



# Annual Governance Statement 2017/18

## 1. Background and Scope of Responsibility

North West Leicestershire District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging the overall responsibility the Council is responsible for putting into place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' 2016. A copy of the Code is available on our website at [www.nwleics.gov.uk/corporate\\_policies](http://www.nwleics.gov.uk/corporate_policies) or can be obtained from the Council Offices in Coalville upon request.

This Statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the preparation and approval of an Annual Governance Statement. The Council's arrangements comply with each of the principles in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government.

## 2. The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the authority is controlled and directs its activities and through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The Council's system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place for the year ended 31 March 2018, and up to the date of the approval of the Statement of Accounts.

## 3. The Governance Framework Our vision, priorities and values

The Council's vision, priorities and values are set out in the Council Delivery Plan, which was adopted by Council on 21 March 2017.

The council's vision is that 'North West Leicestershire will be a place where people and businesses feel they belong and are proud to call home'.

The Council's priorities reflect the overall vision and are detailed in a series of critical activities which are incorporated into annual departmental team business plans and the Medium Term Financial Strategy.

Our priorities are:

- Value for Money
- Homes and communities
- Businesses and jobs
- Building confidence in Coalville
- Green Footprints

We have developed our Best Employee Experience (BEE) programme to include five core values. These values are integrated into our performance staff development and appraisal programmes:

- Spend our money wisely – our staff deliver value for money in everything they do
- Support what is possible – our staff identify, agree and provide the best possible outcomes for all customers
- Be fair and proud – our staff show pride in their work and take individual responsibility for delivering what is agreed
- Listen carefully – our staff listen and respond to the needs of customers and colleagues – both internally and externally
- Deliver agreed quality – our staff deliver within agreed timescales and to the expected quality.

### **The key elements of our governance framework**

We operate a cabinet style government with separation of executive and scrutiny functions. All Cabinet members have been allocated a specific portfolio and are responsible for driving forward the Council's key strategic aims.

The Council has a Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decisions are efficient, transparent, and accountable to local people.

We have various layers of management within the organisation and our management teams each play an important role in governance framework.

Our corporate leadership team (CLT), comprises of the Head of Paid Service, Directors and all Heads of Service. The group meet fortnightly and are programmed as a series of themed sessions to focus individually on either business as usual, strategic issues, projects and programmes and the health of the organisation.

We also have a series of Directorate Management Team (DMT) meetings (held with Directors and Heads of Service to consider strategic and operational matters

relevant to specific directorates), Extended Leadership Team (ELT) meetings which include all Team Managers across the Council and the Chief Executive who help to shape the strategic direction of the Council and feed in to CLT and Senior Management Team (SMT) meetings where Heads of Service meet with their respective Team Managers to consider specific service matters.

### **Role of the Council**

The extent of the role of full Council in reviewing and monitoring effectiveness of internal control is set out in Article 4 of the Council's constitution. Article 4 provides that the Council is responsible for setting the policy and budgetary framework. The 'Call-in' provisions found within the Constitution provide members of the Policy Development Group with a mechanism to scrutinise decisions of Cabinet where they feel that they have been taken outside the budget and policy framework.

The Council's statutory officers who consist of the Head of Paid Service (the Chief Executive), the Monitoring Officer (Head of Legal and Commercial Services) and Section 151 Officer (Head of Finance) fulfil the statutory duties associated with their roles, including ensuring that the Council's activities are in accordance with the law and

legislative requirements, and that financial budgets are set appropriately and are monitored regularly.

The Council's financial management arrangements conform to the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016). Although there was not a Section 151 Officer in post for the majority of the 2017/18 year, the role was fulfilled during the period by the Section 151 Officer acting up. Subsequently the Section 151 Officer fulfilled this role following appointment in February 2018.

The Constitution of the Council is subject to a continuous review process which sets out matters reserved to Council, Cabinet and Committees for decision, all other decisions are delegated to officers. The Constitution has undergone a revision this year and the new version, which was actively reviewed by Members, was approved by Council in February 2018.

The Council formally reviews its Financial Regulations on a regular basis. On-going updates are implemented as part of the regular reviews of the Constitution.

### **Role of Cabinet**

The Cabinet has responsibility for all executive functions and for making recommendations to Council within the Budget and Policy Framework. Its remit is clearly set out in the Constitution and it plays a major role in reviewing key aspects of overall service delivery, including monitoring its effectiveness and related governance issues.

### **Role of Audit and Governance Committee**

The Audit and Governance Committee was responsible for ensuring that the Council's systems for internal control are sound by reviewing control mechanisms, and guidelines (both internal and external) and ensuring continued probity and good governance of the Council's operations. The Committee meets the external auditor to discuss findings in the Annual Audit Management Letter and reports.

### **Role of Policy and Development Group**

The Policy Development Group carries out the Council's Scrutiny function. The Policy and Development Group can "call in" a decision which has been made by the Cabinet but not yet implemented, to enable them to consider whether the decision is appropriate.

The Constitution contains a section on the "Principles of Decision Making", and non-compliance with one or more of those principles is a ground for "call-in" by the Policy Development Group.

### **Risk Management**

The overall objective of the Council's risk management strategy is the identification, analysis, management and financial control of those risks which can most impact on the Council's ability to pursue its approved delivery plan".

The Risk Management Strategy was updated and approved by Cabinet on 29 July 2014 and all reports to Council, Cabinet and Committees have a risk management section. A Corporate Risk Register has been developed and approved at both Corporate Leadership Team and by Elected Members. The Corporate Risk Register is accepted as a live document constantly under review for progress on managed risks and new risks that could impact on the Council. A risk review cycle has been developed that will allow closer links with the service planning process.

The Corporate Risk Group is represented by each of the Council's services. The CRG will identify new risks and review the corporate risk register. Review of corporate risks is part of the terms of reference of the Audit

and Governance Committee. Risks are reported to Cabinet as part of the quarterly Performance Management Report.

### **Role of Internal Audit**

The Internal Audit service is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate an annual work plan, progress against which is reviewed each quarter by the Audit and Governance Committee. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Director and Head of Service as well as the Section 151 Officer and Monitoring Officer. The reports include an independent opinion on the adequacy of the applicable internal controls, audit findings and recommendations for improvements with an agreed timescale for implementation. Progress against recommendations is followed up by Internal Audit and reported to Audit and Governance Committee on a quarterly basis throughout the year.

The Internal Audit Report 2017/18 was considered by the Audit and Governance Committee on 25 July 2018.

The report confirmed that the Chief Audit Executive (Interim Audit Manager) formed the opinion that the Council's overall internal control arrangements are a Grade 2. In line with our Internal Audit opinion grade definitions, this means that the internal control arrangements require improvement in some areas.

The opinion is based on the following:

- All internal audit work undertaken during the year.
- Assurance provided by the auditors of the Leicestershire Revenues and Benefits Partnership.
- Follow up audit work in respect of audit recommendations.
- The Interim Audit Manager's knowledge of the Council's governance and risk management structure and processes.

During the year, 11 in-house internal audits were carried out.

The team issued one grade 3 audit report during 2017/18 in relation to the review of Sundry Debtors. This means that the internal controls require significant improvement. (for information, the Council's Internal Audit grading runs from 1 to 4, with 1 representing adequate controls and 4 representing inadequate controls in all areas).

The main areas identified for improvement are:

- Lack of formal operational procedure notes
- Weaknesses with regards to evidencing/recording of action taken on debt recovery
- Weaknesses with regards to issue and follow-up of aged debtor reports

- Lack of focussed debt recovery via a formal action plan
- Inaccuracies with regards to Sundry debt write-offs reported to Cabinet
- Monitoring and reporting of income collection relating to prior year debts

These issues have been acknowledged in our Annual Governance Statement and included as an area for improvement that will be monitored during 2018/19.

### **The Role of External Audit**

KPMG LLP has been appointed by the Public Sector Audit Appointments (PSAA) as the Council's external auditor for 2017/18. The auditor's statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice and the PSAA Statement of Responsibilities.

External audit provide an opinion on the Council's financial statements and conclude on the arrangements in place for securing economy, efficiency and effectiveness in the Council's use of resources (value for money conclusion).

The latest Annual Letter from the Council's appointed External Auditors, KPMG LLP for the financial year 2016/17 issued unqualified opinions on the financial statements and Value for Money Arrangements of the Council. These confirm that for 2016/17 financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year then ended and that the Council had proper arrangements for securing economy, efficiency and effectiveness.

In the audit of the 2017/18 accounts it was identified that upon implementation of a new cloud-based payroll system, mechanisms for obtaining a service auditors report were not put in place by the Council. To gain assurance that this matter has not caused an issue in the 2017/18 year, the Council has closely scrutinised and reconciled its payroll checking processes. Moving forward, a service auditors report will be received on an annual basis from the payroll software provider.

An additional improvement has been recognised relating to the CIPFA/SOLACE principle: Managing risks and performance through robust internal control and strong public financial management. Progress against this improvement will be monitored throughout the forthcoming year.

### **How we comply with the CIPFA/SOLACE Framework**

The following sections list the key elements of the systems and processes that comprise the council's governance framework

with a commentary setting out how the arrangements comply with each of the principles that are laid out in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government.

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

Arrangements have been put in place to ensure probity when dealing with different stakeholders and these are frequently updated. The Council has a Members' Code of Conduct, Planning Code of Conduct, Licensing Code of Conduct and Citizens' Rights which are all set out in the Constitution. These are regularly reviewed to take account of the latest legislation and guidance, the last review of these codes being completed in February 2018 as part of the annual update of the Council's Constitution.

The Constitution contains a section on the "Principles of Decision Making", and non-compliance is a ground for "call-in" by the Policy Development Group.

During 2017/18 the Audit and Governance Committee had a pro-active work programme and each meeting of the Committee received a report from the Monitoring Officer on current issues. A quarterly performance monitoring report including ethical indicators was also produced.

The Council has robust arrangements for monitoring compliance with the Member Code of Conduct (including gifts and hospitality). The Officer Register of Gifts and Hospitality received its six monthly checks by the Monitoring Officer whilst checking of the Member Register is also undertaken.

The Head of Paid Service, Section 151 Officer and Monitoring Officer meet regularly as a Statutory Officers Group. Their work includes monitoring compliance with standards of conduct across the Council, including both officers and members.

The council's Whistle Blowing Policy includes members, contractors, suppliers and service providers and people working in partnership with the Council (e.g. volunteers. All reports received under the policy are investigated thoroughly.

### **Ensuring effective arrangements are in place for the discharge of the monitoring officer function**

The “Monitoring Officer” function is carried out by the Head of Legal and Commercial Services who reports to the Chief Executive. The Legal Team Manager who has responsibility for legal matters and is also the “Deputy Monitoring Officer”, reports to the Head of Legal and Support Services.

### **Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function**

The “Head of Paid Service” role is undertaken by the Council’s Chief Executive. The Head of Human Resources and Organisational Development, responsible for all HR matters, reports to the Chief Executive.

### **Undertaking the core functions of an Audit Committee, as identified in CIPFA’s Audit Committees – Practical Guidance for Local Authorities**

The Council has an established Audit and Governance Committee whose remit and functions are based on the guidance set out in the CIPFA/SOLACE 'External Audit in Delivering Good Governance in Local Government: Framework', 2016, which identifies best practice in relation to roles and responsibilities. The Committee meets

quarterly and receives regular reports from both the Section 151 Officer and the Audit Manager. Arrangements are in place for the Audit Manager to report independently to the Audit Committee should he/she feel it appropriate to do so.

### **Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

The Council ensures compliance with established policies, procedures, laws and regulations through various channels. Two of the council’s statutory officers, the Section 151 Officer and the Monitoring Officer, have responsibility for ensuring that the Council does not act in an ultra vires manner, supported by the Head of Human Resources and Organisational Development, who facilitates the management and mitigation of risk, and the Audit Manager who provides assurance on matters of internal financial control.

There is an in-house, Lexcel accredited legal team. Lexcel is the Law Society’s legal practice quality mark for excellence in legal practice management and excellence in client care. The Legal Team work closely with all teams across the Council providing risk based advice.

The Human Resources function uses our Best Employee Experience (BEE) programme to ensure that officers are equipped to discharge their duties in accordance with the requirements of the Council.

### **Whistle-blowing and for receiving and investigating complaints from the public**

The Council has in place appropriate whistle blowing policies and procedures which are regularly reviewed and updated where required. A revised Whistle Blowing policy was approved by Audit and Governance Committee on 25 March 2015. Staff are aware of the Whistle Blowing policy through the council’s intranet and as an integral part of the induction process for new starters. There is also a well-established and responsive complaints procedure to deal with both informal and formal complaints from customers and residents. Regular information relating to performance in respect of customer feedback is presented to Heads of Service and the Corporate Leadership Team.

## **Principle B. Ensuring openness and comprehensive stakeholder engagement**

Our range of communications policies sets out who we communicate with, and why and how we do it. The Council uses various means to communicate key messages to members of the public, including press releases, website content, social media and where relevant direct communication. Internally, we communicate with staff via team meetings, the intranet, blogs and Chief Executive's road shows for staff.

The Council has adopted a consultation framework which involves staff at all levels and a formal, regular mechanism of meetings with representatives and officials from the recognised Trade Unions is in place.

The council's scrutiny arrangements are designed to ensure that key elements were externally scrutinised and involve all sections of the community and stakeholders as necessary.

## **Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits**

### **Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the authority's overall governance arrangements**

The Council participates in a range of joint working arrangements with other bodies. For those that deliver services to our customers there are service level agreements or contractual arrangements in place to ensure delivery and protect reputational risk. Should there be corporate risks based on partnership arrangements these will be detailed within the corporate risk register. The Council is particularly mindful of the financial and reputational risks that can arise through entering into joint working and collaborative arrangements, including the potential for a detrimental reputation impact on the Council should the partnership fail.

## **Enhancing the accountability for service delivery and effectiveness of other public service providers**

The Council is a partner in the Leicestershire, Leicester and Rutland Resilience Partnership (LRIP). All Councils at Unitary, District and Borough levels are members of the Partnership to bring together emergency management resources to prepare for and respond to civil emergencies within the Leicester, Leicestershire and Rutland area. The Head of Human Resources and Organisational Development is the council's representative on the LRIP Management Board.

### **Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome**

The Council Delivery Plan and our Medium Term Financial Strategy detail how we have planned all our resources, both financial and staffing to deliver against our priorities.

The council's performance management arrangements include the business planning process which reflects all of the council's aims and objectives and aims to better align activities, improvements and resources. A set of clear and consistent Team Business Plans were developed for 2017/18.



All plans were and continue to be monitored throughout the year by management and portfolio holder cabinet members on a monthly basis and reported to cabinet publicly on a quarterly basis using a traffic light system to facilitate robust member challenge. After the month end, enabling managers to respond to issues in a timely manner, profiled financial monitoring reports which also project the outturn are reviewed by all budget holders and portfolio holder cabinet members on a monthly basis. Similarly, financial performance is reported to cabinet on a quarterly basis.

### **Principle E – Developing the entity’s capacity including the capability of its leadership and the individuals within it**

The council’s “BEE Valued” programme includes rigorous recruitment and selection, performance management and staff development processes.

The Council fully supports the requirements to ensure that both members and senior officers have the necessary skills sets to fulfil their strategic role in the organisation. A comprehensive induction programme exists for both members and officers which has been developed to deal with all relevant core issues. The Council is committed to creating

an environment where elected members’ skills can develop and thrive with regular courses being delivered.

An annual development review is undertaken for all officers, which includes the identification of training and development needs, which are then considered and built into a service level and corporate training programme where appropriate.

The 2017/18 year marked a new beginning for North West Leicestershire District Council with the appointment of a new Chief Executive and Acting Section 151 Officer. During the year, the senior management structure of the Council was reviewed and a revised structure was approved by Council in January and implemented in February 2018. Permanent arrangements for the Section 151 Officer role were put in place through this restructure.

We recognise the critical role that a motivated, skilled and capable workforce plays in every aspect of service delivery. Our People Plan (which is currently in development) will help us achieve the corporate priorities outlined in our Council Delivery Plan. This plan and the associated Workforce Development Plan (WDP), will form an integral part of our performance

management framework, providing the link between valuing and developing people, with improving and developing services and enabling effective dynamic leadership.

### **Principle F – Managing risks and performance through robust internal control and strong public management**

The Policy Development Group carries out the council’s scrutiny function. The Council maintains an Executive Decision Notice of key decisions to maximise transparency and consultation. The writing of formal reports follows a prescribed procedure which requires the completion of a number of procedural requirements for content including Statutory Officer checks for legality, budgetary compliance, rationale and risk. Reasons for all decisions must be given and these are recorded in the minutes.

The Member and Officer Codes of Conduct and associated procedures act as a safeguard against conflicts of interest or bias.

The Audit and Governance Committee undertake the functions of an audit committee as identified by CIPFA guidance. It receives regular reports and presentations from the External Auditor and is independent of cabinet.

The Council has a customer feedback complaints system and this information is used to improve service delivery and customer satisfaction.

The Council has a Risk Management Policy which was updated and approved at Cabinet on 1 May 2018. The strategic risk register is reviewed and updated and scrutinised by the Audit and Governance Committee on a quarterly basis. The risks identified have been linked to Council priorities/strategic aims and lead officers have been identified to manage each risk. Risk Management also forms a key element of the Council's Delivery Plan and the Service Planning process and risk management is an integral part of the council's performance management arrangements. During the 2017/18 year, Team Managers and members of the Audit and Governance Committee separately attended risk management training sessions to ensure that those responsible for risk management have the appropriate knowledge to identify and manage risk.

As part of the council's Corporate Project Management Framework, all major projects have their own risk log. All reports going to members include the risk implications

associated with the decision members are being asked to make.

The Council is committed to the effective use of IT and has an ICT strategy and IT Security Policy which were reviewed during 2015/16.

The Council's 2017/18 Treasury Management Strategy was approved by Council in February 2017, and risks are fully evaluated as part of this strategy.

### **Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability**

#### **Ensuring the Authority's Financial Management Arrangements Conform With the Governance Requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016)**

Until the approval and subsequent implementation of the senior management restructure in February 2018, the arrangements for the Chief Finance Officer role were fulfilled by the Financial Planning Team Manager and Deputy Section 151 Officer who took the role of Acting Section 151 Officer. During this time the council's financial management arrangements continued to conform with governance

requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

From February 2018, formal arrangements were put in place for the Section 151 Officer with a permanent employee appointed to this role. Adherence to the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) has therefore continued.

#### **Ensuring the authority's assurance arrangements addresses the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)**

The council's internal reporting arrangements are designed to ensure the independence of the internal audit function. Appropriate resources are made available to provide an independent, objective assurance and consulting activity designed to add value and improve the council's operations. It brings a systemic disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The Interim Audit Manager reports directly to the council's Audit and Governance Committee on all matters appertaining to audit outcomes.

The Audit Manager and the Section 151 Officer meet on a monthly basis to discuss and review governance and risk matters.

## 4. Effectiveness

### Review of Effectiveness

The Council has responsibility for conducting at least annually, a review of its governance framework including the system of internal control.

The review is informed by the Internal Audit Annual Report, the work of the Audit and Governance Committee, the comments of external auditors and other review agencies and inspectorates, and the work of the Corporate Leadership Team who have responsibility for the development and maintenance of the internal control environment.

The review considers evidence identified to support where the Council meets the CIPFA/SOLACE guidance and sets this out in the Assurance Review and Evidence document. Governance areas are given an assessment scoring as follows:

- Good – Good governance exists and there are no improvements required
- Fair – Satisfactory governance exists but improvements are required to meet good governance
- Poor – Significant issues with governance exist which needs addressing.

Areas identified as fair or poor are reported within the annual governance statement and remedial actions are also outlined. The Audit and Governance Committee review on a quarterly basis the progress of remedial actions.

### 2016/17

The assurance review for 2016/17 identified no significant issues. However, 17 improvements were identified which are set out in the table below. Of the outstanding improvements, those that remain outstanding will now be captured and monitored as part of the improvements for 2017/18. Full details of the review can be found in the Assurance and Evidence document for 2016/17 which was published alongside the Annual Governance Statement.

**Table 1 – Areas of improvement identified during 2016/17**

Improvement Action	Status – May 2018
Evidence used for assessment of governance to be documented and made available to users of financial statements	<b>Complete.</b> Evidence and Assurance table included within Annual Governance Statement and made publicly available following Audit and Governance Committee approval on 27 September 2017.
Review of Strategic and Financial Planning timetables to be undertaken to allow for better alignment for 2018/19 planning	<b>Complete.</b> Timetable for developing the 2018/19 budget, Council delivery plan and team business plans reviewed and aligned.
Formal S151 Officer arrangements	<b>Complete.</b> Formal arrangements introduced February 2018.
Medium Term Financial Strategy to be extended over a longer planning timeframe	<b>Complete.</b> 2018-2023 Medium Term Financial Strategy approved by Cabinet 6 February 2018. Strategy timeframe reduced from 10 to 5 years as a result of Cabinet and portfolio holder feedback and the likely uncertainty over a 10 year period.
Implement longer term revenue planning from 2018/19 budget planning	<b>Complete.</b> 5 year revenue position presented to Council as part of the approval of the 2018/19 budget on Council 27 February 2018.
Development of performance management system to be more intuitive and less administratively burdensome	<b>Carried forward as an ongoing improvement and scheduled for completion in 2018/19.</b> The Council is currently implementing a project to introduce the inphase corporate performance management tool. This will be rolled out with pilot service areas in 2018/19 with a view to having full implementation of phase 1 by the end of the financial year. This will reduce the burden of reporting performance data and provide relevant timely information to managers and members. Phases 2 and 3 of the inphase project will integrate the system with risk management, the new finance system and management of absence information.
Training for Audit and Governance Committee Members	<b>Complete.</b> Risk Management training session to be held with Committee members by end of April 2018. Public financial management session to be arranged post annual Council to take account of any committee membership changes.
Review opportunities for peer review	<b>Complete.</b> Local Government Association peer review for Planning undertaken with recommendations arising from review to be presented to members at full Council on 20 March 2018.
Undertake review of Equality Policy	<b>Carried forward as an ongoing improvement and scheduled for completion in 2018/19.</b> Revised timetable for development of policy will now see approval early 2018/19.

Improvement Action	Status – May 2018
Audit and Governance Review of risks twice per year	<b>Complete.</b> Risk monitoring now included on forward plan as standard agenda item.
Review approach to consultation	<b>Carried forward as an ongoing improvement and scheduled for completion in 2018/19.</b> Approach to engagement and consultation to be considered as part of the review of the customer services, business improvement and communications teams and consideration of the functions within community services.
Communications Strategy	<b>Carried forward as an ongoing improvement and scheduled for completion in 2018/19.</b> Improvement to be included in Team Business Plan for 2018/19.
Consider need for Partnership Framework	<b>Carried forward as an ongoing improvement and scheduled for completion in 2018/19.</b> As detailed below, the need for a partnership working framework will be considered as part of the development of the commercial strategy.
Develop Commercial and Sustainability Strategy	<b>Carried forward as an ongoing improvement and scheduled for completion in 2018/19.</b> The Council is at the beginning of a piece of work to develop a commercial strategy to support the Journey to Self Sufficiency Programme. Phase 1 of the management restructure created the post of the head of legal and commercial services and this will be a key piece of work for the post holder. The need for a partnership working framework will be considered as part of that work.
Update people plan	<b>Carried forward as an ongoing improvement and scheduled for completion in 2018/19.</b> People plan currently under development. Due for approval and implementation in 2018/19.
Risk Management and Strategy and Policy Updates	<b>Complete.</b> Risk Strategy and Policy merged into one policy document. Revised policy approved by Cabinet 1 May 2018.
New financial model for achieving balance between finance and budget holders	<b>Complete.</b> Action included in team business plan for the Finance service for 2018/19.

## 2017/18

No significant governance issues were identified in the annual assurance review for 2017/18. There were seven improvements carried forward from 2016/17 and condensed into six new improvement actions. A further eight improvements identified during 2017/18. There are therefore a total of 14 improvements for monitoring in 2017/18. (Please note that the table below repeats improvement actions where they are relevant to more than once CIPFA/SOLACE principle).

Full details of the review can be found in the Assurance and Evidence document for 2017/18 which is published alongside this Annual Governance Statement.

The table below is an extract from the Assurance Review and Evidence document and includes details of the improvement areas identified. Please note that as improvements can cut across principles, some improvements are listed more than once.

**Table 2 – Areas of improvement identified during 2016/17**

CIPFA/SOLACE Principle	Improvement	Owner
<b>Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b>	Review of Equality policy.	Head of Communities
<b>Principle B: Ensuring openness and comprehensive stakeholder engagement</b>	Approach to consultation and engagement (to be considered as part of the review of the communications team and consideration of functions of community focus services).	Head of Legal and Commercial
	Development of commercial strategy, to include review of need for a partnership working framework.	Head of Legal and Commercial
<b>Principle D : Determining the interventions necessary to optimise the achievement of the intended outcomes</b>	Review of the Business Improvement function.	Head of Legal and Commercial
	Consider introduction of public consultation on budget proposals.	Head of Finance
	Approach to consultation and engagement (to be considered as part of the review of the customer services, business improvement and communications teams and consideration of functions of community focus services).	Head of Legal and Commercial / Head of Communities
	Development of commercial strategy, to include review of need for a partnership working framework (as above).	Head of Legal and Commercial

CIPFA/SOLACE Principle	Improvement	Owner
<b>Principle E : Developing the entity’s capacity, including the capability of its leadership and the individuals within it</b>	Partnership Framework to be developed (as above)	Head of Legal and Commercial
	Develop and implement People Plan	Head of HR and Organisational Development
	Corporate Asset Management Strategy required to go with HRA Asset Management Strategy.	Head of Housing and Assets
<b>Core Principle F : Managing risks and performance through robust internal control and strong public financial management</b>	Implementation of In-Phase	Head of HR and Organisational Development
	Complete outstanding actions identified as part of the internal audit of anti-fraud and corruption in 2016/17. Raise awareness of anti-fraud and corruption with staff.	Head of Finance
	Embed finance business partnering model, including review of effectiveness and procure new finance system.	Head of Finance
	Implement actions to address issues identified through Internal Audit of Sundry Debtors.	Head of Finance
	Review the Council's supplier hosted systems and introduce measures to ensure that a SOC 2 report (or equivalent) is obtained on an annual basis.	Head of Customer Services
<b>Core Principle G : Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b>	Review and strengthen management and reporting arrangements for the Revenues and Benefits Partnership.	Head of Customer Services


## 5. Overall opinion and conclusion

### Conclusion

The Council is satisfied that appropriate governance arrangements are in place however it remains committed to maintaining and where possible improving these arrangements, in particular by addressing the issues identified in undertaking the annual review. The Council will continue to seek to enhance and strengthen governance arrangements within these areas for improvement and monitor progress made as part of our next annual review.

## 6. Statement of Leader and Chief Executive

*We have been advised on the implications of the result of the review of the effectiveness of the governance framework carried out by members of the Corporate Leadership Team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.*

Signed  \_\_\_\_\_

Councillor Richard Blunt  
Leader of the Council  
10 October 2018

Signed  \_\_\_\_\_

Bev Smith  
Chief Executive  
10 October 2018





# Annual Governance Statement Assurance Review

May 2018

Assurance and evidence in support of the Council's annual governance statement

Assessment Score:

Good – Good governance exists and there are no improvements required

Fair – Satisfactory governance exists but improvements are required to meet good governance

Poor – Significant issues with governance exist which needs addressing

## Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

### Supporting Principle 1: Behaving with Integrity

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation.	Good	<p>Constitution (incl. statutory officers, scheme of delegation, financial management and procurement rules)            Council, Cabinet, Committees            Service policies            Complaints procedure            Head of Paid Service, Monitoring Officer and s151 Officer            HR policies and procedures            Anti-fraud and corruption policy, which includes whistle-blowing and other countering fraud arrangements            Staff and member training including mandatory training for planning and licensing and appeals committees            Induction for new members and staff.            Codes of conduct            BEE valued appraisal system.            Standards and Ethics report taken to Audit and Governance Committee quarterly            Corporate Leadership Team and extended Corporate management Team.            External Audit reports            Internal Audit reports</p>	None	None

Requirement of local authorities to:	Assessment	Evidence	Significant issues	Areas for improvement
2. Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)	Good	Council Delivery Plan Council's values as set out in the Council Delivery Plan	None	None
3. Leading by example and using these standard operating principles or values as a framework for decision making and other actions	Good	Council leadership (Leader of the Council and portfolio holders) Declarations of interest noted. Up-to-date register of gifts and hospitality.	None	None
4. Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	Good	Anti-fraud and corruption policy, register of interests and annual declaration of related parties. Whistle blowing policy which staff are aware of. Anti-fraud and corruption audit undertaken in 2016/17 identified a number of improvements required which are timetabled in an action plan. Complaints policy well established and continually reviewed, improved and reported on. Members and officers code of conduct refers to a requirement to declare interests Minutes show declarations of interest were sought and appropriate declarations made.	None	None

## Supporting Principle 2: Demonstrating strong commitment to ethical values

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Seeking to establish, monitor and maintain the organisation's ethical standards and performance	Good	Values embedded into induction process for officers and members and appraisals for staff. Standards and Ethics report taken to Audit and Governance Committee quarterly.	None	None
2. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	Good	Values embedded into induction process for officers and members and appraisals for staff.	None	None
3. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	Fair	Appraisal process built upon values of the Council. Equality Policy in place, but requires review as existing policy does not satisfy equalities obligations or reflect changes in legislation (i.e. does not fulfil publish information requirements).	None	Review of Equality Policy scheduled for completion in 2017/18, however due to a number of delays this policy will now be formally adopted in 2018/19.
4. Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	Good	Key partnerships have mechanisms in place to define role and scope of partners. Procurement exercises include assessment criteria around social value.	None	None

## Supporting Principle 3: Respecting the rule of law

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations	Good	Constitution is adhered to and reviewed regularly. Statutory provisions are adhered to. Head of Paid Service, Monitoring Officer and s151 Officer in place.	None	None
2. Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	Good	Job descriptions and roles of statutory officers are well defined and understood by the organisation. Structure of the CLT ensures statutory officers are included in key decision making.  In February 2018, formal arrangements for the council's S151 Officer were put in place through a review of the senior management team. The Head of Finance and S151 duties are fulfilled in line with CIPFA's Statement on the Role of the Chief Financial Officer in Local Government (CIPFA, 2016).	None	None
3. Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	Good	Arrangements in place for legal advice and recording of advice. All reports requiring a decision are considered by Finance, Legal and HR staff before being considered by the relevant decision making forum	None	None
4. Dealing with breaches of legal and regulatory provisions effectively	Good	Proper arrangements in place for legal advice and recording of advice, Monitoring Officer referenced to give advice and ensure Council's operates within the law at all times.	None	None
5. Ensuring corruption and misuse of power are dealt with effectively	Good	Whistleblowing policy, anti-fraud and corruption policy. Call-in arrangements.	None	None

## Core Principle B: Ensuring openness and comprehensive stakeholder engagement

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness	Good	Council Delivery Plan and Annual Report. FOI requests actively responded to, website, online publishing of expenditure.	None	None
2. Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided	Good	Record of decision making and supporting materials. Standard report format used. The Council's governance framework aims to ensure it sets and meets its objectives and responsibilities in a lawful, timely, open, inclusive and honest manner; and that its use of public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.	None	None
3. Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	Good	Decisions well documented with supporting information and advice included. Forward Plan detailing report publication on a timely basis. Calendar of dates for submitting, publishing and distributing timely reports is adhered to Council, Cabinet and committee meetings are normally open to the public. The conduct of business is defined by formal procedures and rules that are set out in the Constitution.	None	None

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
4. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action	Fair	Customer and staff satisfaction surveys carried out regularly (e.g. Residents STAR survey in 2017). Consultation exercises carried out periodically (e.g. resident pop up events on housing estates). However a Council policy for consultations does not exist.	None	Approach to engagement and consultation to be considered as part of the review of the customer services, business improvement and communications teams and consideration of the functions within community services.



## Supporting Principle 2: Engaging comprehensively with institutional stakeholders

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	Fair	Formal and informal partnerships in place.	None	The Council is at the beginning of a piece of work to develop a commercial strategy to support the Journey to Self Sufficiency Programme. Phase 1 of the management restructure created the post of the head of legal and commercial services and this will be a key piece of work for the post holder. The need for a partnership working framework will be considered as part of that work. (see principle D, supporting principle 2)
2. Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	Fair	Partnership working across the authority is strong in some areas but needs to be embedded across the Council. Service Level Agreements. Partnership agreements exist.	None	
3. Ensuring that partnerships are based on: trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit	Fair	As above, good, strong partnerships exists in some areas. Partnership agreements exist.	None	

## Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

### Supporting Principle 1: Defining outcomes

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions	Good	The Council Delivery Plan defines the vision for the Council, including values and priorities. Service Plans are developed based on the Council Delivery Plan.	None	None
2. Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer	Good	Intended impacts set out in Council Delivery Plan.  Plans in place to address impact of the introduction of Universal Credit, and the Homelessness Reduction Act.	None	None
3. Delivering defined outcomes on a sustainable basis within the resources that will be available	Good	Team Business Plans developed for each service area. Monthly performance and finance reports monitored by CLT and Portfolio Holders; Quarterly reports monitored by CLT and Cabinet.	None	None
4. Identifying and managing risks to the achievement of outcomes	Good	Monthly performance and finance reports monitored by CLT and Portfolio Holders; Quarterly reports monitored by CLT and Cabinet.	None	None
5. Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available	Good	Performance Indicators within Team Business Plans include agreed set of quality standard measures.	None	None

## Supporting Principle 2: Sustainable economic, social and environmental benefits

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	Good	We actively consider the social and economic impact of policies in decisions. An example of this is social value considerations in procurement exercises. A live example of the environmental impact of policies is the programme of solid fuel heating system replacements in Council homes where we are replacing solid fuel systems with renewable technology.	None	None
2. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	Good	Record of decision making and supporting materials made available publicly on website. Improvements arising from the 2016/17 assurance review have introduced a 5 year planning timeframe for the medium term financial strategy. The 2018/19 – 2022/23 Medium Term Financial Strategy was approved by Cabinet on 6 February 2018. The MTFS will be presented to members again in Q1 2018/19 to take account of 2017/18 financial performance and to review the assumptions in light of the council's current position and external factors. The MTFS will then be revised and updated as part of annual budget setting during Q3 2018/19.	None	None
3. Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	Good			

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
3. Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	Good	<p>Elected members act in public interest. Record of decisions made available to public via website. Consultations on key projects with key groups. Members abide by the code of conduct and all committee reports are prepared to reflect all the relevant options, risks and benefits – so members have all the relevant information in front of them when they make a decision. Cite Local Plan as an example? The Council is transparent in decision making. We publish all our agendas and minutes. .</p> <p>We follow statutory requirements for consultation and very often go above that in terms of community engagement.</p>	None	
4. Ensuring fair access to services	Good	<p>Equalities Officer in post. All new policies presented for approval require Equalities Impact Assessment to be completed and regularly reviewed as part of ensuring fair access. Accessible website?</p>	None	None

## Supporting Principle 1: Determining interventions

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided	Good	All reports details options appraisals and risks associated with decisions.	None	None
2. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	Fair	Car park strategy. MTFS. Statutory consultation on budget undertaken annually could be widened to obtain views of service users. The Tenant Scrutiny Panel present reports to Cabinet recommending improvements or changes to housing services.	None	Consider introduction of public consultation on budget proposals as part of review of approach to consultations

## Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

### Supporting Principle 2: Planning interventions

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	Good	Calendar dates for all Council meetings agreed in advance, reports published in a timely manner ensuring a robust planning cycle.  Monthly performance and finance reports monitored by CLT and Portfolio Holders; Quarterly reports monitored by CLT and Cabinet.	None	None
2. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	Fair	We regularly consult in some areas of the Council. Tenant Scrutiny Panel investigates and challenges how housing services are delivered. Council approach to consultation to be reviewed.	None	Review approach to consultation (as above).
3. Considering and monitoring risks facing each partner when working collaboratively including shared risks	Fair	Strong partnerships exist in some areas. Partnership agreements exist. Partnership framework to be developed and linked to risk management strategy	None	Review the need for a Partnership Working framework as part of development of a Commercial and Sustainability Strategy (see principle D).
4. Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	Good	Delegated responsibility in some areas. Constitution is flexible.	None	None

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
5. Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	Good	KPIs established and approved for each service and included in Team Business Plans.  Quarterly Performance Reports are considered by Cabinet.	None	None
6. Ensuring capacity exists to generate the information required to review service quality regularly	Fair	Performance is included to give context for decisions to be made where necessary	None	Review of the Business Improvement function will need to address this requirement.
7. Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan	Good	CDP and Team Business Planning timetable currently not in sync with financial planning timetable.  Strategic and Financial Planning timetable reviewed and aligned for 2018/19 planning, enabling a more integrated approach.	None	None
8. Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	Fair	Medium Term Financial Plan in place via MTFS for 3 year period from 2017/18. 35 year HRA Business Plan cash flow model.  Medium Term Financial Strategy developed during 2017/18 to plan over a 5 year timeframe and incorporate the HRA business plan cash flow model and capital programmes.	None	Develop Commercial and Sustainability strategy to support MTFS, to include approach to partnerships.

## Supporting Principle 3: Optimising achievement of intended outcomes

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	Good	MTFS and budget formulated with strategic view of service priorities and involvement of Members and CLT.	None	None
2. Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	Good	5 year Capital budget planning. Revenue currently only planned 1 year at a time. MTFS focuses on 3 year medium term. 5 year revenue planning introduced in 2017/18 as part of the 2018/19 budget planning.	None	
3. Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	Good	Financial summary of MTFS updated annually or more frequently if information is received warrants an update.	None	None
4. Ensuring the achievement of 'social value' through service planning and commissioning.	Good	Social value considered through procurement processes. i.e. new build Council housing.	None	None



## Core Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it

### Supporting Principle 1: Developing the entity’s capacity

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness	Fair	Reviews of structures, ways of working and performance carried out as necessary. Interim Property Services team establishing an asset register so that strategy can be developed. Acquisitions and Disposals Policies. Selective disposal of HRA assets has taken place.	None	Corporate Asset Management Strategy required to go with HRA Asset Management Strategy.
2. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority’s resources are allocated so that outcomes are achieved effectively and efficiently	Good	Services encouraged to make use of APSE benchmarking subscription via Team Business Planning process.	None	None
3. Recognising the benefits of partnerships and collaborative working where added value can be achieved	Fair	Revenues and Benefits Partnership, Shared Internal Audit service. Strong partnerships exist in some areas. Partnership agreements exist. Partnership framework to be developed.	None	Review the need for a Partnership Working framework as part of development of a Commercial and Sustainability Strategy (see principle D).
4. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	Fair	Formal arrangements for the Head of Human Resources and Organisational Development confirmed as part of the senior management restructure in February 2018. People Plan to be developed and adopted in 2018/19.	None	Development and adoption of People Plan.

## Supporting Principle 2: Developing the capability of the entity’s leadership and other individuals

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	Good	Regular Strategy Group meetings between the Leader, Deputy Leader, Chief Executive and Directors.	None	None
2. Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	Good	Regular review of delegation and financial regulations. Constitution.	None	None
3. Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other’s authority	Good	Clear roles and responsibilities with CE’s objectives set and monitored by Members. Regular 1:1’s in place for Chief Executive.	None	None

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
<p>4. Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> <li>• Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>• Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</li> <li>• Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</li> </ul>	Good	Members trained as and when required. Formal induction process for new administration and new members.	None	None
5. Ensuring that there are structures in place to encourage public participation	Fair	Have your say, Tenant groups.	None	Review approach to consultation (as above).
6. Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	Good	Members performance monitored, Cabinet held to account by PDG and call-in arrangements.	None	None

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
7. Holding staff to account through regular performance reviews which take account of training or development needs	Good	Staff development plans linked to BEE appraisals	None	None
8. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	Good	Discount on leisure facilities for staff. Careserve, 24 hours service providing advice and counselling service around family, personal, debt, workplace, home and health issues. Coaching and mentoring available.	None	None

## Core Principle F: Managing risks and performance through robust internal control and strong public financial management

### Supporting Principle 1: Managing risk

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	Good	Risk Management system in place with regular monitoring at Team Manager/HoS level and CLT and Cabinet.  As a result of improvements in 2017/18, the Audit and Governance Committee actively review risks on a quarterly basis and have also undergone risk management training.	None	None
2. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	Good	Risk management policy formally approved and adopted.  Revised Risk Management Policy approved at Cabinet 1 May 2018.	None	None
3. Ensuring that responsibilities for managing individual risks are clearly allocated	Good	Risk Management system in place with regular monitoring at Team Manager/HoS level and CLT and Cabinet. Each risk has an owner responsible.	None	None

## Supporting Principle 2: Managing Performance

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	Fair	Monitoring of service delivery currently completed through team business plans. Calendar of monitoring dates from Team Manager level to Portfolio Holder published and reporting dates adhered to by the organisation.	None	The Council is currently implementing a project to introduce the Inphase corporate performance management tool. This will be rolled out with pilot service areas in 2018/19 with a view to having full implementation of phase 1 by the end of the financial year. This will reduce the burden of reporting performance data and provide relevant timely information to managers and members. Phases 2 and 3 of the inphase project will integrate the system with risk management, the new finance system and management of absence information

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
2. Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook	Good	Information discussed at Cabinet pre-meet and Strategy Group as necessary	None	None
3. Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible (OR, for a committee system) Encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making	Good	Scrutiny role established via Audit and Governance Committee and Policy Development Group. Meetings held once per quarter and published in advance. Agendas and minutes published	None	None
4. Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	Good	Calendar of dates published and reporting dates adhered to	None	None
5. Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements )	Good	Standing orders in place. Approval reports separate from financial updates	None	None

## Supporting Principle 3: Robust internal control

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Aligning the risk management strategy and policies on internal control with achieving the objectives	Good	Risk management strategy, audit plan and regular audit reports.	None	None
2. Evaluating and monitoring the authority's risk management and internal control on a regular basis	Good	Risk management policy with risks reviewed regularly by CLT and Cabinet. Risks should be monitored by the Audit and Governance Committee but this has not happened since November 2015.  Due to improvements in 2017/18 a cross-service Risk Management Group is established which meets on a quarterly basis to review risks. Risks are now regularly report to Audit and Governance Committee.	None	None
3. Ensuring effective counter fraud and anti-corruption arrangements are in place	Fair	Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014). Anti-fraud and anti-corruption policies in place.  Anti-fraud and corruption audit undertaken in 2016/17 identified a number of improvements required which are timetabled in an action plan. Due to senior management changes a number of these actions remain outstanding and will now be completed by the Head of Finance during 2018/19. More work to raise the profile of fraud amongst staff could be done	None	Completion of anti-fraud actions identified as part of anti-fraud and corruption audit to be completed.  Awareness raising of anti-fraud and corruption to take place amongst staff.
4. Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	Good	Annual governance statement, internal audit arrangements adequate with internal audit actively involved in service improvement.	None	None



Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
<p>5. Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon</p>	<p>Good</p>	<p>Audit committee complies with best practice. See Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013)</p> <p>Terms of Reference in place for Committee.</p> <p>Training programme developed for committee members including subject areas of risk and understanding local government finance. Risk Management training undertaken in 2017/18 with finance sessions to enable committee members to approve the financial statements in Q1 2018/19 scheduled.</p>	<p>None</p>	<p>None</p>

## Supporting Principle 4: Managing Data

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	Good	Policies in place for data management and data protection. Designated data protection officer. Information Corporate Action Team in place to monitor safeguarding measures and lead strategy for the organisation supported by Information Champions in each department	None	None
2. Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	Fair	Data sharing agreements in place and data processing agreements where necessary. We are currently in the process of ensuring all suppliers are compliant with data protection and GDPR legislation. During the IT audit of 2017/18 it was identified by our external auditors that arrangements for obtaining and reviewing a Service Organisation Controls ("SOC 2") report from the service provider of the council's new hosted payroll software system was not in place.	None	A review of the Council's supplier hosted systems to be carried out and measures should be put in place within each of these service areas to ensure that a SOC 2 report (or equivalent) is obtained on an annual basis.
3. Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	Good	Regular internal audits carried out.	None	None

## Supporting Principle 5: Strong public financial management

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance	Fair	<p>Review of finance function during April 2017 identified some improvements in respect of support to service areas in respect of financial management.</p> <p>Finance Business Partnering model developed and due to be launched in Q1 2018/19 to achieve balance between budget holders and finance team in respect of responsibilities.</p>	None	Managed embedding of Finance Business Partnering model, including review of effectiveness.
2. Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	Fair	<p>Budget monitoring reports and regular reviews, however greater engagement required between finance and services.</p> <p>New finance system to be procured to automate and make monthly reporting more efficient.</p> <p>One Grade 3 Internal Audit report was issued during 2017/18 in relation to sundry debtors. The report highlighted that procedures were weak. Further detail can be found in the Annual Internal Audit report.</p>	None	Managed embedding of Finance Business Partnering model, including review of effectiveness. Review to also include assessment of monitoring papers not required by budget holders. New finance system procurement to be undertaken. Implement actions to address issues identified in Internal Audit of Sundry Debtors.

## Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

### Supporting Principle 1: Implementing good practice in transparency

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	Good	Website user friendly, annual report, reports written in 'plain English'. Annual Statement of Accounts for 2017/18 reviewed for accessibility, with revised format adopted for production of the 2017/18 statements.	None	None
2. Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	Good	Website user friendly, annual report, reports written in 'plain English'. Annual Report produced in accessible format.	None	None

## Supporting Principle 2: Implementing good practices in reporting

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Reporting at least annually on performance, value for money and the stewardship of its resources	Good	Council Annual report, Statement of Accounts. Regular customer satisfaction surveys with results published in Annual reports.	None	None
2. Ensuring members and senior management own the results	Good	Members and CLT approve reports	None	None
3. Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including an action plan for improvement and evidence to demonstrate good governance (annual governance statement)	Good	Annual governance statement. As part of improvements identified in 2016/17 assurance review, evidence of assurance is documented and made available to users of financial statements. Progress against improvements reported to Audit and Governance Committee quarterly. The timetable for the production of the Annual Governance Statement improved for 2017/18 with review commencing in April 2018 and the statement published alongside the draft Statement of Accounts.	None	None
4. Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	Good	Annual governance statement, application of policies where NWLDC works in partnership with other organisations.	None	None
5. Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	Good	Format follows best practice	None	None

## Supporting Principle 3: Assurance and effective accountability

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement
1. Ensuring that recommendations for corrective action made by external audit are acted upon	Good	Recommendations from external audit acted upon. Compliance of Internal Audit arrangements with the Public Sector Internal Audit Standards. Regular communication between S151 Officer and Audit Manager.	None	None
2. Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	Good	Internal Audit report directly to Audit and Governance Committee. Recommendations from internal audit acted upon with internal audit being actively referenced to assist with service improvements. Compliance of Internal Audit arrangements with Public Sector Internal Audit Standards. Regular communication between S151 Officer and Audit Manager.	None	None
3. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	Good	Peer challenge undertaken in respect of Planning. A number of recommendations were made and accepted by Council which are now timetable for implementation during 2018/19.	None	None
4. Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	Fair	Partnership approach in place with the Revenues and Benefits Partnership where management board and joint committee in place with regular meetings providing oversight. However, to strengthen the management arrangements of this partnership the management and reporting arrangements should be reviewed.	None	Management and reporting arrangements for the partnership to be reviewed and strengthened.
5. Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	Fair	Partnership approach in place with the Revenues and Benefits Partnership where management board and joint committee in place with regular meetings providing oversight. However, to strengthen the management arrangements of this partnership the management and reporting arrangements should be reviewed.	None	None

