

Annual Governance Statement

1. Scope of Responsibility

Kennet District Council is responsible for ensuring 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 the 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 and for ensuring that there is a sound system of internal control which facilitates the effective exercise of its functions and 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*. A copy of the code can be found on the Council Website www.kennet.gov.uk or by writing to:

Kennet District Council
Browfort
Bath Road
Devizes
Wiltshire SN10 2AT

This statement explains how the 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 an Annual Governance Statement

2. 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 and engages with 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 the Council's policies, aims and

objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2008 and up to the date of approval of the statement of accounts.

3. The Governance Framework

Kennet District Council's governance framework derives from six core principles identified in a 2004 publication entitled *The Good Governance Standard for Public Services*. This was produced by the Independent Commission on Good Governance in Public Services – a commission set up by the Chartered Institute Of Public Finance and Accountancy (CIPFA), and the Office for Public Management. The commission utilised work done by, amongst others, Cadbury (1992), Nolan (1995) and CIPFA/SOLACE (2001). These principles were adapted for application to local authorities and published by CIPFA in 2007. The six core principles are:

- a) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
- b) Members and officers working together to achieve a common purpose with clearly defined functions and roles;
- c) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
- d) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
- e) Developing the capacity and capability of members and officers to be effective; and
- f) Engaging with local people and other stakeholders to ensure robust public accountability.

The key elements of each of these core principles at Kennet District Council are as follows:

Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

A clear statement of the Council's purpose and vision is set out in its Corporate Strategy and Medium-Term Financial Strategy. This strategy outlines the principal objectives for the Council and represents the key planning documents for the Council, from which a number of additional plans are developed in support of it. These include the Best Value Performance

Plan, the Capital Strategy, the Asset Management Plan, Leisure Strategy and the Housing Strategy.

The objectives outlined within these Strategies are translated into more specific aims and objectives in the service delivery plans which each Council service is required to prepare annually. Performance against these objectives is monitored by individual services and formally reviewed by the Overview and Scrutiny Management Board to ensure the council's objectives are being met and published within the Best Value Performance Plan.

Regular satisfaction surveys and a formal complaints procedure allow the Council to gauge customer satisfaction with regard to the effectiveness of service delivery.

In addition there are four Local Area Partnerships that feed into a Local Strategic Partnership (LSP) within the Kennet area. The LSP has adopted a Community Strategy, which is the result of a wide consultation with our communities. The Kennet LSP, which comprises membership of a wide range of organisations across the district, has worked to improve the quality of life for the people who live, work or study in the relevant Community Area.

The Council has a formal performance management framework in place providing links from the corporate objectives of the Authority, the budget and work planning process and the Annual Service Delivery Plans.

As part of the budget cycle, each Service Manager produces a Service Delivery Plan, which is presented to Members for approval, in conjunction with the Council priorities and financial resources. Performance Indicators are set at a national and local level and targets agreed for the coming three years. Once the Service Delivery Plans and budgets have been finalised and approved by Committee, employee development reviews, agreeing individual targets, take place.

Performance against targets is monitored on a quarterly basis by managers and the Management Team and Overview and Scrutiny Management Board, in order that service standards are maintained and corrective action can be taken.

In addition, within the Corporate Strategy & Best Value Performance Plan, there is a formal link made between the objectives of the Council and how this will be achieved and measured.

Members and officers working together to achieve a common purpose with clearly defined functions and roles

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

The main decision making Committees are the four Executive Committees, namely Resources, Community Development, Planning Policies and Partnership Development which are responsible for all matters defined by law and operate within the budget and policy framework approved annually by full Council. The role of the Executive Committees is to develop policies and services within the framework of the Corporate Strategy and policies. Meetings are open to the public except where personal or confidential matters are being discussed and all decisions made within these bodies are ratified by Full Council.

Policy and decision making are facilitated by a clear framework of delegation set out in the Council's Constitution, with clear details of delegated authorities to officers.

All reports are reviewed for legal, financial and risk considerations prior to being presented to Members of the Council for formal decision-making.

The Council has agreed a Forward Plan of Work to be completed, and meet in public on an 8 weekly cycle. This, together with an appropriate level of delegation to senior managers enables speedy decision making.

The Corporate Management Team of the Council meets on a fortnightly basis and provides the strategic direction of the Council in delivering the requirements of the Members. It also considers other internal control issues, including risk management, performance management, compliances, efficiency, value for money and financial management.

There is also a robust budget and policy framework and detailed financial regulations, which are monitored by the Chief Financial Officer and the Monitoring Officer. The Constitution is updated continually to reflect any changes in structure.

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The behaviour of Officers and Members is regulated through separate Codes of Conduct which have been formally approved and adopted. These Codes are supported by numerous protocols that apply the principles of the codes to specific areas of Council activity.

In addition the Council has a Standards Committee whose roles and functions include:

- Promoting and maintaining high standards of conduct;
- Advising and training Members on the Code of Conduct;
- Monitoring the Code of Conduct

- Reporting to the Council when it considers standards of conduct or behaviour need reviewing;
- Receiving the details of complaints referred to the Authority from the Standards Board for England;
- Reporting to the appropriate Council on the result of any investigation into the standard of conduct of behaviour of a Member;
- Dealing with any issues raised by the Monitoring Officer.

The Council recognises the importance of the principles of Corporate Governance and the need to apply them across all areas of the Authority's corporate activities. The specific details of how this will be achieved are reported in the Best Value Performance Plan and regularly reviewed against the guidelines issued by CIPFA/SOLACE and the findings are reported to Committee annually.

As well as a Code of Conduct outlining behaviour for Officers, the Head of Paid Services, Chief Financial Officer (as Section 151 Officer) and Monitoring Officer have specified roles within the Constitution to ensure reports prepared for member decision comply with the budget and policy framework and are lawful.

Each Member receives copies of the meeting Agendas in advance. As one of the Agenda items for each meeting, the Members are required to declare any interests at the outset of the meeting. In addition, Members are encouraged to undertake any training relevant to their area of decision making.

Internal and External Audit work together to review and provide annual opinions of the control framework, governance arrangements and the validity of the annual accounts. The Internal Audit Section operates to standards set out in the 'Code of Practice for Internal Audit in Local Government in the UK'.

The Council has policies to safeguard both itself and its staff when making decisions. An Anti-Fraud & Corruption Strategy and Whistle Blowing Policy have been developed and communicated to staff as part of the Induction process. Both Policies provide clear reporting channels and are reviewed on an annual basis.

The financial management of the Council is conducted in accordance with the financial rules set out within the Constitution and with the Financial Regulations. The Council has designated the Head of Financial Services as Chief Financial Officer in accordance with Section 151 of the Local Government Act 1972.

The Council's overall financial arrangements are governed by its Medium Term Financial Strategy¹, which sets out the financial framework for the delivery of the Council's strategies and plans. In determining the revenue and capital financial framework, a number of factors are taken into account

¹ Published as part of the Corporate Strategy and Medium Term Financial Strategy

including the national context, the distribution of local government funding from central government along with other local and external funding sources.

This is supported by robust budget setting and monitoring arrangements and detailed financial regulations, which form part of the Constitution. All spending departments are required to monitor their budgets on a monthly basis, in consultation with the Corporate Finance section. Spending departments are responsible for their expenditure (and income) and are therefore accountable to Members for their budgets.

The Council has in place a detailed service planning process that feeds into the budget setting system. Service Managers are required to prepare Service Delivery Plans on an annual basis.

The Council manages its investments within the guidelines of its Treasury Management Policy Statement and Annual Investment Strategy, which is approved by Members on an annual basis.

Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

The Council has several Committees which carry out regulatory or scrutiny functions as follows:

The Overview and Scrutiny Management Board is formally responsible for developing and reviewing policy, holding the decision-makers to account and also reviewing the performance of the Council and Executive Committees.

The Corporate Finance Scrutiny Sub-Committee has specific responsibility for scrutinising the Statement of Accounts, Risk Management, Audit arrangements, the Annual Governance Statement and budgetary control and monitoring. This Committee also acts as a specific Audit Committee and has specific terms of reference to which it adheres.

In addition to the above, there is also the Regulatory Committee, which is remitted to take certain decisions delegated from the Full Council. In general, these comprise planning and licensing decisions.

Risk Management is embedded throughout the Council, with an active Risk Management Group in existence since 1994. The Terms of Reference for the group were reviewed in 2006/07 and approved by the Resources Executive Committee in March 2007.

The Council has developed a Strategic Risk Implementation Plan which has been designed to identify, prioritise and manage the risks that exist in order to ensure the Council achieves its aims and objectives. The Risk Management Group is charged with embedding the risk management process throughout the organisation.

The strategic and operational risks that have been identified have been prioritised and a full Risk Register has been developed. The key risks identified have been assigned to a Service Manager, who is responsible for developing an appropriate action plan to combat the risk. Each Service Manager is required periodically to report their progress to the Risk Management Group.

As part of the annual service planning process, Service Managers are required to identify the top five operational risks affecting their services and to prepare an appropriate action plan to mitigate these risks.

The Corporate Finance Scrutiny Sub-Committee has specific responsibility for scrutinising Risk Management and receives regular Risk Management update reports at its meetings.

Developing the capacity and capability of members and officers to be effective

As an Authority Kennet has devoted resources to ensuring the high standards of its staff and achieved re-accreditation under the Investors in People Standard in 2007. This is a quality framework which ensures that the Council's employees have the right knowledge, skills and motivation to work effectively.

All Council services are delivered by trained and experienced officers. Job Descriptions and Person Specifications have been drawn up for all posts to ensure that the best candidates are appointed into each position.

All officers employed by the Council receive an annual Employee Development Review at which performance can be measured against set objectives. Training needs are also identified as part of this process and addressed via the Human Resources service and/or individual service as appropriate.

Kennet District Council has made a significant commitment towards the training of its staff. This commitment is outlined within the Learning and Development Policy and staff are actively encouraged to apply for training through the Employee Development Review process. Significant budget is set aside annually to ensure that these training needs are met.

A significant commitment has also been made towards retaining good staff, by offering numerous 'work friendly' schemes and where possible encouraging succession planning and promotion from within. This ensures that valuable skills and experience are retained and passed on, rather than being lost.

The Chief Executive and Leader of the Council have a good working relationship and hold regular meetings to discuss any emerging issues. The Chief Executive also briefs all members with regard to their roles at the time they are sworn in.

There are regular formal meetings between Members and Senior Officers through Policy Boards. These Boards allow officers to brief Members on reports going through Committee and for Members to ask pertinent questions to inform the decision making process.

There is a significant amount of training available to Members throughout their term of office. As well as an initial induction programme, training is also provided through the Wiltshire Improvement Programme for Member Development. This is supported by further training within Kennet based around their individual portfolios, for example members of the Corporate Finance Scrutiny Sub Committee receive for example specific training on financial issues such as the statement of accounts, budget setting process, internal audit, treasury management.

Engaging with local people and other stakeholders to ensure robust public accountability

Kennet District Council recognises that communication with all stakeholders plays a fundamental role in the successful delivery of high quality, cost effective services.

The Council is constantly striving to improve its communications performance, to build on its track record of continuous improvement and to ensure that the authority as a whole is open and accessible to the community, service users and staff. Most recently Kennet has:

- worked with the communities of Marlborough, Pewsey, Tidworth and Devizes to identify and publish local priorities and action plans
- invested in new technology to ensure that 100% of the services are available electronically
- committed to sending an annual newspaper to all residents in the District
- funded free electronic access points across the District, with direct links to the Council
- Introduced a Contact Centre that enables the majority of queries to be answered and problems solved promptly at the initial point of contact

Kennet continues to listen to feedback from the local community and to learn from best practice across the country. With this in mind, the Council has developed its Communications Strategy, which has been endorsed wholeheartedly by both Members and Officers.

The strategy has been developed with the input of staff, Members and other key stakeholders. Consultation has also taken place with representatives from across the District, to establish the standards of communication that are demanded of the Council. In addition, best practice has been explored to ensure that this strategy takes the Council forward to reach the highest standards of communication

Communication standards are reviewed on a regular basis through the following media:

- People's Voice
- Community area communications strategies
- Consultation (questionnaire) sent to Members, Parish and Town Councils and People's Voice
- General Opinion Survey (satisfaction survey)

All Committee meetings are open to the public except where personal or confidential matters are discussed. All agendas and minutes are placed on-line, along with the Council's policies and strategies. These items are also available by directly contacting the Council, should a Stakeholder be unable to access it electronically

The Council's Best Value Performance Plan and Corporate Strategy represents the key document that outlines its vision, objective and priorities for the year ahead, sets performance targets and outlines the Council's accountability to its stakeholders. When identifying objectives for the Corporate Strategy the views of stakeholders are taken into account, in particular through the Local Strategic Partnership and Community Plan. The Corporate Strategy is made available to Kennet's stakeholders, ensuring that they are aware of the objectives, goals and performance of the Authority.

The Council's programme for securing continuous improvement in its services is set out in the Best Value Performance Plan and Corporate Strategy. Actions for improvement are drawn from a variety of sources including Comprehensive Performance Assessment; the Council's internal reviews such as Best Value reviews, service reviews and scrutiny reviews; external inspections such as those undertaken by the Audit Commission; issues arising from performance management; consultation exercises; and service improvements identified by the Council's complaints and comments procedure. These improvements are communicated to stakeholders annually through the Best Value Performance Plan

The Council has a formal complaints procedure which allows the public or other stakeholders to make a complaint regarding the service received from the Council. Complaints can be made on-line or in writing and the Council has set targets for responding to all complaints received, ensuring accountability to its Stakeholders.

There is a Local Strategic Partnership which has adopted a Community Strategy for Kennet covering the period 2005-2015 with the following goals:

- Community Participation – Education, Culture, Health
- Maintaining a Pleasant Environment – Environment, Housing, Crime
- Accessible Services – Economy, Transport

The Community Strategy was created following a significant consultation process with the local communities, ensuring that the views of all areas of the

district were taken into account. The three over-arching objectives (detailed above) were identified and more specific targets set. Outputs against these objectives are measured and formally reported to stakeholders through the Local Strategic Partnership.

There are terms of reference and constitutions set up for key partnerships which ensure that all members of the partnership act lawfully throughout the decision making process. Key partnerships include the Wiltshire Waste Partnership and Kennet Local Strategic Partnership

The Wiltshire Order came into effect on 28 February 2007 which effectively transfers the District Council functions to Wiltshire Council on 1 April 2009. Therefore a lot of the work of the Council will be focused on setting up and ensuring the one vision council is a success, whilst maintaining robust accountability.

4. Review of Effectiveness

Kennet District Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of internal control. The review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the Management Team within the Authority, who have responsibility for the development and maintenance of the internal control environment, and also by comments made by the External Auditors and other review agencies and inspectorates

The key features of the Council's internal control framework are:

The Authority

The key formal document governing the internal control framework for the Authority is its Constitution. All delegation of decision-making is made in accordance with the requirements of the Constitution and the Scheme of Delegation, which forms part of the Constitution.

The formal rules governing the way in which the Council, its Committees and Officers conduct their business are also set out as part of the Constitution and include:

- Budget & Policy Framework
- The Financial Regulations
- Rules of Procedure for Council & Committee Meetings
- Access to Information Procedure Rules

All Committee reports are reviewed by the Monitoring Officer to ensure that they are lawful and by the Section 151 Officer for financial and risk implications prior to be presented to Members.

The Council has four Executive Committees that approve all policies and reports under each directorate. All decisions taken at an Executive level are also ratified by Full Council prior to implementation. The Overview and Scrutiny Management Board has the powers to 'call in' and challenge any of these decisions taken.

The Head of Legal Services (the Monitoring Officer) has a duty to monitor and review the constitution to ensure that its aims and principles are current. The constitution is reviewed regularly and updates are issued as necessary. Recent changes to the Constitution have included changes to the scheme of delegation and members allowances.

The Scrutiny Committee

The Council has an Overview and Scrutiny Management Board whose main role is to scrutinise decisions before and after implementation, holding the decision makers to account and to be consulted by the Executive Committee's regarding the development of policies. It also has responsibility for reviewing the performance of the local authority, its committees and sub-committees, normally in accordance with the annual council-wide work plan and for reviewing specific issues in depth, taking evidence from internal and external sources, before making recommendations to the Executive.

During 2007/08 examples of specific issues being reviewed included the investment strategy of the Council, the possibility of creating a single building control service for Wiltshire, choice based letting of houses (in particular the difficulty local applicants were having in obtaining local houses), the effects of climate change and a review of Members planning decisions. At the time of writing no decisions had been called in. Section Heads have also been requested to attend meetings to explain poor performance within their service.

The Standards Committee

The Standards Committee met on a quarterly basis throughout 2007/08 and conducted a broad ranging review for compliance of ethical conduct policies such as the Members Code of Conduct, Members declaration of related party transactions, Register of Gifts and Hospitalities, Declaration of interest at meetings etc and concluded that it was satisfied that these policies were being complied with.

The Standards Committee has also dealt with several complaints that have been made against Members that were referred to them by the Standards Board for England ensuring high standards of conduct are maintained. Training has also been received by the Committee Members on the additional powers that the Standards Committee will have regarding complaints in 2008/09 to ensure that they will act lawfully from the outset.

Internal Audit

The role of internal audit is to review the internal control framework that governs the operations of the Council and, in so doing, provide an independent opinion to both management and members of the Authority on the robustness of the Council's internal control environment.

The Internal Audit function of the Council is delivered by the Internal Audit Team. The work of the team complies fully with the requirements of CIPFA's Code of Practice for Internal Audit in Local Government in the UK

An Audit Plan is developed every 5 years, which is based on a risk assessment of all the services/systems of the Council. Service Managers are directly involved in the development of the plan. The plan identifies the audits to be completed each year, including core fundamental systems and other operational systems. The plan is devised in consultation with the Council's external auditors, the Audit Commission.

The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Operational Manager, Service Manager and Director. The Section 151 Officer also receives a report of all audits completed.

Each audit report includes agreed recommendations for improvement (graded high, medium or low). All recommendations are regularly followed up to ensure they are acted on. An opinion of the overall internal control environment is also provided. Where assurance is deemed to be unsatisfactory, immediate action is required.

The Audit Team reports directly to the Corporate Finance Scrutiny Sub-Committee (Audit Committee) at each of its meetings. The sub-committee approves the Audit Plan and monitors the performance of the Audit Team and progress against audit recommendations. The sub-committee also receives the executive summaries (including audit opinions) of all audit reports issued, for review. The Audit Team reports annually to the Resources Executive Committee, providing the audit opinions of all audits completed and an overall audit opinion. The overall audit opinion issued for 2007/08 is good.

During 2006 the Council conducted a review of the effectiveness of the system of internal audit and the findings of this review have been reported to Members for their consideration. The purpose of this review was to ensure that the annual audit opinion issued by Internal Audit may be relied upon as a key source of evidence and assurance. The review concluded that the System of Internal Audit is effective, although a number of minor recommendations were made and subsequently implemented during 2007.

The Corporate Finance Scrutiny Sub Committee receives quarterly reports on risk management, updating them on the work undertaken by the risk management group and approving key documents including the risk management strategy and the corporate risk register. This has enabled the

Corporate Finance Scrutiny Sub Committee to be satisfied that Risk Management is embedded throughout the authority and that the Council is making every effort to mitigate the key risks.

Other Assurance Mechanisms

In addition to the above, the Council has conducted a formal review of its internal control environment and collated evidence and assurance from a variety of sources. This has included the collation of assurances from all service managers and directors on the effectiveness of the internal control environment. A review of the returns concluded that based on this self assessment, effective controls were in place.

The Council has a Performance Management Framework through which quality of service can be measured by both local and national performance indicators. Performance targets are set and agreed for the coming three years and is monitored on a quarterly basis by Managers and the Corporate Management Team. Performance is also reported to the Overview & Scrutiny Management Board in order that corrective action can be taken where services are deemed to be under performing.

The Audit Commission reviewed the data quality used for assessing performance and deemed it to be of a “good quality and there were no qualifications to the information submitted”. Performance in 2006/07 resulted in 30% of all PI’s being in the top quartile and an overall improvement in year of 53% of the indicators.

The Audit Commission has reviewed the governance arrangements within Kennet and concluded that “governance arrangements remain sound and continue to be strengthened, particularly at Member level. There is a good assurance framework in place and the Corporate Finance Scrutiny Sub-Committee has an annual programme of work which provides member review and challenge for governance arrangements”.

The Audit Commission carried out a Comprehensive Performance Assessment Inspection of the Council in January 2004. The Council was assessed as “Good”, with financial standing and standards of financial control both attaining a maximum score of four. All weaknesses identified have now been addressed through the Strategic Improvement Plan.

As part of the Comprehensive Performance Assessment framework the Council has been assessed twice under the ‘use of resources’ category. The outcome of this assessment on both occasions was to award a score of 3 (out of 4). Areas for improvement were again identified within the process and included within the Council’s strategic improvement plan.

5. Significant Governance Issues

The following governance issues were identified during 2007/08 as a result of the review of arrangements and by the work of internal and external audit:

The Local Government and Involvement in Public Health Act 2007 and Wiltshire Order 2008 means Kennet District Council is a discontinuing Authority from 1 April 2009. This will introduce significant risks around service delivery and accountability to Stakeholders

The Risk Management Group has identified risks relating to One Council pre- and post- transition and developed an action plan. However the One Council will be an evolving project up to 1 April 2009 and it is important that these changes are reflected in this action plan

Although the Council has a corporate Risk Management Group and Risk Register, the Council should continue to take further action to embed the risk management culture across the authority.

The Council has a revised Code of Corporate Governance. Training on Corporate Governance has been provided for Members; however there is scope for further training and/or increased awareness in this area.

The Council has business and service continuity plans in place. However, it is planned that these will be reviewed during the year to ensure that they remain current and reflect the latest IT Continuity plans.

The Council has a number of partnership working arrangements in place, which are critical to the achievement of the Council's corporate objectives. As such, the Council should ensure that the risk and corporate governance arrangements for these partnerships is fully considered.

The Council should produce an annual report outlining the work of the Scrutiny Committee to ensure that decisions taken by the Executive are being adequately scrutinised

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review

Signed

Mark Boden
Chief Executive

Cllr Lionel Grundy OBE
Leader of the Council