

Scope of Responsibility

Oadby and Wigston Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions which includes arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government*. Crucially this framework states that good governance relates to the whole organisation. A copy of the code is on our website at www.oadby-wigston.gov.uk or can be obtained from the Director of Resources, Oadby & Wigston Borough Council, Station Road, Wigston, Leicestershire, LE18 2DR.

The CIPFA/SOLACE framework for the Annual Governance Statement (AGS) requires the most senior officer (Chief Executive or equivalent) and the most senior member (Leader or equivalent) to sign the statement. Clearly the signatories must be satisfied that the document is supported by reliable evidence.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities 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 fundamental principles of corporate governance are:

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area
2. Members and officers working together to achieve a common purpose with clearly defined functions and roles
3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
5. Developing the capacity and capability of members and officers to be effective

6. Engaging with local people and other stakeholders to ensure robust accountability

As a corporate document the AGS should be owned by all senior officers and members of the authority. It is essential that there is a buy-in at the top level of the organisation, otherwise there is a risk that the preparation of the AGS is not perceived as the important task that it is by managers and other staff. If the work is delegated to a single officer it is likely to dilute the statement's significance

The 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.

Risk management should feature strongly in the AGS process. It should support the co-ordinating role of the corporate group by advising on risks to achieving corporate objectives and statutory requirements, which are set out in corporate, directorate and departmental risk registers, and how they are managed.

The governance framework has been in place at Oadby & Wigston Borough Council for the year ended 31st March 2011 and up to the date of approval of the Statement of Accounts.

The Governance Framework

Vision and Priorities

The corporate plan, 2006-2016, was approved by the Policy Committee in June 2006 with the Council's three priorities being declared as:

- **A good quality of life for all residents**
- **A clean, green and safer environment**
- **A successful economy**

These priorities were agreed with residents through the 2006/07 budget consultation process and the Resident Forums.

During 2007/08, a revised community strategy was produced based on consultation with and shared priorities of organisations within the Local Strategic Partnership. These priorities are aligned with the Council's own objectives.

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In July 2008, the Council approved the report "A Bigger Borough" which set out the way forward for the Council. Update reports have been presented to the Council meetings on the 29th September, 8th December, and 25th February 2010. Furthermore, Council on 20th July 2010 approved a report on the governance of the new Council operating model. In summary the Core Principles approved were:

- Ask, Listen and Involve
- Explain, do it and do it well
- See it through, make a difference and work to the highest standards

As part of the Bigger Borough vision, the Council has agreed the following:

"Our Borough, Our Future, the Next 10 Years"

What does Oadby & Wigston Borough Council stand for:

To be a customer-centred, "can-do", Council which listens, provides effective community leadership and quality services which give good value for money.

Our Vision for Oadby & Wigston:

We want Oadby & Wigston to be a place where people aspire to live and work.

To achieve this we will drive improvements so that by 2020 Oadby & Wigston will have:

A Good Quality of Life for all Residents

- We will provide parks and leisure facilities in all areas of the Borough
- We will ensure the built environment is of the highest standard of design and construction.
- We will work with partners to help people become healthier.
- We will ensure that the standard of housing in the Borough improves.
- We will work with partners to improve life chances for those who are most disadvantaged and vulnerable

A Clean, Green and Safer Environment

- We will make sure the streets are cleaner.
- We will provide a waste collection service which meets the needs of residents and encourages people to recycle and sends less waste to landfill.
- We will become a more sustainable Borough working with our partners in order to reduce our impact on the climate by reducing our carbon footprint.
- We will plant more trees and protect green spaces.

- We will support the police and work to remove the causes of bad behaviour.

A Successful Economy

- We will help create a stronger local economy.
- We will regenerate our three town centres.
- We will market what is good about our Borough.
- We will work hard with local business and other organisations to attract inward investment in order to create and sustain quality jobs in the Borough.

A Well run Democratic Council

- We will work for the good of the entire Borough and to maintain our independence
- We will strengthen our relationships with partners in and outside the Borough in order to improve life for people in the Borough
- We will work alongside partners to deliver Borough and not just Council priorities
- We will treat everybody equally and with respect
- We will provide quality services that give value for money
- We will engage with, consult, listen and act on the views of residents
- We will manage the Council's budget prudently for the benefit of all

The six work themes which clarify and drive the Council's ambitions are:

- **A Bigger Council** will refresh democracy and empower Members
- **A Bigger Picture** will set the Council's overall strategic aims and main focus
- **A Bigger Debate** will consult and set the priorities of the Borough
- **A Bigger World** will work together with others for the benefit of the Borough
- **A Bigger Organisation** will maximise capacity and deliver improvement
- **A Bigger Message** will involve and inform the people of the Borough
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However, post the recent full Council elections, the corporate plan is to be reviewed and revised in 2011/12. This will in turn inform a new Medium Term Financial Strategy. Additionally, as reported to the Resources and Regeneration Committee on 29th March 2011, there is to be a complete review and enhancement of the Council's financial framework leading to changes in the level of information in reporting and better integration with corporate and service objectives.

The financial strategy is communicated to staff through employee briefings and to residents through the Resident Forums and through an annual report on finance and performance.

Quality of Services

Service plan targets and key performance indicators are monitored monthly by management team. Budget exceptions and 'traffic light' monitoring of service targets are then considered at each meeting of the main Committees.

The Overview and Scrutiny Committee have selected the performance indicators that are important to them and review performance against these indicators at each meeting. More in-depth analysis will be requested by the Committee where performance is below target (e.g. in-depth reviews have been requested for sickness levels and fraud investigations).

Specific service reviews are initiated where it is felt that improvements in the quality of services can be made.

Constitutional Matters

The key roles and responsibilities of Council, Committees, Members, the Chief Executive, Responsible Financial Officer, other Chief Officers and the Monitoring Officer are set out in the Council's constitution and scheme of delegation.

The constitution includes the Standing Orders for Contracts and Financial Regulations, which detail the processes and approvals required for various levels of purchase and the internal control procedures required to manage risks across the Council. The constitution, scheme of delegation and financial regulations have been extensively updated and approved by Council at its meeting on the 20th April 2010.

Codes of Conduct

The standards of behaviour expected from members and officers are set out in member/officer codes of conduct. A register of members' interests is maintained as are records of interests declared at Council and Committee meetings. All Members are required to complete 'related party' declarations at the end of the financial year in support of the statutory financial statements.

The constitution, standing orders, financial regulations, whistle blowing policy and the anti-fraud and corruption policy set the rules and standards within which Council business is conducted and provide the mechanisms for dealing with any failures in these procedures. The Standards Committee monitors the performance of Members, senior officers and the Council's Committees. The Council's decision making practices are guided by the values as set out in the corporate plan.

Audit Committee Functions

Up to the year end, the Overview and Scrutiny Committee acted as the Council's internal audit committee. The Committee received reports from the Internal Audit Manager at each meeting and required Service Heads to attend meetings of the Committee where they were not satisfied with responses given to audit recommendations. Reports from our external auditors (Audit Commission) were received by the Resources and Regeneration Committee. From 1st April 2011, both the internal and external audit functions will be carried out by the Council's Service Development Committee.

Policies, Procedures, Laws and Regulations

The Council's statutory officers are the Chief Executive, the Section 151 Officer and the Monitoring Officer. They are responsible for ensuring that the Council acts within the law and in accordance with established policies and procedures. No report can be presented to Council or Committee for approval without first being reviewed by these officers or their delegated representative(s). Chief Officers are responsible for ensuring that legislation and policy relating to service delivery and health and safety are implemented in practice.

Risk Management

The Resources and Regeneration Committee adopted a new Risk Management Policy and Strategy at its meeting of 30th June 2009. The Strategic Risk Register is reviewed quarterly by the Strategic Risk Management Group and updated as necessary. This register identifies major risks and considers their likelihood, which aspects of the Council they would impact on and the level of that impact. Updates to the register are reported to each Resources and Regeneration Committee meeting. All key objectives within individual service plans have been 'risk assessed'. Against each risk is an action plan and a responsible officer to manage the risk. Members of Resources and Regeneration Committee receive risk management training on a regular basis, the last session being in April 2010. Risk management is embedded in processes such as capital appraisals and service development plans. A Strategic Risk Management Group and an Operational Risk Management Group coordinate arrangements across the Council. The "Member Champion" has been consulted on the Strategy and Policy.

Whistle-blowing and Complaints

The Council's whistle-blowing policy is available to all employees and those contracting with the Council. A corporate complaints procedure is in place which includes staged levels of escalation depending on the seriousness of the complaint.

Training and Development

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An induction programme is provided for all new Members and officers. Personal development plans are prepared for all Members. A member training programme exists through the Leicestershire and Rutland Improvement Partnership. In-house training is provided for Members on significant changes in Council business such as new legislation.

The skills and resources required by statutory officers are set out in person specifications. Rigorous recruitment processes are followed to appoint to these key posts. Responsibilities are reinforced through the Council's constitution and development needs are identified through employee development interviews.

Communication and Consultation

Local people and stakeholders are engaged through the community strategy, Resident Forums, Youth, Senior Citizens' and Multi-Cultural Groups. A programme of meetings is in place for these Groups with agendas largely being set in conjunction with residents and other stakeholders.

Significant funding (£575,000) has been allocated to the Resident Forums so that they can make a real difference to their local area by investing finance in identified projects.

All meetings are held in public. There is a high level of interest in matters considered at the Resident Forum meetings as evidenced by the levels of attendance. Minutes are produced of all meetings with action lists of issues raised at forum meetings, to be reported back to the next meeting.

An annual report and an annual statement of accounts are produced, clearly setting out achievements, performance and planned activity.

Partnerships

The Council's partnership work has been developing since 2007/08 and appropriate frameworks have been put in place to ensure proper governance. These frameworks continued to be strengthened in 2010/11 as partnership working becomes more prevalent, in order to ensure clarity to the roles and responsibilities of the partnership members. This will avoid disputes and set out the extent of financial liabilities. An example is the partnership agreement with Hinckley and Bosworth Borough Council for the provision of ICT, Interim Director of Resources and s151 Officer, Internal Audit and Regeneration services..

Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of the effectiveness is informed by the work of the Chief Officers within the authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Manager's

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annual report and also by comments made by the external auditors and other review agencies and inspectorates. The sections below set out how the governance framework has been maintained and reviewed up to the date of the approval of the Statement of Accounts. At the beginning of the 2011/12 financial year, the Council's contracted internal auditors (RSM Tenon) reviewed the Council's corporate governance arrangements. They concluded that assurance can be given that the internal controls were operating adequately. This audit report is to be reported to the Service Development Committee on 12th July 2011.

The Council

In 2008/09 the Council decided to take a strategic approach to the way it reviewed its policies and procedures. A report was presented to the Resources and Regeneration Committee in June 2009 detailing how this will be done. The Council reviewed all policy under which the authority operates. Amongst other things, the Council has considered:

- The "Bigger Borough" proposals
- Constitutional amendments
- The annual budget and council tax levels

This review process is still on-going.

Resources and Regeneration Committee

During 2010/11, the Resources and Regeneration Committee both implemented and reviewed policy set by the Council. In particular it:

- Monitored Service Delivery Plans and targets (also done by other main Committees)
- Considered Procurement and Efficiency Plans
- Approved report on Borough-wide regeneration.
- Approved Oadby and Wigston Town Centre Masterplans
- Examined proposed changes to system of Housing Finance
- Approved a Child and Vulnerable Adults Protection Policy
- Approved a system of Child Care Vouchers
- Approved a new Capital Strategy and Asset Management Plan
- Approved new Financial Regulations
- Reviewed the website
- Considered the review of the effectiveness of Internal Audit
- Received the External Audit Letter and External Audit Plan
- Received the Annual Statement of Accounts
- Reviewed the Annual Governance Statement
- Approved ICT Strategy, and Contingency Plans.

In 2011/12, the above functions will be carried out by the Service Development Committee.

Other Main Committees (Services, Development Control, Licensing)

Other main Committees monitored the services under their control through reports on Service Delivery Plans, progress against budgets, key projects and actions being undertaken by the Council.

Overview and Scrutiny Committee

The Overview and Scrutiny Committee set its own work programme which included performance reviews of various service areas.

The Overview and Scrutiny Committee performed the functions of an Audit Committee and received regular reports from the Internal Audit Section.

Significant matters considered by the Overview and Scrutiny Committee during 2010/11 were:

- Review of Cultural Services
- Review of Eight to Eight walk in centre
- Review of Housing Services Inspection
- Review of South Wigston Regeneration Programme
- Review of Climate Change Programme
- Review of Electoral Registration
- Scrutiny of the Comprehensive Area Agreement/Local Strategic Partnership
- Review of Leisure Services Contract
- Review of Advice Provision Contract
- Review of Asset Management
- Review of Extended Schools Strategy and Childrens' Centre Programme
- Review of Youth Provision
- Review of Customer Services
- Scrutiny of key performance indicators

Standards Committee

The Standards Committee was responsible for promoting and maintaining high standards of conduct by Councillors and co-opted members and supporting the Monitoring Officer in discharging her role in respect of standards of conduct and behaviour. During 2010/11 the Committee:

- Considered remuneration of independent Members
- Considered local assessment of complaints
- Considered new draft orders and regulations relating to the conduct of Local Authority Members
- Looked at training and guidance for Standards Committees

Chief Officers

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Chief Officers are responsible for ensuring proper standards of internal control within their departments. At the end of the financial year, Chief Officers complete a declaration to confirm that they have reviewed the systems within their areas of responsibility and have identified areas where improvements are necessary.

The Governance Statement will be reviewed quarterly by the Council's Management Team, and issues identified within the Statement will also be monitored and reported to the September Service Development Committee.

Internal Audit

Internal Audit is responsible for the review of the systems of internal control and for giving an opinion on both the corporate and service specific standards in place. The five-year Audit Strategy covers all activities of the Council at a level and frequency determined through an analysis of risk.

An annual Audit Plan was prepared and at the completion of each audit, a report was produced for management with recommendations for improvement. Details of findings from individual audits were reported to the Council's Management Team and then to the Overview and Scrutiny Committee. In some instances, the Committee requested further audit review to be undertaken.

The Interim Director of Resources reviews the effectiveness of internal audit through the quality of the recommendations in audit reports submitted in 2010/11 to the Overview and Scrutiny Committee (and for 2011/12 to Service Development Committee) and subsequent comments made by the Committee on audit findings. The Internal Audit plan for 2010/11 was considered by the Resources and Regeneration Committee on 30th March 2010 and the Internal Audit Plan for 2011/12 by the same Committee on 29th March 2011. An annual Audit Report for 2010/11 will be presented to the Service Development Committee by July of each year.

External Audit

The external auditors reviewed the Council's arrangements for:

- Preparing accounts in compliance with statutory and other relevant requirements
- Ensuring the proper conduct of financial affairs and monitoring their adequacy and effectiveness in practice
- Managing performance to secure economy, efficiency and effectiveness in the use of resources

The Council has taken action where improvements needed to be made to respond to external audit recommendations.

Summary

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The Council's Management Team, (via Internal Audit), in May 2011 carried out a review of the existing governance framework and put in a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant Governance Issues

The review of the governance framework, undertaken throughout 2010/11 and up to the date of the approval of the annual accounts has identified that the following was necessary in order to maintain a system consistent with the principles of the CIPFA/SOLACE framework *Delivering Good Governance in Local Government*. The matters identified in the Annual Governance Statement produced last year have all been addressed, and the following issues remain significant:

1. The review of the new management structure approved at Full Council on the 22nd March 2010 continues to take place. There will undoubtedly be some significant issues that arise before the full structure is successfully embedded but processes are in place to manage these.
2. The budget for 2011/12 was balanced after addressing difficult decisions. A full, revised Medium Term Financial Strategy is due to be approved by Council in October 2011. This will better equip the Council for future budgetary and restructure issues. The budget for 2011/12 was balanced
3. For 2010/11, the final components of the "Bigger Borough" review have been put in place with a new updated Committee Structure.
4. The staged updating of the Council's Policies continues.
5. During 2011/12 work will continue on standardised shared service framework agreement and embedding governance arrangements for partnerships.

Mark Hall
Chief Executive

John W. Boyce
Leader of the Council

Date 13/09/2011