

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

AUDIT AND GOVERNANCE COMMITTEE – 26 MAY 2010

Title of report	ANNUAL GOVERNANCE STATEMENT 2009/10
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Purpose of report	To enable Members to consider the Council's Annual Governance Statement which is a statutory requirement.
Reason for Decision	To comment on the annual governance statement, which is a statutory requirement.
Strategic aims	Organisational Development.
Implications: Financial/Staff Link to relevant CAT Risk Management Equalities Impact Assessment Human Rights Transformational Government	No direct implications. Not applicable. Risk issues are dealt with as part of the statement. Not required. None identified. Not applicable.
Consultees	As set out in paragraph 2.3 of the report.
Background papers	Council reports retained by Member Services.

Recommendations	IT IS RECOMMENDED THAT THE AUDIT AND GOVERNANCE COMMITTEE CONSIDER AND COMMENT ON THE DRAFT ANNUAL GOVERNANCE STATEMENT.
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1.0 INTRODUCTION

- 1.1 As part of the Council's Corporate governance arrangements, there is a statutory requirement to produce an 'Annual Governance Statement' (AGS). The proposed AGS is attached.
- 1.2 This report provides CLT with an opportunity to consider this document, prior to it being presented to the Corporate Governance Scrutiny Committee for approval, as part of the closure of the 2009/10 financial accounts.
- 1.3 The remainder of this covering report provides appropriate background information in relation to the production of the AGS.

2.0 BACKGROUND

- 2.1 The annual governance statement is an important part of the Council's assurance framework. The preparation and publication of an Annual Governance Statement is necessary to meet the statutory requirements set out in Regulation 4 (2) of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 which requires authorities to "conduct a review at least once a year of the effectiveness of its systems of internal control" and to prepare a statement in internal control "in accordance with proper practices".
- 2.2 The Statement should be a balanced reflection of the actual control position and governance of the whole authority and be approved by full Council. After approval, the statement, including any Action Plan, must be signed by the Leader of the Council and the Chief Executive. The Council's proposed Statement should be seen as a corporate document, rather than just a financial document.
- 2.3 The Statement is a corporate document involving a variety of people and bodies charged with delivering governance. These are set out in more detail in the "Review of Effectiveness" at paragraph 4 of the Statement, but include the following:
- The Chief Executive in meeting her statutory responsibilities as Head of Paid Service.
 - The Council's Section 151 Officer who is the Responsible Financial Officer for the accounting control systems and records and the preparation of the statement of accounts.
 - The Monitoring Officer in meeting her statutory responsibilities.
 - Directors and Managers assigned with the ownership of risks and delivery of services, who provide annual "assurance statements".
 - Elected Members.
 - Others responsible for providing assurance, e.g. external audit and inspectorates.

- 2.4 The Governance Assurance Framework comprises of a number of mechanisms and shows how they link to various reporting arrangements within the Council. Each category of the Assurance Framework contains features to identify and mitigate risk areas. The Framework was approved by the Cabinet at its meeting on the 11th March 2008. The Framework has been followed to gather assurances for the system of internal control. From these assurances, internal control issues have been identified and proposed actions to remedy these have been included in the Action Plan within the Statement.
- 2.5 The AGS agreed last year (in relation to 2008/09) included an action plan, and a summary of progress is set out below;
1. Review performance management arrangements – completed. An updated reporting procedure and format has been agreed.
 2. Production of HRA business plan – revised completion date to link with the Government's "offer" on housing debt.
 3. Review of constitution – annual review to Council on 11/5/10.
 4. Review of the corporate complaints system – not yet completed.
 5. Update the risk management strategy – agreed by Cabinet on 15/12/09.
 6. Review of procurement strategy and procurement arrangements – completed.
 7. Effective budget monitoring – all budgets for 2009/10 delivered within resources.
 8. Complete review of workforce development plan – still to be completed.
 9. Review ICT strategy – completed December 2009.
 10. Embed ICT security policy – ongoing training & awareness.
 11. Governance training – completed.
- 2.6 Improvement areas identified for 2009/10 are:
- a. Delivery of the VFM savings programme
 - b. Analysis of Government housing debt "offer" and HRA business plan update
 - c. Review of HR policies
 - d. Area based working introduction
 - e. Update of Council website and intranet
 - f. Updated scrutiny arrangements
 - g. Updated corporate consultation strategy

ANNUAL GOVERNANCE STATEMENT 2009/10

1. Background and Scope of Responsibility

- 1.1 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 and properly accounted for, and used economically, efficiently and effectively. North West Leicestershire District 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.
- 1.2 In discharging the overall responsibility North West Leicestershire District 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.
- 1.3 North West Leicestershire District 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.
A copy of the Code is available on our website at:
[http://www.nwleics.gov.uk/ System/ System/Transfer/Recieve/Root/corporate/documents/LocalCodeofCorporateGovernance.pdf](http://www.nwleics.gov.uk/System/System/Transfer/Recieve/Root/corporate/documents/LocalCodeofCorporateGovernance.pdf)
or can be obtained from Internal Audit, Council Offices, Coalville.
- 1.4 This Statement explains how North West Leicestershire District Council has complied with the Code and also meets the requirements of the Regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement of internal control, now superceded by this Annual Governance Statement.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems, processes, cultures 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.
- 2.2 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 be therefore only 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 North West Leicestershire District Council 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.
- 2.3 The Council updated its Internal Control/Governance Framework in March 2008 in line with current CIPFA (Chartered Institute of Public Finance Accountancy) recommendations and the statutory officers group reviewed this framework in March 2009 to confirm it's continued relevance.

The Framework comprises a number of mechanisms and shows how they link to various reporting arrangements within the Council. Each category of the Framework (attached at Table 1) contains features to identify and mitigate risk areas.

3. The Governance Framework

3.1 In March 2008, the Council reviewed its local Code of Corporate Governance in line with the CIPFA/SOLACE Joint Working Group's "Delivering Good Governance in Local Government". Accordingly, the Council's Code adopts six core principles as the basis for its Corporate Governance arrangements which are set out below. The key elements of the Council's systems and processes that comprise the Authority's governance arrangements are set out below each of the six core principles as follows.

(i) **Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.**

At the heart of the Council's Strategic planning process is the Council Delivery Plan (CDP) and annual service plans (SMART Plans). The Council's CDP has been developed in line with the Council's Strategic Aims and was updated and adopted by Council in March 2010. The CDP is published annually on a timely basis and communicates our activities, achievements and performance. It has been comprehensively updated for 2010/11 to link actions to outcomes:

The Council recognises that further improvement will require even greater collaboration and partnership working across various sectors. Creating the place of North West Leicestershire for the future requires engagement, support and buy-in from a range of different partners. The vehicle for delivering this cohesively is the North West Leicestershire Local Strategic Partnership, which is chaired by the Leader of the Council.

The LSP "Top Team" includes the Chief Executive of the National Forest, representatives from East Midlands Airport, Stephenson College, County and Parish Councils, Connexions, health/PCT, police, faith, business, tourism and voluntary sectors. The "Top Team" has played a leading note in responding to the challenges created by the recent recession.

To provide a focus for the work of the Local Strategic Partnership and the various organisations that work in the District, a Vision has been developed setting out what we are trying to achieve in making North West Leicestershire an even better place to live, work and visit. The Vision is:

"North West Leicestershire will be a place where people and businesses feel they belong and are proud to call home"

An external investors in people (IIP) review undertaken in December 2009 noted that..."There is a clear vision understood by all those interviewed."

The Council's performance management arrangements are strong and include the SMART Planning process which integrates service and financial planning across all of the Council's aims and objectives to better align activities, improvements and resources. As a result, a set of clear and consistent Service Delivery Plans have been developed for 2010/11 across all parts of the organisation. Informative profiled financial monitoring reports which are also predictive are reviewed by all budget holders soon after the month end enabling Managers to respond to issues in a timely way. In addition, financial performance is reported monthly to CLT and all PIs/Financial Performance to

Overview and Scrutiny members and Cabinet on a quarterly basis using a traffic light system (TEN) to facilitate robust member challenge.

The TEN model enables any service failure to be identified early and addressed through a project plan which is considered and corrective action approved where necessary.

The Council is participating fully in the Leicestershire 'Total Place' project, as a 'pilot' authority for access to services.

(ii) **Members and officers working together to achieve a common purpose with clearly defined functions and roles.**

The Council's Constitution clearly sets out the functions and roles of members and officers. The Constitution is continually reviewed by the Monitoring Officer and reported to members at regular intervals, following appropriate Scrutiny. Part 3 of the Constitution sets out the responsibility for all the Council's functions, including Council, Executive and Non-executive roles and a Scheme of Delegation to staff and Proper Officer Designations. These provisions make the specific responsibilities of the Leader, Chief Executive, Section 151 Officer and Monitoring Officer clear. The Constitution, in Part 4, sets out all the Council's Procedure rules which clearly differentiate between the roles of members and officers. These rules are supported by robust Codes and Protocols, including Codes of Conduct for both Members and Officers, a Protocol on Member/Officer Relations, Outline Roles and Responsibilities for Councillors and a Procedure for the Resolution of Disputes. Members and officers understand their roles in practice, for example relevant portfolio holders present reports, but technical questions are answered by officers. Council has previously agreed a Members' Allowance Scheme, which has been reviewed by the Council's statutory Independent Remuneration Panel, resulting in a reduction in the cost of allowances amounting to £17,950 in 2009/10. There are good working relationships in all forums between Members and Officers (confirmed by the IDeA peer review in October 2008) which contribute to the achievements of common goals to the benefit of the Council. When working in partnership, the "Representational Role" for Councillors is set out in the Outline Roles and Responsibilities for Councillors, contained within the Constitution, which also contains provisions relating to their role when appointed to external bodies and attendance at external meetings. A "Partnership Toolkit" has been agreed, plus a collaborative working "shared services" toolkit which sets out the legal and governance arrangements for shared services reviews.

(iii) **Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.**

The Leader of the Council and Chief Executive are well respected within the organisation and across the District and County and the Chief Executive leads on a number of countywide issues. This is demonstrated through their active roles in the Local Strategic Partnership (LSP), the workings of its sub-groups and cross-county collaborative meetings and events. They set a tone for the Council which engenders a culture of openness, support and respect by pro-actively ensuring that the Procedures, Codes and Protocols referred to above, are followed in practice, for example in formal and informal meetings. One of the Council's Strategic Aims is "Organisational Development" and underpinning the strategic aims are the Council's core values of Team Work, Inclusion, Integrity, Empowerment, Action and Pride.

Arrangements have been put in place to ensure probity when dealing with different stakeholders and these are frequently updated.

Accordingly, the Council has a Planning Code of Conduct, Licensing Code of Conduct and Citizens' Rights are set out in part 1 of the Constitution and Article 3. These are regularly reviewed to take account of the latest guidance, the last review being completed in 2010. The Constitution contains a section on the "Principles of Decision Making", and non-compliance is a ground for "call-in".

The Standards Committee has a pro-active work programme and each meeting of the Standards Committee receives a report from the Monitoring Officer on current issues. A quarterly performance monitoring report to include ethical indicators is produced. A number of corporate governance policies have been reviewed by the standards committee in 2009/10. Two workshops with staff on governance and report writing were conducted by the Monitoring Officer's staff in October 2009.

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 check by the Monitoring Officer at the same time she checked the Member Register. The Standards Committee undertakes an Annual Report which it refers to full Council. The Report includes a paragraph on cases referred by the Ethical Standards Officers and Individual Cases – Local Statistics. The Head of Paid Service, Section 151 Officer and Monitoring Officer meet quarterly at the Statutory Officers' Group. Their work includes monitoring compliance with standards of conduct across the Council, including both officers and members. They make an Annual report to the Corporate Leadership Team. There is a strong, LEXCEL accredited, legal team.

Members (including Standards Committee members) have received training from an external facilitator, on the Revised Code of conduct have and from the MO, on statutory and constitutional roles. In addition, the Monitoring Officer sees members individually to provide guidance on possible infringements of the Code and also writes to members, acting on issues raised to ensure compliance with the Code. Training is identified by the Monitoring Officer as a result of cases or issues raised and delivered as appropriate. Parish liaison meetings are held at least twice a year and the MO also provides ethical training to parishes.

All reports and minutes of the Standards Committee are available on the Council's website, together with information about the Committee. The Chairman of the Standards Committee is to present Committee's Annual Report to the Annual Council Meeting to communicate the work of the Committee in the Council's most public setting and a press release is to be issued. The Leader, Deputy Leader and the Chief Executive attend the standards committee. A number of complaints involving parish council members have been dealt with by the standards committee in 2009/10.

High standards of personal conduct of members, officers and agents is exhibited in the Annual Report of Standards Committee, Annual Report of the Statutory Officers' Group and the Local Government Ombudsman's Annual Letter.

(iv) **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.**

There are five Overview and Scrutiny Committees as follows: Environment,

Communities, Health, Corporate and Corporate Governance with a Scrutiny "Commission" to secure the co-ordination of their work programmes and to lead on the overview of the function.

The Committees are working well with constructive challenge and producing some good reports, on issues of local importance, such as health and recycling. A review of Scrutiny arrangements is in progress, and will be considered by the Council in May 2010. Scrutiny Committee members received comprehensive training on financial issues in 2009/10. The Council maintains a Forward Plan of both key and non-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, etc. Reasons for all decisions must be given and these are routinely 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 Council also ensures that the key principles of good administrative law are followed in practice by the attendance of the Monitoring Officer (or her representative) at all decision making bodies.

The Council's Corporate Governance Scrutiny Committee undertakes the functions of an audit committee as identified by CIPFA Guidance (and as confirmed by the 2007/08 Use of Resources assessment). It has received reports and presentations from the District Auditor. It is independent of Cabinet and is politically balanced. It will be renamed in 2010 to make it's role as the audit committee become more transparent, subject to approval by Council in May 2010.

The Council has a customer feedback complaints system which is administered by the Customer Services section. This is currently under review. This information is used to inform improved service delivery and customer satisfaction. The Ombudsman's Annual letter has been considered by the Council's Standards Committee and was generally good.

The Risk Management Strategy was first approved by members in March 2006 and was reviewed in December 2009.

The Council maintains and reviews its strategic risk register through the risk management group 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. As part of the Council's Corporate Project Management Framework, all major projects have their own Risk Log. All reports going to members require the author to set out the risk implications associated with the decision members are being asked to make. Partnership working is identified as a strategic risk and covers the Council's key strategic partnerships, e.g. LSP, CDRP, Local Resilience Forum.

Risk management training has been made available to all members and appropriate staff and specific training was provided for governance Scrutiny Members. Risk management update reports are included in the quarterly monitoring report to Cabinet.

The Risk Management Annual Report was presented to the Cabinet in April 2009. Business Continuity Plans were also agreed by Cabinet in March 2008, and were tested during a business continuity exercise in December 2009.

The Risk Management Strategy states that the Portfolio Holder for Transforming Services and the Corporate Director take lead strategic responsibility for risk. Risk Management also forms a key element of the Council's Delivery Plan and the SMART (service and financial) Planning process. Guidance on what reports should consider is in place for report writers and training on report writing has been provided. Risk Management is an integral part of the Council's performance management arrangements. Risks are being linked to the Council's corporate priorities via the TEN system.

The Council is committed on to the effective use of IT and information and has an ICT strategy which was reviewed in 2009, and IT Security Policy, which was reviewed in 2009, An officer has been appointed with overall responsibility for information management.

The Council has a treasury management strategy which was reviewed in 2007, 2008 and 2009. Risks are fully evaluated as part of this strategy, and investment criteria were strengthened in 2007, 2008 and 2009. The Council has no money "frozen" in Icelandic banks. A further review of arrangements was carried out following publication of the Audit Commission report: "Risk and Return" (2009), and the Council's treasury management strategy updated accordingly, and was agreed by Council in March 2010.

The Council's Whistle Blowing Policy is available on the Council's website and intranet. The Policy was reviewed by the Standards Committee at its meeting in March 2008 in the light of experience and best practice to widen its scope and impact.

The Policy was widened to include members, contractors, suppliers and service providers and people working in partnership with the Council (e.g volunteers). The Standards Committee supported the revisions. The revised Policy was adopted at the Council's Annual Meeting in May 2008.

The Council completed the Audit Commission's protecting the public purse survey in 2009, which showed that apart from housing benefits no other cases of fraud had been identified.

(v) **Developing the capacity and capability of members and officers to be effective.**

A comprehensive induction programme exists for both members and officers which is developed to deal with all relevant core issues the content of the material is regularly reviewed. The Council is committed to creating an environment where elected members' skills can develop and thrive and a new member development programme has recently been developed by the member development working party. The Member Development Working Group meets every two months, continues to lead this work and ensures that the members' interests are at the heart of the programme. The Council is working within the LGA Member Charter which provides a framework in best practice.

Officers on behalf of the Council attend the Leicestershire and Rutland Improvement programme of training events and the Working Party has a Member Champion who attends the Partnership and reports back.

Six members have signed up to achieve the "First Certificate in Community Leadership" (SOLACE) which provides new insights into being a Councillor to encourage participation. All Councillors have been provided with the facility to

access the “Modern Councillor” courses provided by the “Learning Pool” who report back on a quarterly basis on usage.

The Council effectively manages its finances through principles and values set out in the Medium Term Financial Strategy (MTFS) which is updated annually and a proactive approach during 2009/10 has ensured that spending has been managed within available resources. Effective budget monitoring will continue to be essential. The Finance team were “highly commended” in the 2010 national LGC awards. The Legal Team have successfully retained their LEXCEL accreditations.

The Council's Value for Money Profile as demonstrated in our Use of Resources exercise continues to show we are generally a low spending Council when compared with districts overall and our family group. Benchmarking of central support services has also demonstrated value for money. Our performance in priority areas continues to improve, so that we are now a good performer on tax collecting, benefits, litter and recycling.

More specifically, in support of the Gershon (efficiency) agenda, the Council will seek improvements via:

- (a) A range of service reviews carried out as part of the Value for Money programme
- (b) Further developing its procurement strategy
- (c) Improving its project management processes
- (d) Maximising staff outputs via appropriate performance management (including PRP)
- (e) Continuing to maintain reduced sickness absence
- (f) Targeting efficiencies in support of the requirements of the Council's medium term financial strategy
- (g) Continuing to access external funding

The Council's developing People Management Strategy sets out how we intend to:

- Ensure that people management practices support the achievement of organisational goals and position the Council to meet future challenges effectively.
- Define what sort of employer North West Leicestershire wants / needs to be to achieve its strategic aims.
- Create an environment where talent is spotted and developed and the contribution of the human resource is maximised.
- Develop a framework within which individual people management strategies can be shaped.
- Enable the development of a coherent action plan with respect to people management issues.

To deliver the actions and ambitions set out in the Council Delivery Plan, it is recognised that the combined efforts of all our staff, and the role of managers in leading and directing towards achievement of our aims and objectives, will be critical. The People Management Strategy and workforce development plan support the Council's Delivery Plan and are part of a comprehensive review of HR policies which is currently being undertaken.

A Detailed Corporate Induction Programme exists for all new employees with a three stage process.

There is a programme which is followed with checklist and the Chief Executive attends the final stage. During the second stage the Line Manager takes a specific lead in tailoring the programme to the individual.

All employees have an annual Performance, Appraisal and Development (PADs) Review with their Line Manager. The PAD's process has been reviewed for 2010. This review assess the skills and knowledge of officers and identifies any gaps and training and development needs to enable their role to be carried out effectively. Suitable courses and training and development programmes are then developed to suit the individual's requirements, including external facilitation. Training budgets are held by budget holders and are allocated according to the training needs identified. The Council encourages personal development through a number of trainee posts which enable career development, e.g. Environmental Health Officer and Planning.

The Council is committed to the Leicestershire and Rutland Improvement Partnership to develop staff through agreed Management Development Competences and a supported management development programme is being followed by those staff identified. CLT have recognised the need for their continuing training and development and a leadership development programme is currently being undertaken. The Statutory Officers also access appropriate training and regularly attend externally facilitated events and workshops in their specialised areas. Regular workshops and the work of the Statutory Officers' Group ensures that the organisation understands their specific roles and functions. Overview and scrutiny members have had detailed training on finance.

The Council works with a number of external stakeholders from all sections of the community to contribute to and participate in the work of the Council.

The Council has come a long way over the past four years, and these improvements have been recognised by the Improvement and Development Agency (IDeA) (who carried out a Peer Review) and through the Investors in People assessment carried out in December 2009.

The IIP review found that the whole culture of the Council is about treating people fairly, and staff felt managers were effective and good in leading, managing and developing them.

(vi) **Engaging with the local people and other stakeholders to ensure robust public accountability.**

Our accountability to the local community is clearly set out in the Council's Constitution which is available on the Council's website along with other Council information. Our communications strategy 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, such as The Vision magazine, and for staff, the Chief Executive's roadshows, Inner Vision and the intranet, "the Grapevine". Both the website and Intranet are currently being updated and improved. There is a communication programme developed with the relevant Portfolio Holder which is considered and monitored by CLT on a regular basis.

The Council has a Statement of Community Involvement.

There was wide consultation and involvement in its development, including Local Strategic Partnership Members, Community Groups through the Community Conference, Businesses through Network Gold Survey and the Community through BVPI surveys. This strategy needs to be developed into a comprehensive, corporate consultation strategy.

Developing the Sustainable Community Strategy has meant looking very carefully at the district, its communities and the work that various agencies, organisations and businesses are doing in the district. Most importantly we have looked at what people have said is important to them about North West Leicestershire, the things they want to see improved.

Using this as a starting point we have carried out much more detailed research into specific priorities by talking to key people in agencies and groups working in the district having established the Vision and Priorities, the specific actions needed to deliver the priorities have been set out.

The Sustainable Community Strategy forms the overarching strategy for the District and the Council. It is crucial that it links directly to the Local Area Agreement between the County Council and Central Government and forms the basis for the Local Development Framework, Housing Strategy and other key strategies and plans.

The Council has improved its approach to working at a local level through the appointment of a Head of Placeshaping and a community planning Manager. Area working arrangements are being developed.

If the Local Strategic Partnership and the organisations that sit on it are to be successful in achieving the Vision for North West Leicestershire set out in the Sustainable Community Strategy, it is essential that they work closely with the District's communities, finding out their views and listening to the comments they make. In developing the local development framework (LDF) extensive consultation has taken place and a timetable for completion has been produced.

The Council's scrutiny arrangements are designed to ensure that key elements are externally focussed and involve all sections of the community and stakeholders as relevant. The provisions include a requirement for the Scrutiny Committees to report annually to the Council on their workings and make recommendations for future work programmes and amended working methods as appropriate to ensure policies and relationships operate effectively.

To achieve community involvement we ensure that it:

- Takes place at the right time, leading to outcomes that are in the public interest;
- Engages all sections of the community;
- Is open, fair, transparent, and effective;
- Gives ready access to information for all persons and groups at all stages;
- Provides real opportunities to:
 - Contribute to identifying issues and objectives;
 - Take an active part in developing the vision, options and proposals;
 - Be consulted and make representations on formal proposals; and
 - Get feedback and be informed about progress and outcomes.

As regards staff, the Council has adopted a consultation framework which involves staff at all levels and their Trade Union Representatives and Officials. A business improvement team made up of staff representations has also been set up.

There are quarterly Directorate Consultation Meetings, an Executive Consultative Group (which also meets quarterly) which is a policy discussion forum, and an Employee Consultative Group which considers unresolved issues. All groups have their functions/role clearly set out and meetings schedules over a 12 month period.

4. Review of Effectiveness

- 4.1 The Council has responsibility for conducting at least annually, a review of the effectiveness of the system of internal control. The review of effectiveness of the system, of internal control is informed by the work of the Statutory Officers' Group, Corporate Leadership Team (CLT), Heads of Services and Service Managers within the Council (who have responsibility for the development and maintenance of the internal control environment), the Internal Audit Annual Report, the work of the Corporate Governance Scrutiny Committee and comments of external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the system of internal control includes:

- The full Council plays a key role in maintaining and reviewing the effectiveness of the Council's governance arrangements. In particular it has overall responsibility, as set out in the Constitution, for The Budget and Policy Framework including the allocation of financial resources to different services and projects, proposed contingency funds, the Council Tax base, setting the Council Tax and decisions relating to the control of the Council's borrowing requirement, the control of its capital expenditure and the setting of virement limits.
- The Leader, and six members appointed by the Council, make up the Cabinet which 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 Part 3 of the Constitution and it plays a major role in reviewing key aspects of overall service delivery, including monitoring and effectiveness and related governance issues, including the consideration of the reports of external review bodies.
- The Corporate Governance Scrutiny Committee meets the external auditor to discuss findings in the Annual Management Letter and reports and is responsible for ensuring that the Council's systems for internal control are sound by reviewing annually control mechanisms such as the Treasury Management Strategy, Prudential guidelines, risk, etc. and undertaking the role of an Audit Committee as defined by CIPFA.
- The Standards Committee has become a pro-active, effective support mechanism to the Council with revised Terms of Reference and full work programme to ensure continued probity and good governance of the Council's operations. This is demonstrated in the Standards Committee Annual Report to Council.
- The Council has the following control documents in place for internal control purposes:

Constitution	Employee Code of Conduct	Complaints Procedures
Financial Procedure Rules	Contact Procedure Rules	Procurement Framework
Anti-fraud and Corruption Policy	Whistle-Blowing Policy	Corporate Governance Assurance Framework
Member Officer Relations Protocol	Licensing Code of Conduct	Risk Management Strategy
Risk Action Plans	IT Security Policy	Code of Conduct for Members
Planning code of conduct	Local Code of Corporate Governance	Performance Management Framework
Proceeds Crime (Anti Money Laundering)	Business Continuity Plan	Health and Safety Policy

All documents have been made available to both staff and members.

- The Head of Legal and Democratic Services (the 'Monitoring Officer') has a duty to monitor and review the operation of the Constitution to ensure its aims and principles and give full effect. She does this on an on-going basis.
- The Council has five Overview and Scrutiny Committees and a "Commission". The Committees (and members individually) 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. They allow people to have a greater say in Council matters by holding public hearings into matters of local concern and making recommendations to Cabinet for implementation. They also challenge proposed policies and decisions by undertaking pre-decision scrutiny, thereby adding value to the Council's decision making processes.
- All reports to Council and Cabinet, are checked by the 3 Statutory Officers as follows:
 - Head of Paid Service (Chief Executive) – reviews for Corporate Implications.
 - The Section 151 Officer (Responsible Finance Officer) – reviews for financial implications.
 - The Monitoring Officer – reviews for legal implications and legal risk.
- Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate a five year plan from which the annual work plan is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Director and Head of Service. The report includes recommendations for improvements that are included within an action plan and required agreement by service managers. The action plan is monitored on a quarterly basis by the corporate governance scrutiny committee.
- The Internal Audit Section is subject to regular inspection by the Council's external auditors who place reliance on the work carried out by the section. A formal review of internal audit by the District Auditor was completed in 2009, and reported to the corporate governance scrutiny committee. The review concluded that District Audit have no concerns regarding the adequacy of the Council's overall control systems

The Internal Audit Manager reports at least annually to the Corporate Governance Scrutiny Committee.

The Internal Audit Services Manager may also report independently to this Committee on any issue where it is deemed necessary, or as required.

- The Risk Management Strategy is overseen by the risk management group chaired by the Corporate Director. All reports to Council, Cabinet and Committees have a risk management section on the front page. All risks are actively managed through the TEN system.
- Assurance statements have been signed by Heads of Service and signed off by the relevant Director to ensure that there are adequate internal control and governance arrangements in their areas of responsibility and to provide an opportunity to inform improvement action planning requirements.
- The Statutory Officers have used the Assessment Framework within the Council's Local Code of Corporate Governance to assess compliance and review the effectiveness of our arrangements, which has informed the compilation of this statement. The overall level of governance is considered to be substantial.

4.2 The Annual Governance Statement 2009/10 has been considered by the Corporate Governance Scrutiny Committee. We have been advised by them on the outcome of their review and the effectiveness of the Governance Framework. We plan to address any weaknesses or issues raised to ensure continuous improvement of the systems and governance processes. We will ensure that satisfactory measures are put in place to deal with those issues as set out below.

5. Significant Governance Issues

5.1 An Action Plan has been developed (see attached at Table 2) to further improve control or governance issues. Whilst no significant issues have emerged from a review of our internal control arrangements, a number of continuing improvements have been identified by the Statutory Officers' Group and other key officers of the Council using all relevant internal information (including this statement) and any external assessments.

5.2 We propose over the coming year to take the necessary steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in the review of our effectiveness and will monitor their implementation and operation as part of our next annual review.

Richard Blunt
Leader of the Council

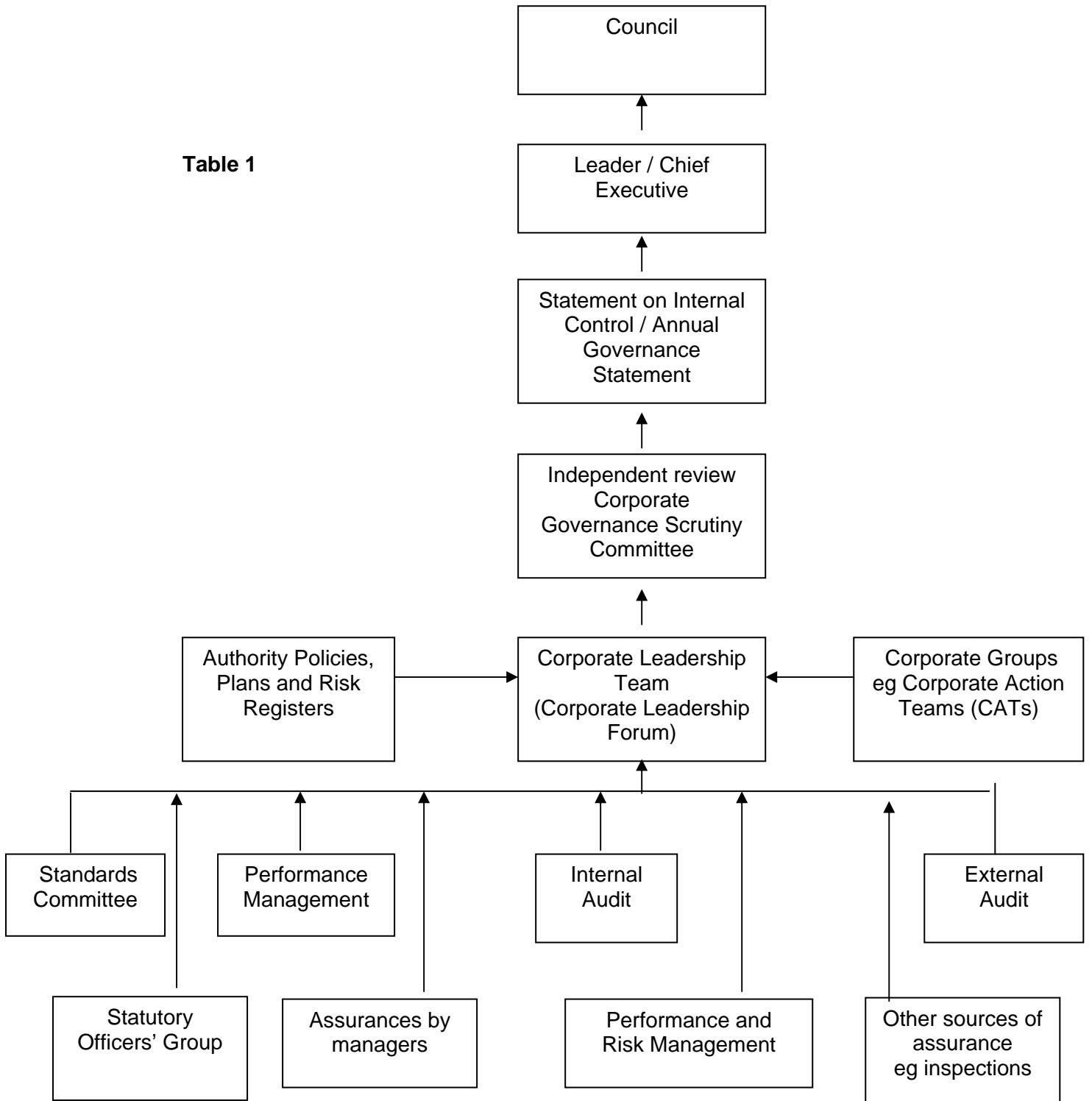
Christine Fisher
Chief Executive

Date: _____

Date: _____

GOVERNANCE ASSURANCE FRAMEWORK

Table 1



PROPOSED ACTION PLAN TO ADDRESS ANNUAL GOVERNANCE STATEMENT
AREAS FOR IMPROVEMENT 2009/10

Ref No	Issue	Proposed Action	By Whom	By When			
				30.06.10	30.09.10	31.12.10	31.3.11
1.	Production of HRA business plan in association with Government HRA debt "offer"	HRA business plan produced and agreed by Cabinet.	Head of Housing		✓		
2.	Review of role and functions of corporate governance scrutiny committee.	Clarify title and role of the Committee.	Head of Legal & Democratic Services	✓			
3.	Review of Scrutiny Committee arrangements.	Reduce the member of Scrutiny Committees and review their roles.	Head of Legal and Democratic Services.	✓			
4.	Completion of HR policy reviews.	Prioritised review of key HR policies.	Human Resources Manager				✓
5.	Implementation and delivery of Value for Money programme.	Implementation of projects within year 1 of the Value for Money programme.	Chief Executive				✓
6.	Update of Internet and Intranet sites.	Update and re launch of internet and intranet.	Communications Manager		✓		
7.	Implementation of area based working	To introduce area based working arrangements in the District.	Head of Place Shaping				✓
8.	Production of corporate consultation strategy.	Update corporate consultation strategy.	Community Planning Manager			✓	