

ANNUAL GOVERNANCE STATEMENT 2007/08

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 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.

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 reviewed its Internal Control/Governance Framework in March 2008 in line with current CIPFA (Chartered Institute of Public Finance Accountancy) recommendations. 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.**

Following the District elections in May 2007, the Conservative Group took control of the Council and the Council's new leadership worked with officers to define new priorities for the Council. The leadership made it clear that it wants the Council to have a tighter focus on the issues that are of most importance to the people of North West Leicestershire and to deliver excellence within those identified service areas. Accordingly, evidence was collated, including research from community engagement and research, which was set out in a report to Council in January 2008, which put forward the Strategic Aims and Improvement Priorities for 2008-11 and which were adopted by Council. The details underpinning these aims will be further developed as part of the Council's service and financial planning framework, culminating shortly in a new Council Delivery Plan (CDP) and new service plans for the 2008-11 financial years. The Council's new CDP has been developed in line with the Council's new Strategic Aims and was adopted by Council in May. The CDP is published annually on a timely basis and communicates our activities, achievements and performance. The new CDP builds on the previous plan and tells our story of improvement. Following the May elections a full review of the Constitution was undertaken to bring any constitutional changes into line with the new administration's changes and requirements.

To be successful in the future the Council recognises that this 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.

Following a review of the LSP the membership of the 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.

To provide a focus for the work of the Local Strategic Partnership and the various organisations that work in the District, a new 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, which has developed from consultation with the public is:

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

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 2007/8 were developed 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. However, the Council recognises that it needs to do more to measure the environmental impact of policies, plans and decisions and has accordingly strengthened these measures in CDP 2008-11, and will be undertaking a year long environmental challenge known as the Footprints Challenge in 2008-09.

The Council’s Value for Money Profile as demonstrated in our Use of Resources exercise shows we are generally a low spending Council when compared with districts overall and our family group. Our performance in priority areas also has improved, so that we are now a good performer on tax collecting, benefits, litter and recycling and planning is also improving. We are a top quality performer on Council Tax and Business Rates collecting.

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

- (a) A range of service reviews

- (b) Further developing its procurement strategy
 - (c) Improving its project management processes
 - (d) Maximising staff outputs via appropriate performance management (including PRP) and developing strategies
 - (e) Targeting efficiencies in support of the requirements of the Council's medium term financial strategy
 - (f) The radical change of service provision via its Transforming Services agenda
- (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 distinct functions and roles of members and officers. The Constitution was reviewed by the Monitoring Officer following the May elections and a revised Constitution was adopted by Council in November 2007. 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 under review during the year by the Council's statutory Independent Remuneration Panel. It is envisaged that the Panel will report to Council with its finding early in the new municipal year. There are good working relationships in all forums between members and officers 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" is in draft form.

- (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 new 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. The Constitution contains a section on the "Principles of Decision Making", and non-compliance is a ground for "call-in".

The terms of reference of the Standards Committee were reviewed at its meeting in December 2007 and revised in March 2008. The Standards Committee has a pro-active work programme which includes partnership working, the Council's Whistle Blowing Policy and Procedure and governance. Each meeting of the Standards Committee receives a report from the Monitoring Officer on current issues. Three workshops with staff on compliance with the Constitution, governance and report writing were conducted during February and March 2008 by the Monitoring Officer. A further governance workshop, led by the Corporate Director, was held early in April 2008, which focused on the assurance framework.

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 monthly 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.

Members (including Standards Committee members) received training from an external facilitator, on the Revised Code of conduct in September 2007. The Chairman of the Standards Committee attended the Standards Board for England Annual Conference and reported back to the Standards Committee, including their role in local investigations and determinations. 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.

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.

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.

During the course of the year, the Council introduced an enhanced overview and scrutiny function, both at member and officer level. There are now 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, such as on the proposed Post Office Closures and withdrawal of a local bus service. 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 Governance Overview and Scrutiny Committee undertakes the functions of an audit committee as identified by CIPFA Guidance and its Terms of Reference are set out in the Constitution. It has already met with and received a presentation from the District Auditor. It is independent of Cabinet and is politically balanced. The Council will undertake a Self-Assessment Checklist against the CIPFA Guidance during the course of the year to measure the effectiveness of this Committee and make any appropriate improvements.

The Council has a Customer Feedback Complaints system which is administered by the Customer Services section. More work will be done to collate and analyse this information to ensure it can be 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. The document has since been reviewed and revised by the Risk and Business Continuity Group in July 2007.

The Council maintains and reviews its strategic risk register 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. The Corporate Risk Strategy document was reviewed having completed the first management cycle. The risks in the Strategic Risk Register were reviewed by Cabinet and the Corporate Leadership Team at a workshop held in February 2008. 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. The training was undertaken in August 2007 and was delivered by an external provider. A further risk workshop has been undertaken for Cabinet and Corporate Leadership Team (CLT) in February 2008. A review of the current Strategic Risk Register (including controls and mitigations) was undertaken by Cabinet in February 2008. In addition, risk management update reports have been taken to the Performance Monitoring Board in April 2007 and August 2007 and the Corporate Governance Scrutiny Committee in January 2008. The Risk Management Annual Report was presented to the Cabinet in April 2008. Business Continuity Plans were also agreed by Cabinet in March 2008.

The Risk Management Strategy states that the Portfolio Holder for Performance and Communications and the Chief Executive (or Deputy) 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.

Health and Safety is also integral to the Council's operations. The Health and Safety Policy is kept regularly up to date and receives formal

reviews on an annual basis. There is training of both members and officers and information updates on the intranet and website. Health and Safety features as a regular item on divisional consultation meetings and on DMT Agendas. There are sound review and monitoring mechanisms, including quarterly reports to CLT and an Annual Monitoring Report to CLT which includes an assessment of incidents to staff and members of the public. During the year CLT received a full Briefing on the Corporate Manslaughter Act and appointed a Lead Director. Roles have been reviewed in the light of the legislation, improvement planning carried out and on-going training arranged. Briefings on the Act have been cascaded and the impact of the legislation included in the Health and Safety Outline Action Plan.

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 and recommended that following adoption the revised policy is widely published, including the Council's website. The revised Policy is due to be adopted at the Council's Annual Meeting in May 2008.

(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. Following the May 2007 elections there was an extensive programme of training and development for members. The Member Development Working Group which 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.

Following the election a Training Needs Assessment Form was completed by members to identify their specific needs for their differing roles e.g, IT skills, community role, scrutiny, licensing, planning. Based on this knowledge and specific requests the Member Development Working Party proposed suitable training events/workshops for members to attend or be delivered locally. 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’s People Management Strategy sets out how we intend:

- Ensure that people management practices support the achievement of organisational goals and position to council to meet future challenges effectively
- Define what sort of employer North West Leicestershire wants/needs to be 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 this 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 therefore supports the Council’s Delivery Plan and is equally ambitious.

A selection of senior and other key individual members of staff and groups were consulted during the development of the People Management Strategy to ensure that it reflects the aspirations of our people and focuses on key areas for improvement. There is a commitment to further communication and consultation to ensure input from a wide range of staff to ensure that the Strategy remains relevant.

To be truly successful we will be “One Council, One Team” in our approach resulting in a unified approach across the organisation to address challenges, projects and improvements.

We are developing a talent management programme which recognises that people are at the centre of our organisation. We aim to increase our talent base and enable employees to develop lasting careers which help to deliver organisational objectives. It is linked to our “One Council, One Team” ethos and recognises our current workforce demographics (e.g age profile). It will have implications for many of our existing HR policies and will form an integral part of our People Management Strategy.

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. 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 Trainee Solicitor, Environmental Health Officer and Planner.

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 programme is being developed. 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 external facilitation on the use of effective challenge in the scrutiny process.

The Council has recognised that it has come a long way over the previous two years, but it is keen to perform even better. Consequently, the Council has decided to invite the Improvement and Development Agency (IDeA) into the authority in the autumn of 2008 for a Peer Review to provide challenge and give direction as to where further improvements may be made. Any further training or developmental needs will also be identified.

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. Such groups include the Opportunities for People with Disabilities Group, who have just taken part in a review of their remit and are to be reformed as a sub-group of the Corporate Overview and Scrutiny Committee to further enhance and encourage their participation in the work of the Council.

(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 (see Summary and Explanation) which is available on the Council's website along with other Council information. In addition, the Council uses other means to communicate key messages to members of the public, such as The Vision magazine, and for staff, Inner Vision and the intranet, "the Grapevine". The March 2008 edition of

Vision contained a “centre spread” on the Council’s seven new improvement priorities. There is a communication programme developed with the relevant Portfolio Holder which is considered and monitored by CLT on a weekly basis.

The Council has a Sustainable Community Strategy - Central Strategy and Statement of Community Involvement which was agreed by Cabinet in early April and this was adopted by Council at its Annual Meeting in May. 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.

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. To do this we have:

- Looked at Government Guidance
- Checked existing plans and strategies
- Reviewed the current Community Strategy and Local Area Agreement
- Taken views from the people of the district through surveys and parish plans
- Examined the information we have about people in the district

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 and held the inaugural Community Conference attended by people from all over the district who have agreed the district Vision and Priorities.

Having established the Vision and Priorities, the specific actions needed to deliver the priorities have been set out. We recognised that having established the Vision and Priorities, the specific actions needed to deliver the priorities had to be set out and that the strategy continues to reflect the needs and views of the Community.

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.

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. Similarly, as part of the new plan-making system brought in under the Planning and Compulsory Purchase Act 2004 the District Council must produce a Statement of Community Involvement. To address both these requirements, the Council is developing a single approach to involving the Community. In due course this approach will replace the currently adopted SCI for the Local Development Framework.

The Council's new scrutiny arrangements are designed to ensure that key elements are externally focussed and involve all sections of the community and stakeholders as relevant. The new 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. Over the year the Council has undertaken a review of its appointment of members to outside bodies and made recommendations to rationalise our representation on these bodies to better focus our attention on our key priorities. All Council, Cabinet and other meetings are held in public, unless there are strong statutory grounds to discuss the issue in private and then only when that requirement outweighs the public interest.

The Council Delivery Plan for the period 2007-2010 was approved by Council on 3 April 2007 and that plan not only contained the Council's then vision, but also information about outcomes for the community, achievements and the satisfaction of service users. The Financial information is made available during the Council's budgetary process which is open to the public through the scrutiny, cabinet and Council stages.

The Statement of Community Involvement applies to the development of all the Council's key strategies and plans as well as to decisions such as dealing with planning applications. It reflects current regulations and guidance on engaging the community.

The key principles which will guide our commitment to community involvement are to ensure Community Involvement

- 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. 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 Overview and 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 Policy Framework and Budgetary 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 policy and budgetary 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 Governance, Overview and Scrutiny Committee has an annual meeting with 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 been re-launched to 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	Planning Code of Conduct	Risk Management Strategy
Risk Action Plans	IT Policy	Code of Conduct for Members
Probity in Planning	Local Code of Corporate Governance	Performance Management Framework
Proceeds Crime (Anti Money Laundering)	Business Contingency 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. There have been two “call-ins” during the year which were dealt with appropriately.
- 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.

- The Statutory Officer Group has reviewed its Terms of Reference and made an Annual Report to CLT which has informed this year's review of the effectiveness of the Council's governance arrangements.
 - Internal Audit is responsible for monitoring the quality and effectiveness of systems of internal control. A risk model is used to formulate a three 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 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. External Audit's latest review provided what was on the whole positive feedback on the Internal Audit Services. The Internal Audit Manager reports at least annually to the Governance Overview and Scrutiny Committee which acts as an audit committee on the outcomes of the section's work on main systems. 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 Corporate Leadership Team who review the Strategy to ensure its continued relevance to the Council. 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 Direct 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.
- 4.2 The Annual Governance Statement 2007/08 has been considered by the Governance Overview and 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 specific control or governance issues. These issues have emerged from a review of the relevant issues arising out of the current assessment by the Statutory Officers' Group and other key officers of the Council using all relevant internal information 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

Date: _____

Christine Fisher
Chief Executive

Date: _____

GOVERNANCE ASSURANCE FRAMEWORK

Table 1

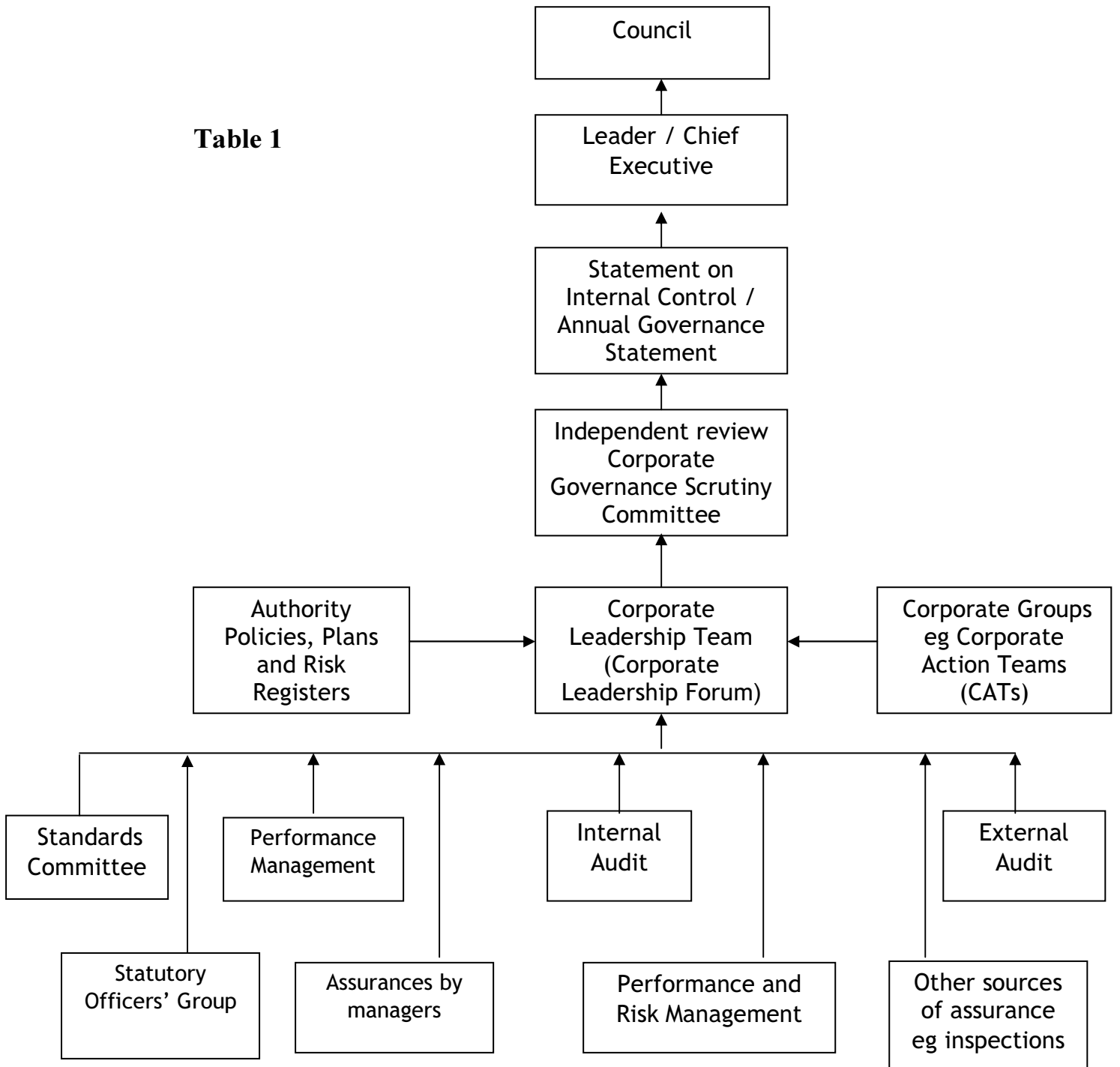


TABLE 2

PROPOSED ACTION PLAN TO DEAL WITH ANNUAL GOVERNANCE STATEMENT 2007/08 GOVERNANCE/CONTROL ISSUES

REF NO.	ISSUE	PROPOSED ACTION	BY WHOM	BY WHEN			
				30/6/08	30/9/08	31/12/08	31/03/09
1	Communications Strategy - further development	Develop and Adopt Communications Strategy	Head of Communications				
2	Ensure Partnership work understood and agreed by all parties with sound governance arrangements and values	Develop and Adopt Partnership Toolkit	Head of Legal and Democratic Services				
3	Ensure findings of IDeA form basis of Action Plan, including any training and development needs.	IDeA Action Plan	CLT				
4	Outcome of Housing Inspection	Housing Improvement Action Plan to incorporate findings	Direct of Community/Head of Housing Management				
5	Internal/External Audit Annual Reports	Actions to be implemented	Relevant Service Head				
6	Implementation of all Internal Audit recommendations	Establish robust system to ensure all Internal Audit recommendations are implemented by service areas	Internal Audit Manager - half-yearly review by Internal Audit				
7	Concern about disseminating clear messages on key policies and corporate governance issues and accessibility	Develop and implement core staff annual training programme and improve communications	Human Resources Manager / Head of Legal and Democratic Services				
8	Need to consolidate and review information management arrangements (compliance)	Revised FOI, Data Protection, Information Regs and RIPA Systems, processes and co-ordination	Head of Legal and Democratic Services				
9	Confirm effectiveness of Corporate Governance Committee as the Council's Audit Committee	Undertake Audit Committee's Self-Assessment checklist	Corporate Director				
10	Customer feedback to be used to inform improvements	Develop system to analyse feedback, identifying improvements and provide member challenge through the overview and scrutiny process	Head of Communications / Head of Transformation				