

**ANNUAL GOVERNANCE STATEMENT 2015/16****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. 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.

1.2 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.

1.3 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'. A copy of the Code is available on our website at:

[http://www.nwleics.gov.uk/pages/corporate\\_policies](http://www.nwleics.gov.uk/pages/corporate_policies)

or can be obtained from the Council Offices, Coalville.

1.4 This Statement explains how the Council has complied with the code and also meets the requirements of Regulation 6 of the Accounts and Audit Regulations 2011.

**2. The Purpose of the Governance Framework**

2.1 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.

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 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.

2.3 The governance framework has been in place for the year ended 31 March 2016, and up to the date of the approval of the annual report and accounts.

### **3. The Governance Framework**

3.1 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 for 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 Team Business Plans and Medium Term Financial Strategy (MTFS). The Council's CDP has been developed in line with the Council's strategic aims and was updated and adopted by Council on 24 March 2015 for the 2015/16 year. The MTFS 2016/17 to 2019/20 was approved by Cabinet on 22 September 2015.
- A Vision has been developed as follows: '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 Business Planning process which integrates service and financial planning across all of the Council's aims and objectives to better align activities, improvements and resources. A set of clear and consistent Team Business Plans was developed for 2015/16 and monitored throughout the year by management on a monthly basis and reported to Cabinet quarterly using a traffic light system to facilitate robust member challenge. Profiled financial monitoring reports which also project the outturn are reviewed by all budget holders soon after the month end, enabling managers to respond to issues in a timely way.
- This model enables any service failure to be identified early and addressed through a project plan and corrective action approved where necessary.

#### **(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 regularly reviewed by the Monitoring Officer and reported to members at regular intervals, following appropriate Scrutiny.
- 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 (MO) clear.
- The Council's constitution clearly sets out the right of citizens in their dealings with the Council in relation to their participation in meetings of Council, Cabinet and Committees. Article 3 sets out the general rights of citizens and these are explained in further detail in the Council Procedure Rules and Executive Procedure Rules. The Council also allows members of the public to speak at Planning Committee in relation to applications. The rules and

process for public speaking at Planning Committee are published on the Councils website

- There are 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. A Local Code of Conduct was adopted in June 2012 as required by the Localism Act 2011 which also included the council's arrangements for dealing with complaints about elected members. The MO is planning to review these arrangements in 2016/17.

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

- 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 the Constitution. These are regularly reviewed to take account of the latest legislation and guidance, the last review being completed in March 2016 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 2015/16 the Audit & 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 at the same time she checked the Member Register.
- The Head of Paid Service, Section 151 Officer and Monitoring Officer meet regularly at the Statutory Officers' Group. Their work includes monitoring compliance with standards of conduct across the Council, including both Officers and Members. There is an in-house, LEXCEL accredited, legal team.
- Parish liaison meetings are held at least twice a year. The MO also provided a comprehensive training programme to a number of parish councils on the 2012 Local Code of Conduct.
- 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.

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

- The Policy Development Group acts as 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, etc. 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 & Governance Committee undertook the functions of an audit committee as identified by CIPFA Guidance. It received 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 Strategy and 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 and all reports going to Members include the risk implications associated with the decision Members are being asked to make.
- 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.
- 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 2015/16 Treasury Management Strategy was approved by Council in February 2015, and risks are fully evaluated as part of this strategy.

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

- The Council's "BEE Valued" programme includes rigorous recruitment & selection, performance management and staff development processes. Workforce succession planning is undertaken to ensure capacity and continuity issues are identified and addressed.
- 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.

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

- 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 staff and members of the public, such as the weekly NWL News

and the Chief Executive's road shows for staff and increased use of the internet and Social Media for the public.

- The Council's scrutiny arrangements are designed to ensure that key elements were externally focussed and involve all sections of the community and stakeholders as relevant.
- The Council has adopted a consultation framework which involves staff at all levels and their Trade Union Representatives and Officials.
- The Council publishes on its web site monthly details of expenditure over £250 as well as details of major contracts and senior salaries, responsibilities etc.

#### **4. Review of Effectiveness**

4.1 The Council has responsibility for conducting at least annually, a review of its governance framework including the system of internal control. The review of effectiveness is informed by the work of senior managers and directors 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 Audit & Governance Committee plus the 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 through its overall responsibility for the Annual Budget and Policy Framework;
- 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 the Constitution and it plays a major role in reviewing key aspects of overall service delivery, including monitoring its effectiveness and related governance issues;
- The Audit & Governance Committee which meets the external auditor to discuss findings in the Annual Audit Management Letter and reports and was responsible for ensuring that the Council's systems for internal control were sound by reviewing control mechanisms, and guidelines (both internal and external) as well as adherence to these; ensuring continued probity and good governance of the Council's operations.
- The Council's statutory officers who consist of the Head of Paid Service (the Chief Executive), the Monitoring Officer (Head of Legal & Support Services) and S.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 of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2010) as set out in the application note to Delivering Good Governance in Local Government: Framework.
- 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 rolling work plan 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. The report includes recommendations for improvements that are included within an action plan and require agreement by service managers. Progress against recommendations is monitored on a quarterly basis by the Audit & Governance Committee throughout the year. The Internal Audit Annual report was considered by the Audit and Governance Committee on 13 July 2016 and confirmed that the Council's overall internal control arrangements provided sufficient assurance during 2015/16.

- The Council is participating in a county-wide anti-fraud initiative led by Leicester City Council. This includes an "intelligence" hub which seeks to pool information on cross boundary frauds, anti insurance fraud and the development of an "app" for the reporting of fraud.
- 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. Corporate risks are reported to cabinet and Audit and Governance Committee quarterly.
- The Councils Business Continuity Plan and Councils business requirements which form part of the ICT Strategy will be strengthened during 2016/17.
- A new An ICT strategy has been developed that sets out a long term vision of how ICT will support the Council's business requirements, its future vision, its customers and its members. Its outcomes include: a fully-funded ICT plan that supports new, more efficient, sustainable, flexible, and customer-focused ways of working; an organisation with the right ICT infrastructure and level of resilience; and a workforce with the right IT tools and skills required to deliver services effectively and efficiently.
- Assurance statements have been signed by Directors and Heads of Service to ensure that there are adequate internal controls and governance arrangements in their areas of responsibility and to provide an opportunity to inform improvement action planning requirements.

4.2 The Annual Governance Statement 2015/16 will be considered by the Audit and Governance Committee on 21 September 2016. We plan to address any weaknesses or issues raised to ensure continuous improvement of the systems and governance processes.

## **5. Significant Governance Issues**

5.1 There are no significant governance issues which need to be brought to the attention of the public or Councillors.

## **6. Post Balance Sheet Events**

6.1 On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. It will be for the

Government, under the new Prime Minister, to begin negotiations to exit the EU. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation and funding in future, once the UK has left the EU. This is therefore a non-adjusting event for which no estimate of its financial effect on the reporting entity can be made.

Signed:



Richard Blunt  
Leader of the Council

Date: 27th September 2016



Christine Fisher  
Chief Executive

Date: 27/9/16

