



Annual Governance Statement 2018/19

1. Background and Scope of Responsibility

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

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

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

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

2. The Purpose of the Governance Framework

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

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

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

The governance framework has been in place for the year ended 31 March 2019, and up to the date of the approval of the Statement of Accounts.

3. The Governance Framework Our vision, priorities and values

The Council's vision, priorities and values are set out in the Council Delivery Plan, which was adopted by Council on 20 March 2018.

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

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

Our priorities are:

- Supporting Coalville to be a more vibrant, family friendly town
- Our Communities are safe, healthy and connected.
- Local People live in high quality, affordable homes
- Support for businesses and helping people into local jobs
- Developing a clean and green district.

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

The overarching value is “One Council, one team” supported by the following five values:

- Excellence – we will always work to be the best we can be
- Trust – We are honest fair and transparent and we value trust
- Respect – We respect each other and our customers in a diverse, professional and supportive environment
- Pride – We are proud of the role we play in making North West Leicestershire a happy healthy and vibrant place to live and work

- Growth – We will work together to grow and continually improve.

The key elements of our governance framework

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

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

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

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

We also have a series of Directorate Management Team (DMT) meetings (held with Directors and Heads of

Service to consider strategic and operational matters relevant to specific directorates), Extended Leadership Team (ELT) meetings which include all Team Managers across the Council and the Chief Executive who help to shape the strategic direction of the Council

and feed in to CLT and Senior Management Team (SMT) meetings where Heads of Service meet with their respective Team Managers to consider specific service matters.

Role of the Council

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

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

are monitored regularly.

The Council's financial management arrangements conform to the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

The Constitution of the Council is subject to a continuous review process which sets out matters reserved to Council, Cabinet and Committees for decision, all other decisions are delegated to officers. The Constitution has undergone a revision this year and the new version, which was actively reviewed by Members, was approved by Council in February 2019.

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

Role of Cabinet

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

Role of Audit and Governance Committee

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

Role of Scrutiny Groups

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

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

Risk Management

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

The Risk Management Policy was approved by Cabinet on 1 May 2018 and all reports to Council, Cabinet and Committees have a risk management section. A Corporate Risk Register has been developed and approved at both Corporate Leadership Team and by Elected Members. The Corporate Risk Register is accepted as a live document constantly under review for progress on managed risks and new risks that could impact on the Council. A risk review cycle has been developed that will allow closer links with the service planning process.

The Corporate Risk Group is represented by each of the Council's services. The CRG will identify new risks and review the corporate risk register. Review of corporate risks is part of the terms of reference of the Audit and Governance Committee. Risks are reported to Cabinet as part of the quarterly Performance Management Report.

Role of Internal Audit

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

The Internal Audit Report 2018/19 is due to be considered by the Audit and Governance Committee at its meeting on 24 July 2019.

The Chief Audit Executive (Audit Manager) intends on issuing the opinion that the Council's overall internal control arrangements are a Grade 2. In line with our Internal Audit opinion grade definitions, this means that the internal

control arrangements require improvement in some areas.

The opinion is based on the following:

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

The in-house Internal Audit team have issued three Grade 3 audit reports during 2018/19. These should be considered when preparing the Annual Governance Statement:

- *Gas and Solid Fuel Maintenance and Servicing Performance Monitoring*
The main areas identified for improvement were around delays in receiving performance information from the contractor, accuracy of performance reporting and assurances regarding the security of data held by the contractor. All of the audit recommendations have been implemented satisfactorily and in addition a specialist third party auditor has been appointed to provide independent assurance with regards

to the standard and quality of work undertaken by the contractor. The Head of Finance has also initiated the development of a contract management guide to provide support and guidance to officers who have responsibility for managing a contract.

- *Grounds Maintenance*
The main areas identified for improvement were around compliance with procurement rules and regulations, documenting procedures, calculation and evaluation of quotes and Health and Safety training arrangements. Follow up work has found that recommendations have been implemented satisfactorily.
- *Health and Safety Arrangements (currently at draft stage)*
The main areas identified for improvement were around inspections of Council premises, roles and responsibilities, training records, monitoring, recording and demonstrating compliance with Health and Safety requirements. At the time of writing, the work to follow up the implementation of the recommendations had not been completed.

There were no Grade 4 audit reports issued during 2018/19.

A number of high priority recommendations were made in respect of other audit reviews undertaken, however as they tend to relate to specific

systems and/or service areas and as such the Internal Audit Manager does not consider it necessary to include them in the Annual Governance Statement. The Section 151 Officer receives all Internal Audit reports issued therefore they are also able to make their own assessment when completing the Annual Governance Statement should they be of a different opinion.

The Role of External Audit

Mazars LLP has been appointed by the Public Sector Audit Appointments (PSAA) as the Council's external auditor for 2018/19. The auditor's statutory responsibilities and powers are set out in the Local Audit and Accountability Act 2014, the National Audit Office's Code of Audit Practice and the PSAA Statement of Responsibilities.

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

The latest Annual Letter from the Council's appointed External Auditors for 2017/18, KPMG LLP issued unqualified opinions on the financial statements and Value for Money Arrangements of the Council. These confirm that for 2017/18 the financial statements give a true and fair view of the financial position of the

Authority and of its expenditure and income for the year then ended and that the Council had proper arrangements for securing economy, efficiency and effectiveness.

How we comply with the CIPFA/SOLACE Framework

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

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

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

Arrangements have been put in place to ensure probity when dealing with different stakeholders and these are frequently updated. The Council has a Members' Code of Conduct, Planning Code of Conduct, Licensing Code of Conduct and Citizens' Rights which are all set out in the Constitution. These are regularly reviewed to take account of the latest legislation and guidance, the last review of these codes being completed in February 2019 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 2018/19 the Audit and Governance Committee had a pro-active work programme and each meeting of the Committee received a report from the Monitoring Officer on current issues. A quarterly performance monitoring report including ethical indicators was also produced.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In 2012 the Council adopted arrangements for dealing with complaints about the conduct of councillors which include an informal resolution stage facilitated by the Monitoring Officer. The Audit and Governance Committee have oversight of the complaints process and receive quarterly reports from the Monitoring Officer.

Principle B. Ensuring openness and comprehensive stakeholder engagement

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

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

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

The council has recently developed a communications strategy for 2019/20 which aligns with the Council Delivery Plan and ensures that the council provides its communities with consistent messages, based on clear communication principles, on its priority activities and campaigns. Consideration will be given to including guidance on our approach to consultation as part of the communications strategy.

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

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

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

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

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

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

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

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

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

Similarly, financial performance is reported to cabinet on a quarterly basis.

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

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

The Council fully supports the requirements to ensure that both members and senior officers have the necessary skills sets to fulfil their strategic role in the organisation. A comprehensive induction programme exists for both members and officers which has been developed to deal with all relevant core issues. The Council is committed to creating an environment where elected members’ skills can develop and thrive with regular courses being delivered.

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

We recognise the critical role that a motivated, skilled and capable workforce plays in every aspect of service delivery.

Our People Plan that sets out the Council’s ambitions for a sustainable, effective and efficient workforce was approved by Cabinet in December 2018. The Plan includes timetabled actions against five thematic areas including: being and employer of choice; developing and supporting staff; leadership; happy and healthy workforce; and communication and listening. Progress to implement the plan will continue through the forthcoming year.

In April 2019 the Council achieved Investors in People accreditation and feedback from the assessment will be utilised over the coming year to develop the organisation further.

The Council has recently revised and adopted its Corporate values and these are due to be embedded into the recruitment and appraisal process during 2019.

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

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

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

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

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

The Council's Risk Management Policy was approved by Cabinet on 1 May 2018. The strategic risk register is reviewed and updated and scrutinised by the Audit and Governance Committee on a quarterly basis. The risks identified have been linked to Council priorities/strategic aims and lead officers have been identified to manage each risk. Risk Management also forms a key element of the Council's Delivery Plan and the Service Planning process and risk management is an integral part of the council's performance management arrangements. During the 2018/19 year, Team Managers and members of the Audit and Governance Committee separately attended risk management training sessions to ensure that those responsible for risk management have the appropriate knowledge to identify and manage risk.

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

The Council is committed to the effective use of IT and has an ICT strategy and IT Security Policy which were reviewed during 2018.

The Council's 2018/19 Treasury Management Strategy was approved by Council in February 2018, and risks are fully evaluated as part of this strategy.

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

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

Formal arrangements are in place for the Section 151 Officer with a permanent employee appointed to this role. Adherence to the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016) continues.

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

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

Committee on all matters appertaining to audit outcomes.

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

4. Effectiveness

Review of Effectiveness

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

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

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

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

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

Prior Year - 2017/18

The assurance review for 2017/18 identified no significant issues. Fourteen improvements were identified which are set out in the table below.

Five of the fourteen improvements remain outstanding and will now be captured and monitored as part of the improvements for 2018/19.

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

Table 1 – Areas of improvement identified during 2017/18 and current status

Improvement Action	Status – May 2019
Review of Equality policy	<p>Complete Revised policy presented to PDG in February and approved by Cabinet 5 March 2019.</p>
Approach to consultation and engagement (to be considered as part of the review of the communications team and consideration of functions of community focus services)	<p>Carried forward as an ongoing improvement and scheduled for completion in 2019/20</p> <p>The council has recently developed a communications strategy for 2019/20 which aligns with the CDP and ensures that the council provides its communities with consistent messages, based on clear communication principles, on its priority activities and campaigns. Consideration will be given to including guidance on our approach to consultation as part of the communications strategy.</p>
Development of commercial strategy, to include review of need for a partnership working framework	<p>Complete. Commercial Strategy agreed by Cabinet October 2018. The need for a partnership working framework has been reviewed and discussed by the statutory officers. This review has now concluded that evidence of good partnerships across the board exists and where requirements around finance, governance and risk are present, formal agreements are in place (i.e Business Rates Pool).</p>
Review of the Business Improvement function	<p>Complete. Team review and reorganisation complete. Team now sits within HR and Organisational Development Team.</p>
Consider introduction of public consultation on budget proposals	<p>Complete. Annual Statutory consultation completed on 2019/20 draft Budget and embedded into budget process as routine. Approach to public consultation on budget proposals scoped. Proposals for 2020 Budget consultation due to be shared with CLT Q1 2019/20 before being presented to the Leader for approval to commence.</p>
Partnership Framework to be developed (as above)	<p>Complete The need for a partnership working framework has been reviewed and discussed by the statutory officers. This review has now concluded that evidence of good partnerships across the board exists and where requirements around finance, governance and risk are present, formal agreements are in place (i.e Business Rates Pool).</p>

Develop and implement People Plan	Complete People Plan approved by Cabinet in December 2018. Associated action plan now underway. Progress against the action plan will be reported to the Corporate Scrutiny Group on a six monthly basis.
Corporate Asset Management Strategy required to go with HRA Asset Management Strategy	Carried forward as an ongoing improvement and scheduled for completion during 2019/20 Development of the strategy has been delayed due to vacancies and is now scheduled to be completed in draft by the end of Q4, with approval at Cabinet approval in 2019/20.
Implementation of In-Phase	Complete In-Phase implemented for all team plans and performance reports from April 2019.
Complete outstanding actions identified as part of the internal audit of anti-fraud and corruption in 2016/17. Raise awareness of anti-fraud and corruption with staff	Carried forward as an ongoing improvement and scheduled for completion during 2019/20 Project scoped with Leicester City Council, report and recommendations due Q1 2019/20 and will be used to inform programme of fraud related improvements.
Embed finance business partnering model, including review of effectiveness and procure new finance system	Superseded by an ongoing improvement and scheduled for completion during 2019/20 Recruitment process ongoing to secure suitable individual to support procurement of new finance system. Finance Business Partnering model launched, further embedding process to be implemented via Finance and Business Plan.
Implement actions to address issues identified through Internal Audit of Sundry Debtors	Carried forward as an ongoing improvement and scheduled for completion during 2019/20 Actions underway as per Internal Audit report, some recommendations will not be fully implemented until 2019/20.
Review the Council's supplier hosted systems and introduce measures to ensure that a SOC 2 report (or equivalent) is obtained on an annual basis.	Complete ICT Team plan now has a task to review 3 rd party systems access for hosted systems.
Review and strengthen management and reporting arrangements for the Revenues and Benefits Partnership	Complete This is now complete, the new Head of Customer Services, attends multiple management boards and committees. Equally there is now Chief Exec representation on the joint committee and operational engagement on the operations board. All layers of management are now reflected.

2018/19

No significant governance issues were identified in the annual assurance review for 2018/19. There are five improvements carried forward from 2017/18. A further four improvements identified during 2018/19. There are therefore a total of nine improvements for monitoring in 2019/20. (Please note that the table below repeats improvement actions where they are relevant to more than once CIPFA/SOLACE principle).

Full details of the review can be found in the Assurance and Evidence document for 2018/19 which is published alongside this Annual Governance Statement.

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

Table 2 – Areas of improvement identified during 2018/19

CIPFA/SOLACE Principle	Improvement	Owner
Principle B: Ensuring openness and comprehensive stakeholder engagement	Develop guidance on our approach to consultation as part of the communications strategy (carried forward from 2017/18 Annual Governance Statement Review).	Head of Legal and Commercial Services
Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits	Review approach to presenting the economic, social and environmental impact of decisions within committee reports.	Head of Legal and Commercial Services
Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it	Develop organisational requirements for benchmarking of services.	Head of HR and Organisational Development
	Corporate Asset Management Strategy required to go with HRA Asset Management Strategy (carried forward from 2017/18 Annual Governance Statement Review).	Head of Housing and Property
Principle F: Managing risks and performance through robust internal control and strong public financial management	Implement internal audit recommendations in respect of Health and Safety arrangements. Progress against this action will be reported via the Internal Auditors updates at Audit and Governance Committee.	Head of HR and Organisational Development
	Review implementation of In-Phase and scope improvements to performance and project management frameworks. Develop performance management framework.	Head of HR and Organisational Development

	<p>Completion of anti-fraud actions identified as part of anti-fraud and corruption audit to be completed (carried forward from 2017/18 Annual Governance Statement Review).</p> <p>Awareness raising of anti- fraud and corruption to take place amongst staff. Implement recommendations arising from the LCC review.</p>	Head of Finance
	<p>Implement actions identified within the Finance and Business Plan including the procurement of a new finance system (carried forward from 2017/18 Annual Governance Statement Review).</p>	Head of Finance
	<p>Implement actions to address issues identified in Internal Audit of Sundry Debtors (carried forward from 2017/18 Annual Governance Statement Review).</p>	Head of Finance

5. Overall opinion and conclusion

Conclusion

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

6. Statement of Leader and Chief Executive

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



Signed _____

Councillor Richard Blunt
Leader of the Council
31 May 2019



Signed _____

Bev Smith
Chief Executive
31 May 2019

Annual Governance Statement Assurance Review

May 2019

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

Assessment Score:

Good – Good governance exists and there are no improvements required

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

Poor – Significant issues with governance exist which needs addressing

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

Supporting Principle 1: Behaving with Integrity

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

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

Supporting Principle 2: Demonstrating strong commitment to ethical values

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Seeking to establish, monitor and maintain the organisation's ethical standards and performance	Good	Values embedded into induction process for officers and members and appraisals for staff. Standards and Ethics report taken to Audit and Governance Committee quarterly.	None	None	
2. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation	Good	Values embedded into induction process for officers and members and appraisals for staff. Actions to implement an updated Behaviours and Skills Framework and further integrate behaviours and skills into recruitment and selection process included in the People Plan, approved November 2018.	None	None	
3. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	Good	Appraisal process built upon values of the Council. Revised Equality and Diversity Policy approved by Cabinet March 2019. Refreshed and adopted new set of Corporate Values in 2019 which are due to be embedded into recruitment and appraisal processes during 2019/20.	None	None	
4. Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with high ethical standards expected by the organisation	Good	Key partnerships have mechanisms in place to define role and scope of partners. Procurement exercises include assessment criteria around social value which is incorporate into contracts and subsequently monitored.	None	None	



Supporting Principle 3: Respecting the rule of law

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

Core Principle B: Ensuring openness and comprehensive stakeholder engagement

Supporting Principle 1: Openness

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

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
<p>4. Using formal and informal consultation and engagement to determine the most appropriate and effective interventions / courses of action</p>	<p>Fair</p>	<p>Customer and staff satisfaction surveys carried out regularly (e.g. Residents STAR survey in 2017). Consultation exercises carried out periodically (e.g. resident pop up events on housing estates). As part of the 2016/17 Annual Governance Statement an action was identified to consider the need for a separate Consultation Policy. This work has now completed and concluded that a separate Consultation Policy is not necessary. We follow statutory requirements for consultation and very often go above that in terms of community engagement.</p> <p>Communications principles in place.</p> <p>Ad-hoc approach to informal consultation in place and utilised.</p> <p>The council has recently developed a communications strategy for 2019/20 which aligns with the CDP and ensures that the council provides its communities with consistent messages, based on clear communication principles, on its priority activities and campaigns. Consideration will be given to including guidance on our approach to consultation as part of the communications strategy.</p>	<p>None</p>	<p>Develop guidance on our approach to consultation as part of the communications strategy.</p>	<p>Head of Legal and Commercial Services</p>

Supporting Principle 2: Engaging comprehensively with institutional stakeholders

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	Good	Formal and informal partnerships in place. Regular diarised meetings with appropriate senior officers and partners (including National Forest and East Midlands Airport).	None		
2. Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	Good	<p>Partnership working across the authority is strong for example Revenue and Benefits Partnership, Internal Audit Shared Service. Approach to consideration of shared services embedded as part of alternative service delivery model reviews. Service Level Agreements. Partnership agreements exist.</p> <p>The organisation has a range of partnerships and collaborative relationships. They have appropriate legal agreements and governance commensurate with the nature of the partnership, depending on factors such as legal status, membership, risk, subject matter. They range from more informal arrangements such the Leicestershire Treasurers Association and County Monitoring Officers Group, to the more formal legal arrangements governing the R & B partnership and business rates pool. The council is represented on the LLEP which is was incorporated as a limited company on 1.4.19. The Council appoints its members to a variety of outside bodies at annual council each year.</p> <p>District Leaders group in place across Leicestershire. District Chief Executive group also in place</p>	None		

across Leicestershire.
 Members Advisory Group (MAG) in place where Leicestershire Local Authority representatives meet with the Leicester and Leicestershire Economic Partnership to collaborate on growth issues, in particular the Strategic Growth Plan.
 Various Chief Officer groups across Leicestershire (i.e. LTA, CHOG).
 As part of the 2016/17 Annual Governance Statement, an action was identified to consider the need for a partnership framework. This review has now concluded that evidence of good partnerships across the board exists and where requirements around finance, governance and risk are present, formal agreements are in place (i.e Business Rates Pool).

3. Ensuring that partnerships are based on: trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit	Good	As above.	None
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Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Supporting Principle 1: Defining outcomes

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

Supporting Principle 2: Sustainable economic, social and environmental benefits

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	Fair	<p>We actively consider the social and economic impact of policies in decisions. An example of this is social value considerations in procurement exercises.</p> <p>A recent example of the environmental impact of policies is the programme of solid fuel heating system replacements in Council homes where we are replacing solid fuel systems with renewable technology.</p> <p>Approach to presenting the economic, social and environmental impacts of decisions within committee reports to be reviewed.</p>	None	Review approach to presenting the economic, social and environmental impact of decisions within committee reports	Head of Legal and Commercial Services
2. Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints	Good	<p>Record of decision making and supporting materials made available publicly on website.</p> <p>Improvements arising from the 2016/17 assurance review have introduced a 5 year planning timeframe for the medium term financial strategy. The 2018/19 – 2022/23 Medium Term Financial Strategy was approved by Cabinet on 6 February 2018 and the Medium Term Financial Plan is updated twice per year (annual budget setting and assumptions revision July each year).</p>	None	None	
3. Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	Fair	<p>As part of the 2016/17 Annual Governance Statement an action was identified to consider the need for a separate Consultation Policy.</p> <p>We follow statutory requirements for consultation and very often go above that in terms of community engagement.</p> <p>Ad-hoc approach to informal consultation in place and utilised. Elected members act in</p>	Develop guidance on our approach to consultation as part of the communications strategy.	Head of Legal and Commercial Services	

public interest. Record of decisions made available to public via website. Consultations on key projects with key groups.

Members abide by the code of conduct and all committee reports are prepared to reflect all the relevant options, risks and benefits – so members have all the relevant information in front of them when they make a decision. (The Council is transparent in decision making. We publish all our agendas and minutes. We follow statutory requirements for consultation and very often go above that in terms of community engagement.

The council has recently developed a communications strategy for 2019/20 which aligns with the CDP and ensures that the council provides its communities with consistent messages, based on clear communication principles, on its priority activities and campaigns. Consideration will be given to including guidance on our approach to consultation as part of the communications strategy.

4. Ensuring fair access to services

Good

Equalities Officer in post. All new policies presented for approval require Equalities Impact Assessment to be completed and regularly reviewed as part of ensuring fair access. Equality and Diversity Policy approved March 2019. Process in place for equalities impact assessments and action included in Equalities and Diversity Action Plan to assess current processes.

None

None

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

Supporting Principle 1: Determining interventions

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options. Therefore ensuring best value is achieved however services are provided	Good	All reports details options appraisals and risks associated with decisions. Standardised investment appraisal tool in development and due to be launched Q1 2019/20. Commercial Skills Programme in delivery. Development of Commercial Guide during 2019.	None	None	
2. Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	Good	Car park strategy. MTFS. Statutory consultation on budget undertaken annually, could be widened to obtain views of service users. The Tenant Scrutiny Panel present reports to Cabinet recommending improvements or changes to housing services. As part of the 2016/17 Annual Governance Statement an action was identified to consider the need for a separate Consultation Policy. This work has now completed and concluded that a separate Consultation Policy is not necessary. We follow statutory requirements for consultation and very often go above that in terms of community engagement. Ad-hoc approach to informal consultation in place and utilised.	None	None	

Supporting Principle 2: Planning interventions

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	Good	<p>Calendar dates for all Council meetings agreed in advance, reports published in a timely manner ensuring a robust planning cycle.</p> <p>Monthly performance and finance reports monitored by CLT and Portfolio Holders; Quarterly reports monitored by CLT and Cabinet.</p>	None	None	
2. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	Good	<p>We regularly consult in some areas of the Council. Tenant Scrutiny Panel investigates and challenges how housing services are delivered.</p> <p>Council approach to consultation to be reviewed. As part of the 2016/17 Annual Governance Statement an action was identified to consider the need for a separate Consultation Policy. This work has now completed and concluded that a separate Consultation Policy is not necessary. We follow statutory requirements for consultation and very often go above that in terms of community engagement.</p> <p>Ad-hoc approach to informal consultation in place and utilised.</p>	None	None.	
3. Considering and monitoring risks facing each partner when working collaboratively including shared risks	Good	<p>Strong partnerships exist in some areas. Partnership agreements exist where necessary for financial/legal/governance/risk reasons, formal agreements are put in place.</p>	None		

4. Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	Good	Delegated responsibility in some areas. Constitution is flexible.	None	None
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Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
5. Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured	Good	KPIs established and approved for each service and included in Team Business Plans. Quarterly Performance Reports are considered by Cabinet.	None	None	
6. Ensuring capacity exists to generate the information required to review service quality regularly	Good	Performance is included to give context for decisions to be made where necessary. Improvement identified in the 2017/18 governance review to review the Business Improvement function. This review has now concluded and the corporate performance team now form part of the new HR and Organisation Development Team.	None	None.	
7. Preparing budgets in accordance with organisational objectives, strategies and the medium term financial plan	Good	Strategic and Financial Planning timetable reviewed and aligned for 2018/19 planning, enabling a more integrated approach.	None	None	
8. Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy	Good	2018 – 2023 Medium Term Financial Strategy published in February 2018 includes 5 year planning timeframe. Medium Term Financial Plans refreshed twice per year. Commercial Strategy developed and approved in 2018 and implementation in progress, includes development of commercial opportunities to generate additional revenue to support the council's sustainable financial position.	None	None.	

Supporting Principle 3: Optimising achievement of intended outcomes

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints	Good	MTFS and budget formulated with strategic view of service priorities and involvement of Members and CLT.	None	None	
2. Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term	Good	5 year Capital budget planning. Revenue currently only planned 1 year at a time. MTFS focuses on 3 year medium term. 5 year revenue planning introduced in 2017/18 as part of the 2018/19 budget planning.	None		
3. Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	Good	Financial summary of MTFS updated annually or more frequently if information is received warrants an update. Journey to Self-Sufficiency Programme launched in 2018 to lead the organisation in meeting the predicted deficit to 2024.	None	None	
4. Ensuring the achievement of 'social value' through service planning and commissioning.	Good	Social value considered through procurement processes. i.e. new build Council housing.	None	None	

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

Supporting Principle 1: Developing the entity's capacity

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness	Fair	<p>Reviews of structures, ways of working and performance carried out as necessary.</p> <p>Interim Property Services team establishing an asset register so that strategy can be developed.</p> <p>Acquisitions and Disposals Policies.</p> <p>Selective disposal of HRA assets has taken place.</p> <p>Action identified as part of 2017/18 governance review to update Corporate Asset Management Strategy. Strategy due to be approved Quarter 2 2019/20.</p>	None	Corporate Asset Management Strategy required to go with HRA Asset Management Strategy.	Head of Housing and Property
2. Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently	Fair	<p>Services encouraged to make use of APSE benchmarking subscription via Team Business Planning process.</p> <p>Organisational approach to benchmarking to be reviewed and requirements determined.</p>	None	Develop organisational requirements for benchmarking of services.	Head of HR and Organisational Development

3. Recognising the benefits of partnerships and collaborative working where added value can be achieved	Good	Strong partnership working across the Council. Revenues and Benefits Partnership, Shared Internal Audit service. Strong partnerships exist in some areas. Partnership agreements exist where appropriate.	None	None.
4. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	Good	Action included in 2017/18 governance review to develop the People Plan, which was subsequently approved by Cabinet in March 2019.	None	None.

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

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	Good	Regular Strategy Group meetings between the Leader, Deputy Leader, Chief Executive and Directors. Robust member induction programme, with specific and significant training planned. Use of mentor for Planning Committee Chair, Mandatory training undertaken by Planning and Licencing Committee Chair, Specific training programme for Audit and Governance Committee members and Scrutiny members. Commercial Skills training on decision making. Code of Conduct for all members.	None	None	
2. Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	Good	Regular review of delegation and financial regulations. Constitution.	None	None	
3. Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the authority in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority	Good	Clear roles and responsibilities with CE's objectives set and monitored by Members. External facilitation of CE appraisal by East Midlands Councils to ensure robust challenge.	None	None	

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
<p>4. Developing the capabilities of members and senior management to achieve effective shared leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:</p> <ul style="list-style-type: none"> • Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged • Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis • Ensuring personal, organisational and system- wide development through shared learning, including lessons learnt from governance weaknesses both internal and external 	Good	<p>Members trained as and when required. Formal induction process for new administration and new members. Robust member induction programme, with specific and significant training planned. Use of mentor for Planning Committee Chair, Mandatory training undertaken by Planning and Licencing Committee Chair, Specific training programme for Audit and Governance Committee members and Scrutiny members.</p> <p>Commercial Skills training on decision making. Code of Conduct for all members.</p>	None	None	
<p>5. Ensuring that there are structures in place to encourage public participation</p>	Good	<p>Have your say, Tenant groups.</p>	None	None.	
<p>6. Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</p>	Good	<p>Members performance monitored, Cabinet held to account by scrutiny and call-in arrangements. Corporate Peer Review scheduled for Q1 2019/20.</p> <p>2018 Planning Peer Review undertaken with recommendations accepted and implementations underway.</p> <p>Investor in People accreditation gained April 2019.</p>	None	None	

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
7. Holding staff to account through regular performance reviews which take account of training or development needs	Good	Staff development plans linked to BEE appraisals. People Plan approved in March 2019 with developments underway monitored by CLT.	None	None	
8. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing	Good	Discount on leisure facilities for staff. Careserve, 24 hours service providing advice and counselling service around family, personal, debt, workplace, home and health issues. Coaching and mentoring available. Health and Wellbeing project established to develop and implement the employer Workplace health and benefits offer. Health and Wellbeing Strategy in place. Survey with Leicestershire and Rutland Sport to determine health of workforce. People Plan in place. Sickness management ongoing.	None	None	

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

Supporting Principle 1: Managing risk

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	Good	<p>Risk Management system in place with regular monitoring at Team Manager/HoS level and CLT and Cabinet.</p> <p>As a result of improvements identified as part of the 206/17 governance review, the Audit and Governance Committee actively review risks on a quarterly basis and have also undergone risk management training.</p>	None	None	
2. Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	Fair	<p>Risk management policy formally approved and adopted.</p> <p>Risk Management Policy approved at Cabinet 1 May 2018.</p> <p>In early 2019 an internal audit of the Grounds Maintenance Team and Health and Safety arrangements of the Council identified that there are inadequate arrangements to ensure that legislative requirements are adhered in respect of Health and Safety requirements. The Council is working towards implementing improvements and the effectiveness of these improvements will be monitored in 2019.</p> <p>Strengthened business continuity plans as a result of preparations for EU exit.</p>	None	<p>Implement internal audit recommendations in respect of Health and Safety arrangements. Progress against this action will be reported via the Internal Auditors updates at Audit and Governance Committee.</p>	Head of HR and Organisational Development
3. Ensuring that responsibilities for managing individual risks are clearly allocated	Fair	<p>Risk Management system in place with regular monitoring at Team Manager/HoS level and CLT and Cabinet. Each risk has an owner responsible.</p> <p>As above, In early 2019 an internal audit of the Grounds Maintenance Team and Health and Safety arrangements of the Council identified</p>	None		

that there are inadequate arrangements to ensure that legislative requirements are adhered in respect of Health and Safety requirements. The Council is working towards implementing improvements and the effectiveness of these improvements will be monitored in 2019.

Supporting Principle 2: Managing Performance

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Monitoring service delivery effectively including planning, specification, execution and independent post implementation review	Fair	<p>Monitoring of service delivery currently completed through team business plans.</p> <p>Calendar of monitoring dates from Team Manager level to Portfolio Holder published and reporting dates adhered to by the organisation. Action identified in 2017/18 governance review to implement the In-phase system—a corporate performance management tool. In-Phase has now been implemented for all team plans and performance reports from April 2019.</p> <p>Further refinements to the performance management framework required post implementation of In-Phase and also required to ensure effective monitoring of projects.</p> <p>Development of performance management framework guide also required.</p>	None	<p>Review implementation of In-Phase and scope improvements to performance and project management frameworks.</p> <p>Develop performance management framework.</p>	Head of HR and Organisational Development

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

Supporting Principle 3: Robust internal control

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Aligning the risk management strategy and policies on internal control with achieving the objectives	Good	Risk management strategy, audit plan and regular audit reports.	None	None	
2. Evaluating and monitoring the authority's risk management and internal control on a regular basis	Good	<p>Risk management policy with risks reviewed regularly by CLT and Cabinet. Risks should be monitored by the Audit and Governance Committee but this has not happened since November 2015.</p> <p>Due to improvements arising from the 2016/17 governance review, a cross-service Risk Management Group is established which meets on a quarterly basis to review risks. Risks are now regularly report to Audit and Governance Committee.</p>	None	None	
3. Ensuring effective counter fraud and anti-corruption arrangements are in place	Fair	<p>Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014). Anti-fraud and anti-corruption policies in place.</p> <p>Anti-fraud and corruption audit undertaken in 2016/17 identified a number of improvements required which are timetabled in an action plan. Due to senior management changes a number of these actions remained outstanding at the 2017/18 governance review. The Head of Finance has since engaged Leicester City Council's shared fraud hub to undertake a fraud policy framework review and assess staff awareness of fraud. Recommendations from this review will be implemented in 2019/20</p>	None	<p>Completion of anti-fraud actions identified as part of anti-fraud and corruption audit to be completed (carried forward from 2017/18 Annual Governance Statement Review).</p> <p>Awareness raising of anti-fraud and</p>	Head of Finance

				corruption to take place amongst staff. Implement recommendations arising from the LCC review.
4. Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	Good	Annual governance statement, internal audit arrangements adequate with internal audit actively involved in service improvement.	None	None
5. Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment that its recommendations are listened to and acted upon	Good	Audit committee complies with best practice. See Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2013) Terms of Reference in place for Committee. Training programme developed for committee members including subject areas of risk and understanding local government finance. Risk Management training undertaken in 2017/18 with finance sessions to enable committee members to approve the financial statements undertaken in 2018.	None	None

Supporting Principle 4: Managing Data

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	Good	Policies in place for data management and data protection. Designated data protection officer. Information Corporate Action Team in place to monitor safeguarding measures and lead strategy for the organisation supported by Information Champions in each department	None	None	
2. Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies	Good	Data sharing agreements in place and data processing agreements where necessary. We are currently in the process of ensuring all suppliers are compliant with data protection and GDPR legislation. During the IT audit of 2017/18 it was identified by our external auditors that arrangements for obtaining and reviewing a Service Organisation Controls ("SOC 2") report from the service provider of the council's new hosted payroll software system was not in place. Since the 2017/18 governance review and resultant action, measures have been built into the ICT Team Plan to review all 3 rd party controls and SOC2 reports.	None	None	
3. Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	Good	Regular internal audits carried out.	None	None	

Supporting Principle 5: Strong public financial management

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance	Fair	<p>Review of finance function during April 2017 identified some improvements in respect of support to service areas in respect of financial management.</p> <p>Finance Business Partnering model developed and launched in 2018 to achieve balance between budget holders and finance team in respect of responsibilities.</p> <p>Finance and Business Plan developed to further embed collective responsibility for financial management across the organisation and is due to be shared with Cabinet in July 2019. The plan includes actions to address non-compliance against the new CIPFA Financial Management Code which is due to be published in the Summer of 2019.</p>	None	<p>Implement actions identified within the Finance and Business Plan including the procurement of a new finance system.</p>	Head of Finance
2. Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls	Fair	<p>Budget monitoring reports and regular reviews, however greater engagement required between finance and services.</p> <p>New finance system to be procured to automate and make monthly reporting more efficient.</p> <p>In 2017/18, one Grade 3 Internal Audit report was issued in relation to sundry debtors. The report highlighted that procedures were weak. Further detail can be found in the Annual Internal Audit report. Actions to address the recommendations are at the time of completing this governance review not fully implemented.</p> <p>Finance and Business Plan developed to further embed collective responsibility for financial management across the organisation and is due to be shared with Cabinet in July 2019. The plan includes actions to address non-compliance against the new CIPFA Financial Management</p>	None	<p>Implement actions identified within the Finance and Business Plan New finance system procurement to be undertaken. Implement actions to address issues identified in Internal Audit of Sundry Debtors.</p>	

Code which is due to be published in the Summer of 2019.

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

Supporting Principle 1: Implementing good practice in transparency

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

Supporting Principle 2: Implementing good practices in reporting

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

Supporting Principle 3: Assurance and effective accountability

Requirement of local authorities to:	Assessment	Evidence	Significant Issues	Areas for Improvement	Lead
1. Ensuring that recommendations for corrective action made by external audit are acted upon	Good	Recommendations from external audit acted upon. Compliance of Internal Audit arrangements with the Public Sector Internal Audit Standards. Regular communication between S151 Officer and Audit Manager. Regular reports to Audit and Governance Committee implemented during 2018 to update members in respect of progress made against external audit recommendations.	None	None	
2. Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	Good	Internal Audit report directly to Audit and Governance Committee. Recommendations from internal audit acted upon with internal audit being actively referenced to assist with service improvements. Compliance of Internal Audit arrangements with Public Sector Internal Audit Standards. Regular communication between S151 Officer and Audit Manager.	None	None	
3. Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	Good	Peer challenge undertaken in respect of Planning. A number of recommendations were made and accepted by Council which are now timetable for implementation during 2018/19. Corporate Peer review scheduled for Q1 2019/20.	None	None	
4. Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	Good	Partnership approach in place with the Revenues and Benefits Partnership where management board and joint committee in place with regular meetings providing oversight. Improvement action identified in 2017/18 governance review to strengthen the management arrangements of this partnership and the management and reporting arrangements. Head of Customer Services now manages this relationship and attends	None	None	

management boards and committees. Chief Executive representation at Joint Committee and operational engagement on the Operations Board. All layers of management now reflected.

5. Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met

Good

Partnership approach in place with the Revenues and Benefits Partnership where management board and joint committee in place with regular meetings providing oversight.

None

None

