

# ANNUAL GOVERNANCE STATEMENT

## 1) Scope of Responsibility

North Wiltshire 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. North Wiltshire 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, North Wiltshire District Council is responsible for putting in 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.

North Wiltshire District 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*. A copy of the code is on our website at [http://www.northwilts.gov.uk/index/council-democracy/councils/cd\\_councils-council\\_performance/cd\\_councils\\_local\\_code\\_of\\_corporate\\_governance.htm](http://www.northwilts.gov.uk/index/council-democracy/councils/cd_councils-council_performance/cd_councils_local_code_of_corporate_governance.htm) or can be obtained from our finance department. This statement explains how North Wiltshire District Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a Statement on Internal Control.

## 2) The purpose of the governance framework

The governance framework comprises the systems and processes, and 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 achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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 North Wiltshire 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.

A governance framework has been in place at North Wiltshire District Council for the year ended 31 March 2009 and up to the date of approval of the Statement of Accounts.

## 3) The Governance Framework

The key elements of the systems and processes that comprise the Council's governance arrangements are set out below: -

## **A. The monitoring of performance**

### ***i. Setting the authority's vision and priorities***

The council set its priorities for 2007/08 and 2008/09 and following two Policy Days in 2007/08 – to which all members were invited – and work from the Budget and Strategic Planning Working Group. Three corporate priorities were agreed – all underpinned by the Council's Mission: **Improving North Wiltshire**

**Vision:** *Vibrant, diverse and healthy communities living in a clean and safe environment*

**Priorities:**

1. **Community:** *To promote vibrant, safe and inclusive communities*
2. **Environment:** *To protect and enhance the local environment*
3. **Customers:** *To put our customers at the heart of everything we do*

The council's corporate plan was developed from this. Each priority was underpinned by a number of goals, indicating what the Council hopes to achieve in the next 3-5 years. Additionally service plans feed to and from the corporate plan.

### ***ii. Reviewing Vision and Priorities***

The Corporate Plan was reviewed by the Executive in September 2007, in the light of the Government's announcement that there would be one unitary Council covering Wiltshire in future. The outcome of this review was to propose a Transitional Corporate Plan, which amended some of the actions for the current year and changed the end date of the Corporate Plan to March 2009. The Transitional Corporate Plan was agreed by the Executive as the basis for budget consultation for 2008/09. A final version of the Transitional Corporate Plan for 2008/09 was considered at the Executive Budget meeting on 31 January 2008 and was approved at the budget meeting on 26 February 2008.

### ***iii. Monitoring of Performance***

in 2007/08 work plans, ensuring that progress could be monitored at an individual level.

Performance against key performance indicators was monitored and reported regularly to CMB, Executive and Overview and Scrutiny Committee.

Monthly revenue and capital budget monitoring reports were produced and reviewed by Corporate Management Board and reported to the Executive.

Monitoring of strategic and operational risks took place through monthly performance monitoring, reviewed by the Corporate Management Board.

Task groups were formed – by Overview and Scrutiny Committee, or by the Executive - where members identify issues of concern e.g. public conveniences, leisure provision.

## **B. Facilitation of policy and decision making**

The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. Within this are clear codes of conduct, defining the standards of behaviour for members and staff.

## **C. Ensuring compliance with relevant laws and regulations**

The statutory officers, the Head of Paid Service (Chief Executive), the Monitoring Officer, Head of Finance & Resources (Section 151 Officer) have key roles in monitoring and ensuring compliance with the Council's regulatory framework and law. For example, the Monitoring Officer has a duty to report on any actual or likely decision that would result in an unlawful act or maladministration; the Head of Finance & Resources is responsible for the proper administration of the authority's financial affairs and internal audit function.

Whistle Blowing and Anti-Fraud and Corruption policies provide additional safeguards.

Compliance was monitored through staff supervision, the work of Internal Audit, Overview and Scrutiny Committee, external audit and inspection agencies.

All posts have detailed job descriptions and person specifications that include competencies. Training needs were identified through the appraisal process.

Monthly performance monitoring was reviewed by Corporate Management Board.

External audit – through the Audit Commission - provides an independent appraisal function.

Training has been provided on finance and risk management to members.

Financial regulations were available on the intranet in an easily accessible summary for members and officers.

## **D. Risk Management**

Final Accounts and Audit Committee now has the overall responsibility for risk management (prior to this, it was the Executive).

A Risk Management Strategy was in place throughout 2008/09.

A corporate risk register was in place and was updated on a monthly basis by Corporate Management Board – based on information in the monthly performance reports from each Business Area. This was reviewed quarterly by the Corporate Management Board. The Finance and Audit Committee also review the risk register on a regular basis.

## **E. Financial Management**

The 2008/09 budget was prepared by the finance team in conjunction with the senior officers of the council, and also the members. The budget set out the financial framework for the delivery of the Corporate Plan. The budget was approved by Full Council on 26<sup>th</sup> February 2008.

Monthly revenue and capital budget monitoring reports, which report performance against budget, were produced and reviewed by Corporate Management Board and reported to the Executive.

Monthly meetings took place between the Management Accountants and individual Budget Holders to monitor performance against budget, and to provide accounting support as required. Any major variances were then incorporated into the monthly revenue and capital monitoring reports.

Through the year the councils' finance officers have been working with their county colleagues to prepare the 2009/10 budget for the new unitary authority.

#### **4) Review of effectiveness**

North Wiltshire District 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 effectiveness is informed by the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, the Internal Audit and Risk Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee and a plan to address weaknesses and ensure continuous improvement of the system is in place.

#### **Authority**

The Council's Constitution sets out how the Council operates, how decisions are made and the procedures that were followed to ensure that these are efficient, transparent and accountable to local people. This has been reviewed and updated during 2008/09.

All of our committees are open to the public, and offer an opportunity for members of the public to ask questions, make statements or deliver petitions.

#### **Executive**

Monitoring of strategic and operational risks takes place through monthly performance monitoring, reviewed by the Corporate Management Board. The Executive receives budget monitor reports on a monthly basis from July to March each year.

The risk register was updated on a monthly basis and reviewed quarterly, alongside the Corporate Plan, by the Executive.

#### **Final Accounts and Audit Committee**

The Final Accounts and Audit Committee met bi-monthly to review various financial and audit matters of the council including progress against the internal audit plan, and reviewing the Strategic Risk Register. The FAAC also met to agree with the Council's senior financial officers the closure of accounts.

#### **Overview and scrutiny committee**

The Overview and Scrutiny Committee seeks to monitor the Executive's work, scrutinise its decisions and to develop policy in a similar way to Parliamentary Select Committees.

Councillors cannot be members of the Overview & Scrutiny Committee if they are members of the Executive. This ensures that the Overview & Scrutiny Committee is independent from the decision-making Executive and that no conflicts of interest arise.

#### **Standards committee**

The standards committee ensures that the members operate within the councillors code of conduct.

The purpose of the Committee is to consider issues relating to the Code of Conduct for Councillors. The powers of the Committee are mainly governed by legal regulations.

### **Treasury management and investment strategy working group**

This working group meets quarterly to review treasury activity and strategy, income forecasts, superannuation fund performance reviews. It also reviews the banking, reconciliation and internal security arrangements of the Council.

### **Internal audit**

The system of internal control is designed to manage risk to a reasonable level rather than eliminate all risk of failure to achieve the policies, aims and objectives of North Wiltshire District Council. It can provide only reasonable and not absolute assurance of effectiveness. It is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Authority'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 internal audit function was primarily carried out by the internal audit department, but the IT systems internal auditing was carried out by external experts – Deloitte.

The internal auditors worked to an audit plan prepared by the Internal Audit Manager and Head of Finance & Resources, and agreed by the Final Accounts and Audit Committee. Quarterly progress reports were reviewed by the Final Accounts and Audit Committee.

## 5) Significant governance issues

### a) Progress on Significant governance issues from the 2007/08 Governance statement

#### 1 Local Government Reorganisation (Unitary) – Transforming Services, Retaining Key Staff, Delivering Business as Usual

The conflicting demands of LGR and maintaining business as usual has been continually controlled throughout the year, with no obvious loss of service. A county wide process for recruitment and retention has been implemented by the LGR HR team with active participation from North Wiltshire DC officers.

#### 2 Capital programme control (Risk Management Register – Significant Risk)

CMB / Executive considered issues relating to the use of resources within the ADR team to deliver the capital programme, because of the issues relating to the shortages of staff, number of projects to deliver and difficulty in recruiting to key posts. It was agreed to focus on a number of key project areas and to look at other ways of resourcing the work through outsourcing, transfer to the new authority. A report is going to the CMB / Executive meeting on a monthly basis to keep them updated on projects and any issues arising. This should enable the ADR team to remain focused on the delivery of key capital projects and provide a more efficient and effective use of the available resources.

#### 3 IT Business support (Risk Management Register – Significant Risk)

Prioritised resource planning based on business critical systems has been implemented to minimise the risk, and no critical risks have occurred.

#### 4 Business Continuity Planning

Business Critical activities have been reviewed and reprioritised by the Business Continuity Team and confirmed by the CMB. Work with the LGR teams has been undertaken in this area. A heating failure in December demonstrated the ability to deliver short term objectives.

#### 5 Collective Agreement with the trade union

This has not progressed as the trade union has not responded for over six months. The council has reserves to cover this, and these will be passed onto the new council.

#### 6 IT / Business Transformation Strategy

Work has focused on delivering improvements to key areas within Cleansing and Amenities, Council Tax and Benefits.

**b) Current governance issues**

**1 Long Term Future of Jarvis**

There are concerns about Jarvis's financial stability, and the new council should continue to monitor this. Regular meetings have taken place with the Facilities Manager, and there are no major issues for 2008/09

**2 Economic Downturn**

The risk to abstract budgeted revenue from discretionary services such as planning, land charges and trade services has been monitored during 2008/09, and will continue to be a risk in 2009/10.

**6) Signing of the Annual Governance Statement;**

Leader of the Council \_\_\_\_\_ Councillor Richard Tonge

Head of Paid Service \_\_\_\_\_ Stuart McGregor

On behalf of North Wiltshire District Council