still ongoing and the draft opinions are to be concluded. The audits are listed below and will be added to the table in paragraph 12 when completed.

| Audit Title | Audit Title |
|--------------------------------|--------------------------------|
| Project Management | Housing Benefits |
| Financial Planning and Control | Council Tax and Business Rates |
| Risk Management | Main Accounting |
| Partnership Governance | Laboratories |
| Data Quality | Pension Fund Admin |
| Complaints Management | Payroll |
| Creditors | |

16. During 2017/18 Internal Audit has also tested progress made by the Council to address the implementation and embedding of its land and property disposal framework. This has been the subject of previous internal audit concern and was also the remaining

issue upon which the External Auditor qualified its value for money opinion for the 2016/17 Statement of Accounts. Testing identified the progress that has been made to embed the process but highlighted some further areas for development which were accepted by management. This work was carried out in December 2017 and therefore it is expected that further progress will have been made since then. External testing is currently underway to provide a more up to date conclusion and the outcome of this will be reflected in the final document considered by the Committee in July 2018.

Corporate Affairs and Audit Committee during 2017/18

17. The Council's Corporate Affairs and Audit Committee is in place to review the Council's arrangements for Corporate Governance and make recommendations from time to time to ensure compliance with best practice. It met six times during 2017/18. During the year, the Committee considered:

- Internal Audit's annual report, its planned programme and in-year progress updates;
- the Council's 2016/17 Statement of Accounts;
- reports from External Audit including the Annual Audit letter, certification of claims and the year-end planning report as well as the Audit results report;
- disqualification criteria for Councillors and Mayors;
- anti-money laundering and counter fraud policies and an annual counter fraud management report; and
- the annual review of the local Code of Corporate Governance.

18. During 2017/18 the Council widened its reporting to Corporate Affairs and Audit Committee to include a wider range of governance issues, with the committee receiving assurance reports on the following:

- the approach to property, regeneration and asset development projects;
- the corporate programme and project management framework;
- business continuity;
- risk management;
- health and safety;
- HR and organisational development; and
- information governance – presented as the annual report of the Senior Information Risk Owner (SIRO).

19. The SIRO's report provided a detailed briefing on the legal obligations upon the Council in relation to information governance, set out the information governance risks being managed by the Council and planned priorities for 2018/19 which include:

- ensuring the Council complies with the requirements of the EU General Data Protection Regulation, in place from 25 May 2018;
- the development and implementation of a new Information Strategy;
- refreshing the approach to data protection breach investigations; and
- upgrading the Electronic Document and Records Management System to support information management.

Overview and Scrutiny during 2017/18

20. The Council has an Overview and Scrutiny Board in place, supported by a range of topic specific scrutiny panels to scrutinise executive decisions and the performance of Council services. During 2017/18, the Council's Overview and Scrutiny committees considered the following items that are relevant to corporate governance:

- quarterly budget and balanced scorecard reports;
- the Executive Forward Work Programme; and
- the Council's provisional budget and savings proposals for 2018/19 and the proposed approach for consulting on these.

21. In addition the committee has considered three call-ins during 2017/18 relating to governance concerns, though it should be noted that none of these concerns were upheld upon investigation by the committee. The call-ins were in relation to the following decisions:

- the future of the Southlands Centre;
- the Centre Square East office development; and
- the Member Small Scheme allocation process.

Governance related events during 2017/18

22. In the 2016/17 Annual Governance Statement, the Council reported three significant issues that actually occurred during 2017/18 – the Employment Tribunal of the Council's former Monitoring Officer, the Grenfell disaster and the major security breach of the NHS's ICT systems.

23. The Tribunal did not make any judgements on the council's corporate governance arrangement as this was beyond its remit. There were however a number of allegations made in relation to corporate governance. These allegations were from a time prior to implementation of the Council Improvement Plan.

24. The Grenfell Tower disaster occurred in June 2017. Seventy one people are known to have died in the fire and although there is a planned national inquiry, lessons are already being learnt from the disaster on a national basis. The Council and its partners have established a task and finish group to assess and manage the risk of a similar disaster occurring in Middlesbrough, and progress is being reported to full Council.

25. In May 2017, parts of the NHS experienced a Ransomware attack. The attack exploited a weakness in operating systems that had been previously identified by the supplier and a patch issued, however some organisations had failed to apply the patch or had applied it incorrectly. During the attack, the Council's ICT team assessed the risk to the Council and took steps to further mitigate the likelihood of a successful attack on the Council's network, which had had the patch correctly applied.

26. During 2017/18 the National Audit Office released a report on local authority finances identifying that, if council tax is excluded, funding from government to local government fell by 49.1% in real terms from 2010/11 to 2017/18, with the forecast reduction to 2019/20 56.3%. At the same time Northamptonshire County Council (NCC) became the first Council in 20 years to issue a section 114 notice to Councillors, outlining concerns of the section 151 officer that the authority's expenditure was likely to exceed

its resources. In addition, the Secretary of State for Housing, Communities and Local Government commissioned a Best Value inspection of NCC which identified a range of serious governance concerns in the organisation.

27. The Council has taken the opportunity to analyse the findings of the NCC inspection, and has completed a self-assessment to it applies any learning from these findings. This analysis has been separately reported to members of the Corporate Affairs and Audit Committee, and actions outlined within this Annual Governance Statement align with that report.
28. The recent Facebook and Cambridge Analytica data harvesting scandal has significantly raised public awareness of rights and duties around data protection. While there are no direct implications for the Council from this particular situation, the EU General Data Protection Regulation (GDPR), which will come into force during 2018/19, is a significant governance change that has also received international media attention. GDPR updates the rights put in place by the Data Protection Act 1998 to reflect the digital age. During 2017/18 an Internal Audit report (requested by the SIRO) identified a cause for concern in relation to the Council’s preparations for this, which was expected given the stage at which the audit took place, however all recommendations made in that report to rectify this position have now been implemented.
29. The collapse of Carillion, a public sector support services provider, did not directly impact on the Council, however it did raise a number of questions for all organisations to consider around the resilience of outsourced services. During 2017/18, the Council purchased a robust contract management system which, along with a risk management framework, will ensure the most significant contracts across the council are robustly performance-managed and issues relating to financial stability identified early.

Position statement against the Council’s Code of Corporate Governance

Self-assessment

30. The Council has completed a position statement against its Code of Corporate Governance for the 2017/18 year, informed by:
- the professional opinion of statutory and other officers with responsibility for the development and maintenance of the internal control environment;
 - reports from Overview and Scrutiny, and Corporate Affairs and Audit Committee’s examinations of governance processes; and
 - findings from Internal Audit’s review programme, and engagement with the Council’s external auditor.
31. The position statement is appended to the AGS. In summary, the Council considers that it demonstrates good governance in all areas, as illustrated below. Nonetheless, a number of actions have been identified to further improve the Council’s approach during 2018/19, and these are set out in the following section.

| Code of Corporate Governance principle | Self-assessed RAG |
|---|-------------------|
| Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rules of law. | Green |

| Code of Corporate Governance principle | Self-assessed RAG |
|--|-------------------|
| Ensuring openness and comprehensive stakeholder engagement. | Green |
| Defining outcomes in terms of sustainable economic, social and environmental benefits. | Green |
| Determining the interventions necessary to optimise the achievement of the intended outcomes. | Green |
| Developing the Council's capacity, including the capability of its leadership and the individuals within it. | Green |
| Managing risks and performance through robust internal control and strong public financial management. | Green |
| Implementing good practices in transparency, reporting, and audit to deliver effective accountability. | Green |

Internal Audit opinion

32. TVAAS undertakes its programme of work in accordance with the standards set out in the Public Sector Internal Audit Standards (PSIAS). Standard 2450 states that the Council's chief audit executive should provide an annual internal audit opinion and report on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. The annual opinion should be supported by sufficient, reliable, relevant and useful information. The annual report should cover:

- (a) the scope of the work undertaken and the time period to which that opinion refers;
- (b) a summary of the audit work used to form an opinion;
- (c) the opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework;
- (d) any qualifications to be made to the overall opinion and reasons for them,
- (e) any issues of relevance to the Council's Annual Governance Statement;
- (f) a statement on conformance with the PSIAS and the results of the internal audit service's quality assurance and improvement programme.

33. The overall opinion of the Audit and Assurance Manager on the controls operating in the Council during 2017/18 will be provided in the final version of the Annual Governance statement. This opinion will be based on the work performed by the internal audit team during the year 2017/18.

34. For the previous year 2016/17, approximately 112 internal audit recommendations were made of which all but 17 (15 Priority 2 and 2 Priority 3) have been implemented during 2017/18. Only 7 of the 17 have passed their agreed target date. Again, this information will be updated in the final version of this document.

35. The internal audit opinion will take into account the number of different reports issued at each assurance level. To date, three priority one actions have been raised during the year and no P1 are outstanding from previous years. Two of the three P1 actions from this year have already been implemented. The scope of much of the audit work during 2016/17 was focussed on the setting up of a strong governance framework, consisting of appropriate policies, procedures and frameworks for areas such as project and programme management, budgetary control and financial planning, land and property disposals and capital programme whereas the focus during 2017/18 has been on compliance with those frameworks.

36. During the year, Internal Audit identified many areas where controls and governance was assessed as being strong or good and the financial control audits continue to consistently receive a high level of assurance. The number of management actions that pass their due date but remain outstanding is lower than in previous years. The main areas where control was found to be weaker are outlined below.
37. One area related to compliance with processes, the need for greater management monitoring and oversight in some areas and the scope for more effective monitoring of service or contract performance. Although these issues may not be Council wide, they did emerge in a number of audits throughout the year. Whilst many of the recommended actions have since been implemented, the need for management scrutiny and monitoring needs to be maintained in accordance with the Middlesbrough Manager framework.
38. Another area that was highlighted for governance attention during the year was the process for declarations of interest, gifts and hospitality. This area had been subject to an internal audit two years ago, and a 'cause for concern' opinion given. When this year's audit commenced, it was apparent that many of the actions recommended and agreed in the original audit around a consistent approach to the recording and management of declarations had not been fully implemented. However, steps have since been taken to improve the control environment, and all recommendations have since been confirmed as implemented. LMT has now requested that it is briefed on any Internal Audit findings that are moderate or below so they are aware of the issues, mitigating actions and timescales to deliver these, and receive regular updates on progress.
39. Data Protection Reforms – this was a cause for concern report at the time of its issue. Although the Council has specialist knowledge and awareness of the Data Protection reforms and their impact and had identified some strategic actions that need to be undertaken, testing at the time of the audit identified the need for improvements in the strategic governance, planning, documenting, and resourcing the Council's approach and response to meeting the reforms. The report included one P1 action which has since been implemented.
40. To date, Internal Audit has issued three reports (one of which was an investigation) with a cause for concern opinion: street lighting contract; trading limits breach investigation and Data Protection Reforms.

External opinion

41. The Council's External Auditor for 2017/18 will provide an audit opinion on the Council. The finalised Annual Governance Statement will reflect that opinion.

Priorities for 2018/19

42. The above-detailed information has been used to identify governance improvement actions for 2018/19. Building on the Council's commitment to continuous improvement across governance processes, once delivered, these actions will ensure that the Council is fully compliant with best practice in corporate governance.

Delivering the People Strategy

43. As part of this the Council is committed to ensuring that it delivers a People Strategy over the next two years that ensures it has a workforce that is high performing, highly motivated and engaged workforce with customers at the forefront of everything the Council does.

Governance of partnerships

44. Increasingly, the Council is working in an environment where complex partnership-based arrangements are needed to deliver services that meet local needs and improve outcomes. The size and type of these arrangements vary from relatively simple shared service arrangements to new and innovative ways of working with a range of partners. The challenge for the Council is to ensure that governance arrangements for all partnerships are robust, proportionate and transparent.

Information Strategy

45. During 2018/19 action will be taken to put in place an Information Strategy for the organisation to set out how the Council will ensure legal compliance in data handling while also ensuring the organisation improves the way in which it uses data to create added value.

Summary of actions

46. The Council's priority governance improvement actions for 2018/19 can be summarised as follows:

| Issue | Action | Expected Outcome(s) | Lead officer | Deadline |
|---|---|--|---|---------------|
| Ensuring the constitution is kept up to date | Initiate a rolling review of the constitution by the Constitution and Member Development committee during 2018/19. | A constitution that is up to date to support good governance and effective decision making | Bryn Roberts, Head of Legal and Democratic Services | December 2018 |
| Ensuring Members have the skills and knowledge to operate effectively | Review the member induction process to ensure it is suitable for Members joining the organisation following the May 2019 local elections. | A Member induction programme that is fit for purpose. | Sylvia Reynolds, Member and Statutory Service Manager | March 2019 |
| Delivery of the People Strategy | Continue to embed the values in everything the Council does during 2018/19 by delivering the People strategy, but also reviewing all HR documents and processes to embed the values within these. | Ensuring the values of the organisation are effectively embedded within all practices | Pip Schofield, Head of Human Resources | March 2019 |
| Ensure continual improvements around contract management | Roll out of the Contract Management framework across the Council, prioritising delivery during 2018/19. | Effective contract management oversight arrangements are in place. | Louise Grabham, Head of Strategic Commissioning and Procurement | March 2019 |

| Issue | Action | Expected Outcome(s) | Lead officer | Deadline |
|---|---|---|---|-------------------|
| Reflecting Social value within procurement | Develop a Middlesbrough guide for social value in procurement and commissioning during 2018/19 (March 2019) | That guidance will be in place by March 2019 to ensure social value is consistently considered within procurement and commissioning processes. | Louise Grabham, Head of Strategic Commissioning and Procurement | March 2019 |
| Ensure compliance with new data protection | Ensure the Council complies with the immediate requirements of GDPR by 2 May 2018 and has plans in place to ensure full compliance within 2 years | That Information Asset Registers will be in place and there is an action plan in place to deliver full compliance | Paul Stephens, Head of Strategy, Information and Governance | May 2018 |
| Refresh the Performance framework to reflect changes in the Strategic Plan agreed by Council in March 2018 | Refresh the Performance and Risk Management Framework to reflect the revised Strategic Plan during 2018/19. | That the Council's Performance and Risk Management Framework ensures a 'golden thread' exists from the Mayor's vision, through the Strategic Plan and into the Strategic and operational performance plans of the organisation. | Paul Stephens, Head of Strategy, Information and Governance | June 2018 |
| Update the Customer Strategy to reflect progress to date and refresh against likely future customer service expectations and the aspirations of the Council | Refresh the Customer Strategy to ensure it continues to support the Council's ambitions and customer expectations. | That a refreshed Customer Strategy will be put in place | Paul Stephens, Head of Strategy, Information and Governance | June 2018 |
| Information Strategy | Creation of an Information Strategy to ensure a coherent approach to Information Governance | Information Strategy in place | Paul Stephens, Head of Strategy, Information and Governance | August 2018 |
| Ensuring complaints data is used to improve service delivery | Implementation of a new approach to complaints including quarterly management information and lessons learnt reports | Ensure that complaints data influences service deliver. | Paul Stephens, Head of Strategy, Information and Governance | July 2018 onwards |
| Improve consideration of social value within project documentation | Refresh the Project Management Framework during by March 2019 to improve consideration of social value within projects | That Council project documentation supports consideration of Social Value. | Paul Stephens, Head of Strategy, Information and Governance | March 2019 |
| Improved demand management in children's and adult social care | Include a robust forecast of demand for children's and adult social care within the MTFP | That the Council is able to more accurately forecast future demand for children's and adult social care. | Alison Brown, Director of Children's Care, Erik Scollay, Director of Adult Social Care and Health Integration, and Ian Wright, Head of Financial Planning and Support | March 2019 |
| Continuing effective MTFP planning | Review the Public Health grant to ensure it continues to be appropriately used to deliver | That the grant continues to be appropriately used to support commissioning | Edward Kunonga, Director of Public Health and Public Protection and Louise | March 2019 |

| Issue | Action | Expected Outcome(s) | Lead officer | Deadline |
|-------|---|-----------------------------|--|----------|
| | against Public Health required outcomes | priorities in Public Health | Grabham, Head of Strategic Commissioning and Procurement | |

Signed on behalf of Middlesbrough Council

SIGNED:

David Budd
Elected Mayor

Tony Parkinson
Chief Executive

James Bromiley
Strategic Director, Finance, Governance and Support

Annex 1: Position statement against the Council’s Code of Corporate Governance

| Principle / supporting principles | To meet these requirements, the Council will: | Evidence of compliance with this principle: | Action identified |
|---|--|--|--|
| <p>Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rules of law.</p> <ul style="list-style-type: none"> • Behaving with integrity • Demonstrating strong commitment to ethical values • Respecting the rule of law | <ul style="list-style-type: none"> • Work diligently and with integrity to achieve the Elected Mayor’s Vision of a Fairer, Safer, Stronger Middlesbrough by 2025. • Clearly document expected behaviours, and decision-making processes, for members and officers, and regularly review these. • Effectively communicate expected behaviours to members and officers, and provide appropriate training on ethical behaviour. • Ensure members, statutory officers, other key post holders are able and supported to fulfil their duties and meet their responsibilities. • Ensure compliance by maintaining effective audit committee, internal audit and scrutiny functions, and standards and disciplinary processes. | <ul style="list-style-type: none"> • Middlesbrough’s Constitution and supporting documentation including Officer and Member Codes of Conduct, financial procedure rules and schemes of delegation. • Corporate Values are now in place and have been rolled out and steps taken to ensure they are embedded. • Member and Officer relationship Code of Conduct, and mandatory training on the Code of Conduct. • Promotion of individual sign-up to the Code of Conduct, which all members have signed. • Strategic Plan and Directorate Delivery Plans. • Member induction process, which includes provision of ethical awareness training, and member development programme. • Council staff induction process. • Officer and Member declarations register maintained, which has been reviewed in 2017/18 • Middlesbrough Manager and Middlesbrough Employee appraisal systems that take account of skills and behaviours. • Extensive internal and external communications and engagement from Senior Managers to reinforce behaviours expectations. • Declaration of interests recording for officers and members which is up to date. • Anti-Fraud, Bribery and Corruption Policy regularly updated. • Whistleblowing policy in place. • Corporate Complaints policy. • Standards Committee in place. • Scrutiny call in processes. • HR recruitment and selection policies. • Gender pay statement published. • Procurement Policy. • No evidence of non-compliance with statutory guidance. • Job descriptions and role specifications. • Compliance with the CIPFA statement on the role of the Chief Financial Officer (2015). • Required training for Members of the Corporate Affairs and Audit committee and any substitutes available, which is supplemented with additional relevant training on a voluntary basis. | <p>Review the member induction process to ensure it is suitable for Members joining the organisation following the May 2019 local elections (March 2019)</p> <p>Initiate a rolling review of the constitution by the Constitution and Member Development committee during 2018/19.</p> |

| Principle / supporting principles | To meet these requirements, the Council will: | Evidence of compliance with this principle: | Action identified |
|--|---|--|--|
| <p>Ensuring openness and comprehensive stakeholder engagement.</p> <ul style="list-style-type: none"> • Openness • Engaging comprehensively with institutional stakeholders • Engaging with individual citizens and service users effectively | <ul style="list-style-type: none"> • Document and operate a culture of openness and transparency within the organisation. • Maintain a culture of accountability, so that members and officers understand for what they are accountable and to who. • Consult appropriately with stakeholders on the development of its budget, key plans and service development. • Maintain effective decision making processes, ensuring that reports to decision makers clearly set out stakeholder views where relevant. • Publish all Executive and Committee reports and decision papers, unless there is a legitimate need to preserve confidentiality on the basis of the statutory tests. • Publish on its website information on the Council's strategies, plans and finances as well as on outcomes, achievements and challenges. | <ul style="list-style-type: none"> • Internal Audit reviews of compliance. • Council constitution and supporting documentation, in particular the Schemes of Delegation. • Corporate Consultation policy and use of consultation feedback mechanisms. • Budget setting process. • Establishment of the Council's values. • Freedom of Information publication scheme. • Online Council Tax information and inclusion of an information leaflet with annual bills. • Comprehensive, easy to use website. • Member and officer schemes of delegation and associated decision making recording processes. • Standard report templates, which were reviewed during 2017/18. • Joint Strategic Needs Assessment. • Health and Wellbeing Strategy. • Scrutiny reports. • Annual Governance Statement. • Public consultations. • Executive forward work programme. • Impact Assessment policy. • Executive Forward Work Programme. • Committee diary planner published on an annual basis and approved by Members and accessible through e-genda. • Publication of all public papers via e-genda. • Open Data compliance published on Council website. • Engagement forums for third party providers • Key documents section on Council website. | <p>Initiate a rolling review of the constitution by the Constitution and Member Development committee during 2018/19.</p> <p>Continue to embed the values in everything the Council does during 2018/19 by delivering the People strategy, but also reviewing all HR documents and processes to embed the values within these.</p> <p>Refresh the Customer Strategy to ensure it continues to support the Council's ambitions and customer expectations.</p> |

| Principle / supporting principles | To meet these requirements, the Council will: | Evidence of compliance with this principle: | Action identified |
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| <p>Defining outcomes in terms of sustainable economic, social and environmental benefits.</p> <ul style="list-style-type: none"> • Defining outcomes • Sustainable economic, social and environmental benefits | <ul style="list-style-type: none"> • Clearly set out its contribution to delivery of the Vision for Middlesbrough, and use this as the basis for its overall strategy, planning and other decisions. • Define outcomes through robust consideration of appropriate evidence bases, such as the Joint Strategic Needs Assessment. • Ensure that it delivers defined outcomes on a sustainable basis within available resources. • Effectively identify and manage risks to the achievement of targeted outcomes. • Manage customer expectations effectively when determining priorities to make best use of resources, and ensure fair access to services. | <ul style="list-style-type: none"> • Strategic Plan and Outcome Delivery Plans. • Balanced scorecards and supporting processes. • Revenue Budget and investment strategy process • Risk Management Framework and the Risk Register structure. • Project Management Framework and Programme Management Office in Place • Change Fund • Investment Strategy and Prospectus. • Decision making records. • Fair access to services protocols. • Customer Strategy. • Needs assessments, children and young people's needs assessment was refreshed during 2017/18 • Market position statements which use needs assessments to inform commissioning priorities. • Consultation Strategy. | <p>Refresh the Performance and Risk Management Framework to reflect the revised Strategic Plan during 2018/19.</p> <p>Refresh the Project Management Framework during by March 2019 to improve consideration of social value within projects.</p> |
| <p>Determining the interventions necessary to optimise the achievement of the intended outcomes.</p> <ul style="list-style-type: none"> • Determining interventions • Planning interventions • Optimising achievement of intended outcomes | <ul style="list-style-type: none"> • Ensure reports to decision makers on services are fair, balanced, and analyse options and the risks associated with those options, to ensure Best Value is achieved. • Ensure that external and internal stakeholders are engaged with when the Council is determining how services should be planned and delivered, and the outcome of consultations is considered when decisions are made. • Ensure achievement of social value through service planning and commissioning. • Ensure that it has clear and robust planning and control cycles for its strategic and operational plans, priorities and targets. • Determine appropriate KPIs to demonstrate service and project performance, and provide members and | <ul style="list-style-type: none"> • Standard report templates, reviewed during 2017/18 to improve content. • Corporate Consultation policy. • Impact Assessment policy. • Budget setting process. • Executive Forward Work Programme. • Decision making protocols in place on key decisions and officer member delegated decision making. • Committee dates set annually. • Strategic Plan and Outcome Delivery Plans cycle. • Performance Management Framework. • Risk Management Framework. • Balanced scorecards. • Health and Wellbeing Board. • Strategic Plan and Outcome Delivery Plans. • Medium Term Financial Planning process. • Change Programme. | <p>Develop a Middlesbrough guide for social value in procurement and commissioning during 2018/19 (March 2019)</p> <p>Refresh the Performance and Risk Management Framework to reflect the revised Strategic Plan during 2018/19.</p> <p>Refresh the Project Management Framework during by March 2019 to improve consideration of social value within projects.</p> |

| Principle / supporting principles | To meet these requirements, the Council will: | Evidence of compliance with this principle: | Action identified |
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| | <p>senior managers with timely updates on these.</p> <ul style="list-style-type: none"> • Ensure medium and long term resource planning is realistic, sustainable and inclusive. • Prepare budgets that are aligned to the strategic objectives of the organisation and its MTFP. | <ul style="list-style-type: none"> • Strategic Procurement Strategy, which was refreshed during 2017/18 • 'How to do Business with Middlesbrough Council' guidance for providers. • Annual reports to be provided to Corporate Affairs and Audit Committee on disposals on the grounds of social value will be provided from 2017/18 onwards as agreed by Corporate Affairs and Audit Committee in 2016/17. No report will be provided if there have been no disposals that meet this criteria. | |
| <p>Developing the Council's capacity, including the capability of its leadership and the individuals within it.</p> <ul style="list-style-type: none"> • Developing the Council's capacity • Developing the capability of the Council's leadership and other individuals | <ul style="list-style-type: none"> • Regularly review operations to ensure that it is continuing to deliver services that are effective, including the use of benchmarking and sectoral research. • Work collaboratively and in partnerships where added value can be achieved. • Maintain an effective approach to organisational development to ensure continued capacity and capability to deliver. • Clearly define roles, responsibilities and terms of engagement for members and employees. • Maintain and regularly review its schemes of delegations that outline the types of decisions that are delegated and those that are reserved for collective decision-making. • Develop the capabilities of members and senior management to achieve effective shared leadership. • Ensure there are appropriate structures in place to encourage public participation. • Ensure that systems are in place to ensure that members and staff can be both held to account for performance, and supported as appropriate. | <ul style="list-style-type: none"> • Strategic Plan and Outcome Delivery Plans. • Performance Management Framework. • Health and Wellbeing Board and associated work. • Constitution and associated documentation that sets out role profiles. • Job descriptions and person specifications for all staff roles. • Effective communication and engagement between senior officers and Members. • Schemes of Delegation and decision making processes. • Middlesbrough Learns and range of training solutions offered by the Organisational Development team. • Middlesbrough Manager training and other training that supports the Middlesbrough Manager principles for Senior Managers. • Member Development programme. • Member induction processes. • Mandatory training for members on the Code of Conduct for all, Audit and Governance, planning and licensing training (for Members of regulatory committees). • Staff induction processes. All staff who have access to a PC have completed the corporate induction process during 2018/19 as part of the council's commitment to ensure core skills and knowledge are embedded within all job roles. | <p>Complete delivery of the People Strategy actions planned for 2018/19.</p> |

| Principle / supporting principles | To meet these requirements, the Council will: | Evidence of compliance with this principle: | Action identified |
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| | | <ul style="list-style-type: none"> • People Strategy now in place, refreshed Middlesbrough Manager profile and the Council's values are all in place. There are a number of actions planned within the strategy over the next 12 months. • Corporate Consultation policy, Voiceover panels and the consultation portal. • Public involvement in determining scrutiny priorities. • Process in place to enable the public to petition Council and register questions to be considered by full Council. • Strategic Partnership frameworks. | |

| Principle / supporting principles | To meet these requirements, the Council will: | Evidence of compliance with this principle: | Action identified |
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| <p>Managing risks and performance through robust internal control and strong public financial management.</p> <ul style="list-style-type: none"> • Managing risk • Managing performance • Robust internal control • Managing data • Strong public financial management | <ul style="list-style-type: none"> • Embed a proportionate approach to risk management within all activities, ensure that progress is reviewed regularly and that risk is considered as part of decision making. • Ensure effective performance management of service delivery, and provide members and senior managers with timely updates on service performance and progress towards outcomes. • Ensure reports to decision makers on services are fair, balanced, and analyse options and the risks associated with those options, to ensure Best Value is achieved. • Ensure effective, member-led scrutiny is in place that provides constructive challenge and debate on objectives and policies before, during and after decisions are taken. • Ensure an effective, risk-led Internal Audit service is in place to provide assurance on the overall adequacy and effectiveness of the Council's governance arrangements. • Ensure effective counter fraud and anti-corruption policies and arrangements are in place. • Ensure effective internal control arrangements exist for sound financial management. • Maintain an effective audit committee function. • Ensure effective arrangements are in place to collect, store, use and share data, including processes to safeguard personal data, • Put in place arrangements to ensure that data used to support decision-making is accurate and clear. • Ensure financial management arrangements support both long term outcome delivery and day-to-day operations. | <ul style="list-style-type: none"> • Risk Management Framework. • Performance Management Framework. • Performance and Budget clinics • Strategic Plan. • Constitution including relevant documents on financial procedures, procurements rules, anti-fraud, interests, gifts and hospitality recording, codes of conduct, schemes of delegation, roles and responsibilities descriptors. • Standard report formats, refreshed during 2017/18. • Officer training on report writing, refreshed during 2017/18. • Committee dates diarised for the municipal year. • Annual Governance Statement. • Information Strategy. • Data Protection Policy and monitoring arrangements. • Money Laundering Policy, reviewed during 2017/18 by Corporate Affairs and Audit Committee. • Whistleblowing Policy. • External inspection of accounts. • Internal Audit annual plan. • Internal audit reports. • Data Quality policy. • Member briefings. • Corporate Affairs and Audit committee full membership, clear terms of reference and training for the role provided. • Information Sharing protocol guidance in place. • Information Governance Framework in place. • Toolkit in place to Support Information Governance compliance, reviewed on an annual basis. • Contract Management framework in place from April 2018 | <p>Roll out of the Contract Management framework across the Council, prioritising delivery during 2018/19.</p> <p>Refresh the Performance and Risk Management Framework to reflect the revised Strategic Plan during 2018/19.</p> |

| Principle / supporting principles | To meet these requirements, the Council will: | Evidence of compliance with this principle: | Action identified |
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| <p>Implementing good practices in transparency, reporting, and audit to deliver effective accountability.</p> <ul style="list-style-type: none"> • Implementing good practice in transparency • Implementing good practices in reporting • Assurance and effective accountability | <ul style="list-style-type: none"> • Provide reports in plain English wherever possible, ensuring that they are easy to access and interrogate and balancing transparency requirements with clarity. • Report regularly on performance, delivery of value for money and stewardship of resources. • Report on compliance with good governance principles within its Annual Governance Statement, including an action plan for continued improvement. • Ensure compliance with good governance principles extends to its partnership arrangements. • Ensure that recommendations made by external audit are addressed • Ensure that the internal audit service has direct access to members to enable it to provide assurance with regard to governance arrangements. • Welcome and positively engage with peer challenges, reviews and inspections of its services. | <ul style="list-style-type: none"> • Constitution in place. • Standard report formats, refreshed during 2017/18. • Urgent decision process and records in place and reported to Council annually. • Council website contains key data, including information required by the Transparency Code. • Annual Governance Statement. • Governance documents of partnerships. • Corporate Affairs and Audit Committee papers including regular reports from Internal Audit and assurance reports provided on a range of governance topics. • Strategic Plan. • Internal Audit action tracker. • Performance and Financial monitoring processes. | <p>Initiate a rolling review of the constitution by the Constitution and Member Development committee during 2018/19.</p> |