

## **ANNUAL GOVERNANCE STATEMENT – 2015/16**

### **Scope of Responsibility**

Blaby 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. Blaby District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Blaby District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management or risk.

Blaby District Council has approved 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 authority's code is on our web-site or can be obtained from the Finance Division at the Council Offices in Narborough. This statement explains how Blaby District 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 purpose of the governance framework**

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

The systems of internal control are a significant part of that framework and are designed to manage risk to a reasonable level. They 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 systems of internal control are based on an ongoing process designed to identify and priorities the risks to the achievement of Blaby District 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 at Blaby District Council for the year ended 31<sup>st</sup> March, 2016 and up to the date of approval of the Statement of Accounts.

### **The Governance Framework**

The following section lists the key elements of the systems and processes that comprise the Council's governance framework with a commentary setting out how the Council's arrangements comply with the requirement.

### Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users

The new Blaby Plan was adopted by Council on the 14<sup>th</sup> April 2015 and has set our Vision, Values and Overarching Principles for the District spanning 2015-2018.

This document encompasses our ambitions and, with partners, how we will deliver these to the community. The Blaby Plan comprises of our Corporate Plan, our Medium Term Financial Strategy and our People Strategy. It is not just a list of things we want to achieve but also details how we have planned all our resources, both financial and staffing to deliver these.

### Translating the vision into objectives for the authority and its partnerships

The Council's objectives reflect the overall vision and are detailed in a series of critical activities which are incorporated into annual departmental service plans and individual goals.

### Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources and value for money

The Council has in place an agreed clear and coherent framework for managing and monitoring performance.

Service Plans and performance measures are held on InPhase, our performance and risk management system. This system was implemented in April 2014. These are updated regularly by officers and corporate reports can be produced using the RAG (red, amber, green) system. InPhase also holds the Blaby Plan and risk registers, and is being developed to link with back office systems within the Council to be used as a Business Intelligence (BI) reporting tool.

A Corporate Dashboard, which reports on a selection of measures, is produced monthly on InPhase for discussion at Informal Cabinet and by the Directors. This Dashboard is also made available in the Members Lounge and to staff on the intranet. A Quarterly Performance Report is presented to Cabinet which also highlights strong performance and areas of concern. This report is also presented at Scrutiny Commission meetings. A Cabinet Member has portfolio responsibility for Performance Management, and provides challenge, as does the Leader.

The Council's service and financial planning process ensures that resources re-direction and allocation is aligned to the priorities emanating from the Blaby Plan and in the Annual Service Plans. The Council has in place Contract Standing Orders and Financial Regulations designed to ensure that the Council achieves value for money in discharging its procurements requirements.

Customer satisfaction with services is monitored through local and service specific surveys, and electronic means to provide feedback on a range of activities and issues.

### Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communications in respect of the authority and partnership arrangements

The roles and responsibilities of the Cabinet Executive, the Non-executive members, the Scrutiny Commission and the Senior Leadership Team are set out in the Council's Constitution which provides a

comprehensive framework for the management of the authority's business. This is supported by a formal Scheme of Delegation, based on a delegation by exception principle. A Member/Officer protocol ensures effective and appropriate communication between the paid establishment and elected Members. The Cabinet Executive has previously approved a recommendation from the Member Development Steering Group to adopt a comprehensive "Members Roles and Responsibilities" paper which sets out role profiles and the required skills and knowledge for the various roles Members fulfil in discharging their responsibilities.

Within this financial year the Council saw a number of new Members join the Council who underwent a comprehensive induction programme and attended a number of training sessions throughout this year to ensure they are equipped to fulfil their roles.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

The Council has adopted the national Code of Conduct for Members supported by a Standards Committee which monitors issues in relation to standards of behaviour.

There is a separate officer code of conduct.

Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedures notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks

Council policies are produced in accordance with the principles set out in the Constitution and recommended for approval following review by the Senior Leadership Team. Decision making which falls within the policy and budgetary framework rests with the Cabinet Executive whilst those decisions falling outside the framework are reserved to full Council. The call-in procedure enables the Scrutiny Commission to review decisions made by the Cabinet Executive. Day to day decision making is carried out by appropriate officers in accordance with the Scheme of Delegated Powers (which is based on a delegation by exception principle) and in accordance with the Financial Regulations. These arrangements all contribute to the economic, efficient and effective operation of the Council. The whole suite of standing orders, financial regulations and scheme of delegation are reviewed and updated as required through regular reports to Council.

A Forward Plan is published 28 days before the Cabinet Executive meets and provides:

- a) The public with details of all key, non key and budget and policy framework decisions to be taken by Members over a minimum period of four months ahead.
- b) An aide-memoire for the Council's informal board of senior Members and officers to identify future issues for further discussion.
- c) The Scrutiny Commission with information to consider areas where it may wish to seek involvement in policy development.

The system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures, management supervision and a system of delegation and accountability.

Development and maintenance of the system is undertaken by the Senior Leadership Team within the Council and its effectiveness is reviewed by either external or internal audit. In particular, the arrangements include:

- The Medium Term Financial Strategy is now part of the Blaby plan but includes a Financial Summary spanning future years which is revised annually
- A Capital Programme including asset investment
- An effective system of budgetary control
- The preparation and review of regular and timely financial reports which indicate financial performance against the forecasts
- Clearly defined capital appraisal, funding and expenditure controls
- Formal project management disciplines where appropriate
- Regular performance management reports

The Council has in place a Risk Management Policy and Strategy to ensure that the management of risk, is embedded within the organisation at both the strategic and operational level both Members and senior officers have specific roles and responsibilities identified. A Corporate Risk Management Group, headed by the Chief Executive and supported by the performance team provides leadership, whilst the post of Performance Manager has specific responsibility to co-ordinate the management of risk across the Council and ensure both Members and officers are trained so that they are equipped to manage risk in a way appropriate to their duties. Risk assessments are a pre-requisite for all capital project appraisals and form an integral element of Service Plans. The Council has invested in a software package (InPhase) to assist with the management and monitoring of both performance and risks. This includes a risk tracking facility to continuously monitor the Council's exposure to areas classified as high risk. Members of the Audit Committee receive regular risk monitoring reports.

#### Ensuring effective management of change and transformation

The Council continues to embed a "system thinking" approach to implementing change and transformation. This was led by the Director of People up until the end of February this year and is now led by the Director of People and Finance supported by a team of champions across all services. Comprehensive training is provided to staff across the Council and to services as appropriate. Members are fully engaged in this process with both a Cabinet Executive portfolio holder having specific responsibility for driving and monitoring the change process. The Scrutiny Commission, through its performance working group are actively involved in examining the detail of the processes and change reviews.

#### 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

The CIPFA Statement was originally published in March 2009 in respect of the Role of the Chief Financial Officer in public services as a whole and was considered by the Council's Cabinet Executive in July of that year. The following year a further version was produced which was specifically directed towards Chief Financial Officers serving in local government. The five underlying principles however remained the same. The Council's financial management arrangements conform with the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

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 Senior Auditor reports directly to the Council's Audit Committee on all matters appertaining to audit outcomes.

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

The "Monitoring Officer" function is carried out by the Corporate Services Group Manager who reported to the Director of People during the majority of this financial year, but now reports to the Chief Executive. The Democratic Services, Scrutiny and Governance Manager, who has responsibility for legal matters, reports to the Corporate Services Group Manager.

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 Director of People, who has responsibility for all HR matters, reported to the Chief Executive. During the last month of this year the Director of People and Finance has responsibility for all HR matters and this position reports to the Chief Executive position.

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 Committee whose remit and functions are based on the guidance set out in a CIPFA publication 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 Senior Auditor. Arrangements are in place for the Senior Auditor 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 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 Performance Manager who facilitates the management and mitigation of risk and the Senior Auditor who provides assurance on matters of internal financial control. The Human Resources function, through the use of Performance Development Appraisals assesses (and provides a means of improving) competencies 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 and promotes appropriate whistle blowing policies and procedures which are regularly reviewed and updated where required. A revised Whistle Blowing (Raising Concerns) policy was approved by the Cabinet Executive in July 2013 which was reviewed and updated in February 2016. Staff awareness of the Whistle Blowing policy were highlighted in Blaby Matters. It also has a well established and responsive complaints procedure to deal with both informal and formal complaints from its customers and the residents of the District. Regular information relating to performance in respect of complaints (and compliments) is presented to the Senior Leadership Team.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

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. The Council continues to invest in management training offering a number of varied courses and opportunities for senior officers to attend in order to develop their skills and knowledge. The Leader of the Council has undertaken a Member Leadership Programme course at the Warwick Business School. A further four Members also benefitted from this course and a senior officer has completed the post-graduate diploma course in Public Leadership and Management. The Council deliver's specific Member training around local government finance, good governance and the risks and responsibilities that go with their individual roles, particularly when serving on Audit Committees.

The Council continues to adhere to the principles of the East Midlands Councils Elected Member Development Charter and have recently achieved re-accreditation. The Charter provides a set of national standards for authorities to achieve, ensuring elected Members are equipped to have the knowledge and skills to be effective community leaders.

Establishing clear channels of communication with all sections of the community and other stakeholders, enduring accountability and encouraging open consultation

The Council produces regular newsletters for all residents and businesses within the District which, in addition to providing information and advice, seeks to receive the views of the residents on a wide range of issues. Targeted service priority consultation exercises are undertaken to inform the future allocation of resources. The Council works closely with its 24 Parish Councils. This includes quarterly parish Liaison meetings for Parish Clerks, an (co-produced) Annual Parish Council Seminar and the provision of a Parish Council Single Point of Contact within the Council. The Council has established effective Business Breakfast meetings and holds regular meetings with the head teachers of the Academies in the district. It has a Youth Council and an established Older Persons Forum 'Agewise' which foster and encourage consultation and inter-generational understanding.

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

The Council has established and leads on a Staying Healthy Forum which has set its own objectives and priorities to improve the health and well-being of the community. This includes locality specific areas for improvement such as obesity and smoking cessation. The forum includes representatives from the NHS, community safety and health providers.

The Council has been working towards a formal merger of the Community Safety Partnership (CSP) of both Blaby and Hinckley and Bosworth which was approved by Council in April 2016. Together the CSP's across Leicestershire work with the Police, Fire, Probation Services, County Council and Clinical Commissioning Groups to develop and implement strategies to protect local communities from crime and to help people feel safe. Local approaches to deal with issues including antisocial behaviour, drug or alcohol misuse and re-offending are also developed through the joint working.

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

The Council participates in a range of joint working arrangements with other bodies, some of which are more significant than others. 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. It therefore actively supports and encourages an "open book" approach wherever possible.

### **Review of Effectiveness**

Blaby District Council undertakes on an annual basis a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by a) the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, b) the Senior Auditor's annual report and c) by comments made by the external auditors and other review agencies and inspectorates.

### **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.

It is the responsibility of the statutory officers to report to Council on any issues concerning the review of the effectiveness of internal control arrangements where such cases fall outside the delegated power of other decision making bodies of the Council. There have been no issues arising during 2015/16 which have required the full Council to exercise its role.

The Constitution of the Council is subject to a continuous review process and a delegation by exception scheme forms an integral part of the arrangements. The Constitution has undergone a revision in recent months and the new version, which was actively reviewed by Members, was approved by Council on 24<sup>th</sup> May 2016.

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

### **Role of Cabinet Executive**

The role of the Cabinet Executive is to receive, consider and approve the Annual Governance Statement and to monitor the implementation of any Action Plans arising out of the review of its governance arrangements.

### **Role of Audit Committee**

A formal Audit Committee, constituted on the basis of the guidance issued by the Chartered Institute of Public Finance, including the adoption of a “Statement of Purpose”, was established in 2008.

The Audit Committee meets on a quarterly basis. It has responsibility for considering the findings of the annual review of the effectiveness of the internal audit function in addition to receiving regular monitoring reports from the Senior Auditor. The annual external audit plan is also approved by the Audit Committee.

### **Role of Scrutiny Committee**

The Council has a well established and effective Scrutiny Commission supported by working panels who are assigned specific projects to be undertaken. The Commission can “call in” a decision which has been made by the Cabinet Executive but not yet implemented, to enable them to consider whether the decision is appropriate.

### **Risk Management**

The Corporate Risk Group regularly reviews the Risk Management Strategy to ensure its continued relevance to the Council. The reviews also assess performance against the aims and objectives of the Risk Management Strategy.

The Performance Manager provides regular progress reports to the Corporate Risk Group and the Senior Leadership Team bringing to their attention any significant risks which have been identified. The Corporate Risk Group/Senior Leadership Team also:

- Reviews the Council’s strategic/operational risk registers and associated action plans
- Ensures that the appropriate management action is taken to minimise/eliminate risk

Audit Committee review the Strategic Risk Register and mitigating actions regularly. They also have responsibility for reviewing and recommending the Risk Management Strategy at regular intervals.

### **Role of Internal Audit**

Internal Audit is provided in accordance with the statutory responsibility under Section 151 of the Local Government Act 1972, the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. It is managed on a day to day basis by the Senior Auditor who reports to a Director. There



is however also an indirect reporting line to the Director of People & Finance, (formerly the Financial Services Group Manager and also the Section 151 Officer) in relation to matters of a technical or professional nature.

Internal Audit objectively examines, evaluates and reports on the adequacy of internal controls and governance as a contribution to the proper, economic and effective use of resources. During 2015/16 this responsibility was carried out following an approved risk based annual audit plan. The Senior Auditor produces quarterly progress monitoring reports against the plan to the Audit Committee.

The internal reporting process for audit work requires a report of each audit to be submitted to the relevant Group/Corporate Manager and/or Service Manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by the relevant managers. The process also includes regular reviews of recommendations to ensure that they are acted upon. A summary of all audits carried out, including a grading rating which reflects the effectiveness of the controls in place and an analysis of the recommendations is submitted to each quarterly Audit Committee meeting.

The Public Sector Internal Audit Standards, introduced on 1 April 2013, require an external assessment of compliance with the Standards to be carried out at least once every five years.

The assessment was carried out in April 2015 and did not identify any significant gaps in compliance. The draft report was presented to the Audit Committee on 23<sup>rd</sup> June 2015 and the Senior Auditor has implemented an action plan which has improved overall compliance with the Standards.

The Shared Service Senior Auditor provides an independent opinion on the internal control environment to the Audit Committee which then feeds into the Annual Governance Statement process. For the 12 months ended 31 March 2016, based upon the work undertaken by Internal Audit during the year and additional information provided by relevant managers on their responses to audit recommendations, the Senior Auditor has formed the opinion that the Council's overall internal control arrangements are a **Grade 2**. This means that they **require improvement in some areas**. This is detailed in the report of the Senior Auditor's 'Internal Audit Annual Report 2015/2016' as presented to Audit Committee on 28<sup>th</sup> June 2016.

The report details two audits which were awarded a Grade 3 rating. The issues raised are unique to specific functions of the Council and do not suggest more widespread issues. Further review and follow-up actions illustrate the reliance and importance the Council place on the work of internal audit.

### **Other Explicit Review/Assurance Mechanisms**

The Corporate Services Group Manager (the "Monitoring Officer") has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Constitution has undergone a revision in recent months and the new version, which was actively reviewed by Members, was approved by Council on 24<sup>th</sup> May 2016.

Statements of Assurance are received from senior officers regarding internal control issues in line with the guidance set out in "Delivering Good Governance in Local Government".

A Peer Review carried out by the LGA described Blaby District Council as “a great council which is performing well with no major concerns. There are many examples of good services and projects with a strong focus on doing the right thing for Blaby’s residents and customers at all levels of the organisation.”

The effectiveness of the internal financial controls is reviewed annually by the external auditor whose “Report to Those Charged with Governance” is considered formally by the Audit Committee at its September meeting.

**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 Senior Leadership Team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.*

**Significant governance issues**

*Whilst there are no significant governance issues to report, nevertheless the Council continues to seek to enhance and strengthen our governance arrangements where improvements can be identified. We will monitor progress made as part of our next annual review.*



Signed \_\_\_\_\_  
Leader of the Council

26<sup>th</sup> September 2016



Signed \_\_\_\_\_  
Chief Executive

26<sup>th</sup> September 2016