

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*, Introduced in 2007

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 / Statement on Internal Control.

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 2009.

3. The Governance Framework

Kennet District Council's governance framework derives from six core principles. 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:

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

Corporate Strategy

A clear statement of the Council's purpose and vision is set out in its Corporate Strategy and Medium-Term Financial Plan. A number of additional plans have been developed in support of it incl., the Capital Strategy, the Asset Management Plan, Leisure Strategy and the Housing Strategy.

Area Partnerships

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.

Performance Management

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.

Scrutiny

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.

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

Constitution

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.

Roles and Responsibilities incl. Scheme of Delegation

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. An appropriate level of delegation to senior managers enables speedy decision making

In order to ensure that public resources are not used for political purposes the Council politically restricts certain posts in accordance with the Local Government and Housing Act 1989.

Corporate Management Team

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.

Section 151 Officer - Financial Management

The Council has a nominated responsible Financial Officer in compliance with S151 of the Local Government Act 1972.

This officer is responsible for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.

Internal Financial Control

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

The Council's overall financial arrangements are governed by its Medium Term Financial Plan 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 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's Financial Information System provides financial and management information and includes general ledger, debtors, creditors and procurement modules.

Monitoring Officer - Ensuring Compliance

Arrangements are in place to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

The Council's Monitoring Officer advises management on new legislation and compliance with the Council's Constitution.

Treasury Management

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.

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

Code of Conduct

The behaviour of Officers and Members is regulated through separate Codes of Conduct which have been formally approved and adopted.

Standards Committee

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.

Conflicts of Interest

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.

Members are also required to submit declarations of conflicting interest forms which are held for public scrutiny.

Anti Fraud and Corruption Policy together with Whistleblowing Policy

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.

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

Overview and Scrutiny

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 which acts as the Council's Audit Committee has specific responsibility for scrutinising the Statement of Accounts, Risk Management, Audit arrangements, the Annual Governance Statement and budgetary control and monitoring.

Risk Management

Risk Management is embedded throughout the Council, with an active Risk Management Group in existence since 1994.

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.

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

Investors in People

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.

Employee Development Reviews

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.

Training and Development

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.

Staff Retention

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.

Induction Programme and Member Development

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

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.

Policy Board

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.

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

Consultation

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.

Continuous Improvement

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, internal audits 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

Complaints Procedure

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.

Key Partnerships

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

Local Government Reorganisation

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 has been focused on setting up and ensuring the one vision council is a success, whilst maintaining robust accountability. Many staff have been seconded over to Wiltshire County Council to assist in setting up and managing the transition to an effective and efficient single Unitary Authority for Wiltshire.

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

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

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 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 2008/09 is **good**.

Other Assurance Mechanisms

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”.

Comprehensive Performance Assessment

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.

Use of Resources

In 2005 the Audit Commission undertook the Use of Resources assessment which evaluates how well councils manage and use their financial resources. It is a more stringent test than the judgements that formed part of the CPA framework up until 2004. The scope of the assessment was also widened.

The assessment focused on the importance of having sound and strategic financial management to ensure that resources are available to support the council’s priorities and improve services, covering five themes. The Audit Commission published its results in March 2006. The overall score was a three which meant that the council was consistently above minimum requirements and was performing well.

Since then , the Council has maintained its overall score of three for use of resources, which is a **good** performance.

5. Significant Governance Issues

During 2008/09 the Council recognised that the move towards a Unitary Authority may pose significant risks to the control environment and assets of the Council. This was recognised by the Audit Commission in its last management letter 'The proposal for local government re-organisation in Wiltshire is the key issue affecting Kennet District Council's ability to meet its key priorities in the immediate future. Developing arrangements for the smooth transition to the new unitary authority is making significant demands on councillor and officer time. The strategic focus has been switched away from the delivery of long term district council goals and a number of future initiatives, such as the proposed extension of kerbside recycling to include plastics and cardboard, will not now be implemented. Annual service planning has reduced for 2008/09 and each service has developed a minimum service delivery plan. This outlines the levels of service needed to ensure that the Council continues to provide adequate services to local residents and fulfils its legal obligations'.

The Annual Audit Plan for 2008/09 and the audit approach was modified slightly to reflect these changing risks and priorities of the organisation in the move towards a single Unitary Council

No action was necessary during the year ending 31 March 2009 to make corrections to the overall governance framework, discounting the move towards Unitary, as only minor weaknesses were identified by either internal or external audit.

Specific actions in relation to the Unitary Issues are as follows:

Action: The Council must ensure that appropriate arrangements are in place and key actions are identified to ensure that the current governance standards are maintained throughout the change over to One Council and that there is a proper and controlled close down and transfer of Kennet's statutory obligations

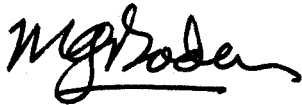
Staff turnover has been high. Staff have been seconded to Wiltshire County Council during the year and senior staff redundancies will take place at the end of March 2009. Officers have been working with County staff to ensure the proper transfer of services.

Action: 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 and beyond 1 April 2009 and it is important that these changes are reflected in this action plan

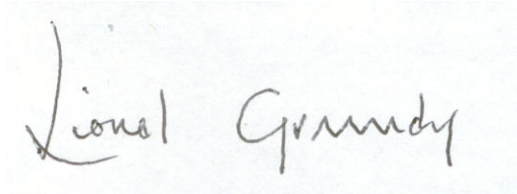
Although the Council has a corporate Risk Management Group and Risk Register, the Council should continue to monitor those risks within the plan throughout the transition period.

Action: Review and to continue to update business continuity plans through out the transition to One Council for Wiltshire

Signed

Handwritten signature of Mark Boden in black ink.

Mark Boden
Chief Executive

Handwritten signature of Lionel Grundy in black ink on a light blue background.

Clr Lionel Grundy OBE
Leader of the Council