

**Annual Governance Statement 2013-14 (AGS)**

Midlothian Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. This is to allow public funds and the assets at its disposal to be safeguarded and used efficiently and effectively in pursuit of best value.

Elected Members and senior management are responsible for the governance of the business affairs of Midlothian Council. This includes: setting the strategic direction, vision, culture and values of the Council; establishing appropriate and cost effective systems, processes and internal controls to allow the strategic objectives to be delivered.

In order to achieve this, the Council has developed a Code of Corporate Governance based on the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives' (SOLACE) framework. The Code was reviewed and updated in 2013. The Council also has a number of officials in statutory posts who monitor governance and the supporting processes during the year. These are the Head of the Paid Service, the Monitoring Officer, the Chief Finance Officer and the Chief Social Work Officer.

Each year, using an assurance template, evidence is gathered relating to the governance framework and the level of compliance with the code. This includes all 8 Heads of Service completing a self assessment. Internal Audit check a sample of the control elements in the Code of Corporate Governance so that each is tested on a three year cycle to determine their effectiveness. Any areas for improvement that are identified through this check are recorded in the governance improvements section of the AGS below. Furthermore, the assurance elements are, where necessary, discussed with senior management.

Midlothian Council's financial management arrangements conform to the requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government.

The governance elements include:

allocating responsibility for maintenance of proper financial records and accounts and for maintaining effective systems of internal control; appointing a Monitoring Officer with responsibility to ensure that the Council, its Officers, and its Elected Members, maintain the highest standards of conduct; establishing a scheme of delegated powers; establishing and enforcing a code of conduct for officers; having effective scrutiny and challenge arrangements in place over officer and Council decisions; open and effective recording of Council decisions, risk management processes, whistle blowing and fraud prevention procedures and processes, providing induction and training for Elected Members and Council officers and encouraging individuals from all sections of the community to engage with the Council.

A review of the evidence was undertaken and resulted in an opinion on the level of governance within the Council.

A number of governance improvements were highlighted in the 2012-13 self assessment and progress has been made in 2013-14 on the following:

Arms Length Bodies and Following the Public Pound through the completion of an Internal Audit Report and development of a management action plan; delivering improved services and processes at reduced cost through the Business Transformation Programme; embedding the Single Midlothian Plan and associated corporate priorities; supporting changes in ICT and building rationalisation, conducting structured testing of ICT Business Recovery Plans; supporting Elected Member capacity through an Elected Member training programme; and developing local action plans and assessing the impact of the new Welfare Reform Act on Council services and Midlothian citizens.

Whilst underway, some of these actions have not yet been fully concluded, e.g. the Business Transformation Programme; Welfare Reform; and fully embedding Information Management processes and controls within the Council.

The following areas of improvement have also been identified and are to be progressed in 2014 -15:

- having a positive impact on the key priorities of economic recovery and business growth; positive destinations for young people; and early years – getting it right for every Midlothian child;
- embedding the new management structure and ensuring that appropriate controls and segregations are maintained;
- the delivery of the approved financial strategy and mechanisms to ensure that the necessary financial savings are achieved and more efficient processes are introduced at reduced cost;
- continued development of risk management processes by aligning risk assessments with service planning and mitigation of risks associated with delivering the Council's outcomes;
- procurement reform arising from the Procurement Reform Bill and new EU Directives;
- continued compliance with the Public Services Network code of connection requirements;
- responding to the impact of further Welfare Reform changes;
- the Health and Social Care Integration agenda with the continued establishment of joint services; and
- Safer Communities Board provides the local scrutiny and accountability for Police and Fire & Rescue services in Midlothian as well as the wider strategic role from the Police and Fire Reform (Scotland) Act 2012. There will be a continuation of the training opportunities already provided to the members of the Safer Communities Board, and this will also be widened to include those participants in the agenda for safeguarding in Midlothian.

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On the basis of the Council's assurance system, and the elements of governance at its disposal, we are satisfied that overall, Midlothian Council's corporate governance arrangements are of a satisfactory standard. We are aware of areas where improvements are required and steps will be taken in the forthcoming year to address these areas, allowing the Council to advance its corporate governance arrangements and seek continuous improvement.

Signed:

Leader of the Council

Chief Executive

Date:

Date: