
ANNUAL GOVERNANCE STATEMENT

Executive Summary

The Annual Governance Statement is a public report by the Council which outlines compliance with the Local Code of Governance and recognised governance frameworks. The statement must outline how the Council has monitored the effectiveness of governance arrangements in the year, and on any planned changes in the coming period.

This document outlines the governance arrangements for Oadby and Wigston Borough Council and assesses how closely these are aligned with good practice.

In overall terms this is a positive statement for the financial year 2011/12. This document relies on several assurance mechanisms including internal audit, the work of Council committees and external audit.

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, properly accounted for and is used economically, efficiently and effectively. The Council 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. 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 and managing risk.

The Council has approved and adopted a Local Code of Governance (the Code), which is consistent with the principles of the CIPFA/SOLACE framework Delivering Good Governance in Local Government. The code defines governance as “Ensuring we are doing the right things, in the right way, for the right people in an open, honest, inclusive and timely manner.” 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 requirement to produce an Annual Governance Statement is outlined in regulation 4 of the Accounts and Audit (England) Regulations 2011. These regulations state that the Council must conduct a review at least once a year on the effectiveness of its systems of internal control and that the Annual Governance Statement must accompany the Statement of Accounts when being approved by the Audit Committee.

The CIPFA/SOLACE framework for the Annual Governance Statement requires the most senior officer (Chief Executive or equivalent) and the most senior member (Leader or equivalent) to sign the statement. However, responsibility for corporate governance is the responsibility of the whole organisation and should be emphasised through leadership and procedures.

The Purpose of the Governance Framework

The governance framework comprises the systems, processes, culture and values by which the Council is directed and controlled. It reflects the activities through which the Council is accountable to tax payers and engages with and leads the community. The framework enables the Council to monitor the achievement of its strategic

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objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The fundamental principles of corporate governance are outlined in the Local Code of Governance as:

1. Focusing on the purpose of the Council 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 Council 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; and
6. Engaging with local people and other stakeholders to ensure robust accountability.

The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. Internal control cannot eliminate all risk but rather can provide reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify the risk that the Council's objectives will not be met, evaluation of the likelihood and impact of those risks and implementation of controls to manage these risks effectively and economically.

The governance framework has been in place at Oadby & Wigston Borough Council for the year ended 31st March 2012 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.

In July 2008, the Council approved the report "A Bigger Borough" which set out the way forward for the Council. The six themes which clarify and drive the Council's ambitions are within this document were:

- A Bigger Council will refresh democracy and empower Members

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- 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

In 2011, the Council's controlling political group set out its vision for the four year administration period of this Council. These can be detailed into the following seven priorities:

- Protect the good quality, consistent, value for money front line services provided to residents, particularly weekly refuse and recycling collections
- Enhance the green environment of the Borough so that residents can take full advantage of it
- Revitalise the town centres through development and by retaining free shoppers car parking
- Work with the Police to create a safer Borough where people feel comfortable and at ease
- Better community engagement including listening to and delegating more to the three town forums
- Work smarter to deliver the efficiency savings required to meet the continuing budget cuts
- Working with other to try and improve the health and wellbeing of the residents of the borough

These priorities will:

- Focus and drive forward the Council's strategic planning for the next four years
- Form the basis of the Council's Medium Term Financial Strategy
- Provide the direction for allocating resources and restructuring
- Set the parameters for the annual Service and Employee Development Plans

The vision and objectives of individual departments are outlined in annual service delivery and development plans. The plans for 2011/12 were approved by the Service Delivery and Service Development committees in June and July 2011 respectively.

The Council's financial strategy is outlined in the Medium Term Financial Strategy 2011 to 2015 which was approved by the Service Development Committee in March 2012. The document outlines eleven financial objectives which the Council looks to achieve in order to resolve the continuing pressure on available resources. Alongside this, the Council has put in place a Housing Revenue Account (HRA) Business Plan which sets out how the Council will respond and operate under the new scheme of self financing. This plan addresses the recommendations made to Council in October 2011 in a report written by Savilles outlining the future strategy of the Council's housing landlord services.

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Quality of Services

Service plan targets and key performance indicators are set for each department within service delivery and development plans and are recorded on a dedicated performance management system (TEN). Progress against targets is monitored monthly by management team and the Service Delivery/Development Committees. The Council's financial position is reported against budget to Service Development Committee. Detailed budget information is provided to budget holders each month and dedicated project teams will provide financial information for large projects or ventures. A full review of the budgetary control process is planned for 2012/13. This will look to ensure that budget information provides value to users and effectively informs decisions.

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 of performance is prepared where requested. Examples of dedicated reports provided to the Committee in year include:

- Customer Services – April 2011
- Asset Management – April 2011
- Bobbin Factory – August 2011
- Shared Building Control – September 2011

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, elected members, the Chief Executive, statutory and other Chief Officers 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 risk across the Council. The Constitution, Scheme of Delegation and Financial Regulations have been extensively updated over the past two years and were reviewed by Council in September 2011.

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. Members' allowances are examined on an annual basis and a review of the allowance scheme was performed in 2011/12 by an independent remuneration panel.

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.

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Chapter 7 of the Localism Act 2011 outlined that there is no longer a statutory requirement to have a Standards Committee however each Council will need to put in place arrangements dealing with complaints and standards issues. The Standards Committee met in February 2012 to consider their response to these proposals. The Committee's preference to adopt a common code in collaboration with other local authorities in Leicester, Leicestershire and Rutland, was recommended to Council in April 2012.

Audit Committee Functions

In 2011/12, the Service Development Committee acted as the Council's internal Audit Committee and undertook the core functions as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities. The Committee received reports from the internal audit manager at each meeting and called service heads to attend meetings where they were not satisfied with responses given to recommendations. Reports from our external auditors (Audit Commission) were also received at these meetings. From 1st April 2012, the Audit Committee role will be undertaken by the Policy, Finance and 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

A strategic risk management group and an operational risk management group coordinate risk management arrangements across the Council. Following recommendations from internal audit and the strategic risk management group the Council's insurers Zurich Insurance were engaged in year to update the Council's Risk Management Strategy, processes and Strategic Risk Register.

Risk management workshops were held in February 2012 with both members and senior management to provide training on risk management and to identify the key risks facing the Council's objectives. A revised Risk Management Strategy and Strategic Risk Register were presented to Service Development Committee in March 2012. Further work will be performed in 2012/13 to embed the Strategic Risk Register into the Council's reporting framework and to refresh operational risk registers for individual departments.

During 2011/12, the previous Strategic Risk Register was reported quarterly to the Service Development Committee. This register identified major risks and considers their likelihood, and impact on the Councils' objectives. Each risk is allocated a responsible officer who is responsible for identifying an action plan and providing updates on the residual risk each quarter. Risk management is embedded in processes such as capital appraisals and service development plans. All committee reports include a section outlining any risk implications arising from the proposals.

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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.

In May 2011, 18 councils across the England and Wales took part in a survey asking their customers about how well they delivered customer services. The results from Oadby and Wigston customers gave us an average score of 9.25/10 over the 9 surveyed areas. The results of this survey have been fed into our Customer Charter.

Training and Development

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. A number of public consultations have taken place in year on pertinent issues including open spaces, Blaby Road Park and with residents of Boulter Crescent.

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, to be reported back to the next meeting.

The Council communicates to residents through the Letterbox newsletter which is circulated to all residents each quarter. Key documents such as the Corporate Plan, Statement of Accounts and Budget Book are published setting out achievements, performance and planned activity. Regular staff communication is achieved through the staff and management notice boards and regular briefings held by the management team.

Partnerships

The Council aims to fully exploit the opportunities for partnership working to ensure joined up service delivery and efficiency savings. Key partnerships involving the Council include the Community Safety and Crime and Disorder Reduction partnerships for Oadby and Wigston. At a county level, the Council is involved in "Leicestershire Together" and works with other public sector providers to improve the wellbeing of residents of the Leicestershire. A report on the achievements of this partnership was taken to Overview and Scrutiny committee in July 2011.

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From an operational perspective, the Council continues to pursue opportunities for joint working with other councils. Oadby and Wigston now share a number of posts including the s151 officer, Head of Finance, and the Lead Officer for Procurement and Contracts with Hinckley and Bosworth Borough Council and jointly operate ICT, building control and internal audit delivery.

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 and the results of the work of internal audit, external audit and comments received by 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.

A full review of the Council's governance structure was presented to Council on 17th April 2012 and included a number of suggested amendments to the current organisation. These changes will be implemented for the 2012/13 financial year.

Current Governance Structure – Members

Oadby and Wigston is one of only a few Council's that has retained a Committee system. The vast majority of councils operate using a Cabinet system where a small group of councillors are given the power to make the majority of decisions on behalf of all other councillors.

The benefits of the Committee system are that all councillors sit on a range of committees and every member has a vote that counts every time. This is the cornerstone on which this Council is built in order that councillors don't feel marginalised from decisions. All decisions are debated and made during open committee in full public view. All councillors and constituents can hear the full debate and the perspective of ward councillors. It also allows the opposition to be part of the debate and vote at the time the decision is actually taken. Only urgent decisions are delegated to the Chairs/Vice Chairs which are then reported back to the full committee at the earliest opportunity so all members are engaged

In addition to the statutory requirement to have a separate Council and distinct Development Control and Licensing Committees the Council has two main committees;

- Service Development (from 1st April 2012, Policy, Finance and Development Committee) which has overall responsibility for setting the long term aims of the Council and moving it forward in line with them.
- Service Delivery which has the direct responsibility for the day to day operation of all services:

The Council's Overview & Scrutiny function operates independently to the rest of the Council machinery, selecting issues that its members believe merit examination. Councillors sitting on Overview & Scrutiny have opted not to sit on the main service committees so that they can provide clear and independent judgement.

The Council's principal committees have considered the following key areas in 2011/12:

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Council	Service Development	Service Delivery	Overview & Scrutiny
<ul style="list-style-type: none"> • Budget proposals and budget monitoring • Community Safety Partnership • Council Tax Setting • Delegated reports from forums and committees • Licensing policy • Members allowances • Strategic Assessment of Landlord services • Constitutional review • National planning policy • Organisation change proposals 	<ul style="list-style-type: none"> • Individual Internal Audit Reports and the Annual Report and Plan • Reports from the External Auditor including annual plan and report on the Statement of Accounts • Updates to policies and procedures including career grading and customer care • Risk Management reports and strategy • Medium Term Financial Strategy and HRA Business Plan and regular updates • Blaby Road Park Master plan • European Regional Development Fund • Telephone procurement • Service development plans 	<ul style="list-style-type: none"> • Climate change • Municipal waste strategy • Future of Leicestershire's Record Centre • Empty Homes • Establishment of an Environmental Board • Homeless support funding • Parking on grass verges • Recycling sorting • Community Grant Schemes • Contaminated Land 	<ul style="list-style-type: none"> • Policies and procedures including CRB checking and Safeguarding Adults • Regular review of key performance indicators • Citizens advice bureau • Absence management • South Leicestershire College Partnership working • Building Control Shared Service • Leicestershire Together • Asset Management • Member Enquiry System

Chief Officers

Chief Officers are responsible for ensuring proper standards of internal control within their departments. At the end of the financial year, heads of service 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 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 (2010).

Officer governance arrangements were reviewed in year through a comprehensive restructure process. The revised structure was approved by Service Development Committee in March 2012.

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. In 2011/12 the Council's internal audit function was outsourced to RSM Tenon. A

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competitive tender took place in year with Coventry and Warwickshire Audit Services (CWAS) being awarded the internal audit contract from 2012/13.

The Annual Audit Plan for 2011/12 has been completed in full. Details of findings for each individual audit has been reported to the Council's management team and then to Service Development Committee.

The Director of Resources and section 151 Officer reviews the effectiveness of internal audit through the quality of the recommendations in audit reports and subsequent comments made by the Committee on audit findings. The Annual Audit Plan for 2011/12 was approved by the Resources and Regeneration Committee (re-named the Service Development Committee) on 29th March 2011 and an Annual Report was presented to the Service Development Committee on 27th March 2012.

The internal audit report for 2011/12 provided a year end opinion on the Council's internal control framework. RSM Tenon issued an "amber" rating for the Council's governance and risk management systems and a "green" rating for the systems of internal control. One internal audit report relating to the Council's Sports Ground resulted in a "red" rating overall but internal audit concluded that they "consider this to be an isolated area of operation and does not reflect a more general failure of management control across the Council."

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; and
- 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.

Significant Governance Issues

Significant governance issues have been identified by management through the following means:

- Ongoing review of the governance framework in year as summarised by this document;
- Review of the Internal Audit Annual Report as presented to the Service Development Committee in addition to other reports produced by external inspectorate agencies;
- Review of the self assurance statements completed by Heads of Service at year end; and
- Review of governance issues identified in prior year

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The results of this process have been summarised below:

Significant Control Issue	Source	Action Plan
Identified in 2011/12		
<p>The 2011/12 Kitchens and Bathrooms scheme included in the Capital Programme for the Housing Revenue Account (HRA) has overspent by £95,563 in year.</p> <p>Per the Council's financial regulations (para 3.17):</p> <p>"If in respect of any capital project the sum approved in the current capital programme is likely to be exceeded, prior approval of the appropriate spending Committee ... shall be obtained if the excess is likely to be more than 5% or £500 whichever is the greater."</p> <p>This overspend was not identified and reported until the year end as part of the Out turn process and is therefore deemed a breach of financial regulations.</p>	<p>Outturn report Service Assurance Statement</p>	<p>The Council has conducted an independent internal investigation into the reasons for this overspend. This investigation has revealed some internal control and procedural weaknesses and management have asked Internal Audit to carry out a review of control systems.</p> <p>Training will be provided to all Heads of Services, accountants and budget holders to ensure compliance going forward.</p>
Prior year – The following are follow up actions from the previous year's AGS:		
<p>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.</p>	<p>Prior year Annual Governance Statement</p>	<p>A revised management structure was put in place in 2011/12. A full restructure of the Council's services is currently taking place, with full implementation expected from June 2012. The management team continue to work with members and officers to ensure that this process is effectively managed and that levels of internal control are not adversely impacted by the restructure.</p>
<p>The budget for 2011/12 was balanced after addressing</p>	<p>Prior year Annual Governance</p>	<p>The budget for 2012/13 was balanced and a</p>

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<p>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</p>	<p>Statement</p>	<p>Medium Term Financial Strategy has been put in place to address the financial position of the Council over the next 5 financial years. The document outlines that the Council may have a shortfall in 2014/15 and plans have been put in place to address the savings and income streams required to address this need.</p>
<p>For 2010/11, the final components of the “Bigger Borough” review have been put in place with a new updated Committee Structure.</p>	<p>Prior year Annual Governance Statement</p>	<p>A further review of the committee structure was presented to Council in April 2012. This revised structure will be embedded in 2012/13.</p>
<p>The staged updating of the Council’s Policies continues</p>	<p>Prior year Annual Governance Statement</p>	<p>The Council continues to update significant policies and procedures. The internal audit annual report identified that further work is required to ensure all policies are updated and that positive assurance is obtained to validate that officers have read and understand required protocols. A forward plan has been put in place to ensure that all key documents are reviewed by relevant committees in year.</p>
<p>During 2011/12 work will continue on standardised shared service framework agreement and embedding governance arrangements for partnerships.</p>	<p>Prior year Annual Governance Statement</p>	<p>The Council continues to maximise opportunities for shared services and has appropriate agreements in place to outline the governance arrangements for these relationships.</p>

Mark Hall
Chief Executive

John W. Boyce
Leader of the Council

Date