

Report of:	Meeting	Date	Item no.
Corporate Director of Resources (S151 Officer)	Audit Committee	24 May 2016	9

ANNUAL GOVERNANCE STATEMENT 2015/16
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1. Purpose of report

- 1.1 To approve the Annual Governance Statement (AGS) for inclusion in the Annual Statement of Accounts in June 2016 following a review of the Council's governance arrangements.

2. Outcomes

- 2.1 Evidence that the Council has effective governance arrangements in place.

3. Recommendations

- 3.1 The Committee is asked to review and formally approve the AGS, which incorporates the Council's Code of Corporate Governance.

4. Background

- 4.1 In accordance with the Accounts and Audit Regulations 2015 the Council is required to prepare an AGS, which is published alongside the Statement of Accounts. The first AGS was approved by members of the Audit Committee in May 2008.

- 4.2 The Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) have jointly issued a framework and guidance in relation to the AGS; 'Delivering Good Governance in Local Government'. The guidance urges local authorities to prepare a governance statement in order to report publicly on the extent to which they comply with their own code of governance on an annual basis, including how they have monitored effectiveness of their governance arrangements in the year, and on any planned changes in the coming period. The process of preparing the governance statement should itself add value to the corporate governance and internal control framework of an organisation. It also recommends that when complying

with the guidance, authorities should use it in a way that best reflects their structure, type, functions and size.

4.3 The framework recognises that effective governance is achieved through six core principles;

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

5. Key Issues and proposals

5.1 The AGS is attached at Appendix 1 and has been prepared following the completion of ‘Governance Assurance Questionnaires’ that have been completed by key officers of the Council. The Leader of the Council and the Chief Executive have signed the statement certifying that they are aware of the governance issues within the Authority and of the measures that are needed to mitigate them.

Financial and legal implications	
Finance	None arising directly from the report.
Legal	Effective audit and risk management assist in good governance and probity of Council actions.

Other risks / implications: checklist

If there are significant implications arising from this report on any issues marked with a ✓ below, the report author will have consulted with the appropriate specialist officers on those implications and addressed them in the body of the report. There are no significant implications arising directly from this report, for those issues marked with a x.

risks/implications	✓ / x
community safety	x
equality and diversity	x
sustainability	x
health and safety	x

risks/implications	✓ / x
asset management	x
climate change	x
data protection	x

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List of background papers:		
name of document	date	where available for inspection

List of appendices

Appendix 1 – Annual Governance Statement 2015/16

arm/audit/16/2405jb3

ANNUAL GOVERNANCE STATEMENT 2015/16

1.0 INTRODUCTION TO CORPORATE GOVERNANCE

- 1.1 Good governance leads to good management, good performance, good stewardship of public money, good public engagement and ultimately leads to good outcomes for the citizens and the service users of Wyre. Good governance also enables the Council to pursue its corporate vision effectively, as well as underpinning that vision, with mechanisms for control and management of risks.

2.0 SCOPE OF RESPONSIBILITY

- 2.1 Wyre Council is responsible for ensuring that its business is conducted in accordance with the law and appropriate standards, that public money is safeguarded and properly accounted for, and that funding is used economically, efficiently and effectively. Wyre 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.
- 2.2 In discharging this overall responsibility Wyre Council is responsible for putting in place suitable arrangements for the governance of its affairs, which facilitate the effective exercise of its functions and includes arrangements for the management of risk.
- 2.3 Wyre Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE 'Delivering Good Governance in Local Government' framework.

3.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 3.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled, together with the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 3.2 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 meet the targets in our 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 Wyre 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.

3.3 The governance framework has been in place at Wyre Council for the year ended 31 March 2016 and up to the date of approval of the annual statement of accounts.

4.0 WYRE COUNCIL'S LOCAL CODE OF CORPORATE GOVERNANCE

4.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) have published a framework and guidance for delivering good governance in local government. The guidance helps local authorities to interpret the overarching principles contained in the framework prior to developing and maintaining their own 'local' corporate governance arrangements. The framework recognises that effective governance is achieved through six core principles and 18 supporting principles.

4.2 It should be noted that the CIPFA/SOLACE guidance is not prescriptive and authorities are encouraged to use it in a way that best reflects their structure, type, functions and size.

5.0 MEETING THE CORE PRINCIPLES

5.1 The tables below demonstrate how each of the core principles has been upheld during the 2015/16 financial year.

Core Principle No 1 - Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.

Supporting Principles

- Exercising strategic leadership by developing and clearly communicating the Authority's purpose and vision and its intended outcome for citizens and service users.
- Ensuring that users receive a high quality of service whether directly, or in partnership or by commissioning.
- Ensuring that the Authority makes best use of resources and that tax payers and service users receive excellent value for money.

Specific Evidence

- The Council has made a clear statement of the Authority's vision in its Business Plan (2015 – 2019) and uses this as a basis for corporate and service planning.
- The Business Plan includes a set of measures which are reported quarterly to the Overview and Scrutiny Committee.
- Annual financial statements are produced with an easy to read executive summary.
- There is an annual review of performance which is publically reported.
- There are effective arrangements to deal with failure in service delivery. There is a corporate complaints procedure with annual reports being available on the web site.

- The Medium Term Financial Plan, budgets and Capital Programme are soundly based and are designed to deliver the Council's strategic priorities.
- The Council embraces community engagement and involvement and uses its Shaping Your Neighbourhood initiative to encourage neighbourhood engagement and works collectively with ward councillors, parish and town councillors, community groups and other partner organisations to identify local issues and priorities.
- There is a Health Plan for Wyre reflecting the priorities of the Fylde and Wyre Clinical Commissioning Groups and the Fylde and Wyre Health and Wellbeing Partnership.
- Relationships have been established with clinical leads from the Blackpool, Preston and Lancaster North Clinical Commissioning Groups.
- The Value for Money indicators are reviewed annually with the results being reported to Cabinet.
- The Council's approach to Value for Money is reflected in the Annual Efficiency Statement reported to Cabinet.

Core Principle No 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles.

Supporting Principles

- Ensuring effective leadership throughout the Authority by being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.
- Ensuring that a constructive working relationship exists between elected Members and officers and that the responsibilities of Members and officers are carried out to a high standard.
- Ensuring relationships between the Authority, its partners and the public are clear so that each know what to expect of the other.

Specific Evidence

- The Constitution sets out the responsibilities of elected Members by defining the decision-making powers of the Council, Executive, Overview and Scrutiny and Regulatory and other committees, providing clear terms of reference, and describing roles and functions.
- There is also a clearly defined management structure and a scheme of delegation to officers, which is underpinned by the Members' Code of Conduct and a Protocol for Officer/Member relations.
- The scheme of delegation was last reviewed in April 2016 in light of the recent senior management changes.
- There are published job descriptions and established protocols, which ensure that the Leader and Chief Executive establish their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.
- A comprehensive review of the Members Allowance Scheme is carried out every 3 years with an annual interim review being performed prior to 1 April. The last full review was reported to Council in January 2016.

- The Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and are clearly articulated and disseminated.
- Key partnerships are periodically reviewed through the Internal Audit plan and the Financial Regulations and Financial Procedure Rules include advice and guidance which can assist officers in managing the key risks of the partnership.
- Effective mechanisms exist to monitor service delivery through the Overview and Scrutiny arrangements and quarterly performance reports highlight where corrective action is necessary.
- Effective management arrangements are in place both at the top of and throughout the organisation.
- The Chief Executive is responsible and accountable to the Authority for all aspects of operational management and is required to attend regular performance appraisal meetings with the Leader.
- The Corporate Director of Resources (S151 officer) is responsible to the Authority 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.
- The authority has complied with the CIPFA statement on the Role of the Chief Financial Officer in Local Government.
- Financial Regulations and Financial Procedure Rules are reviewed annually by the Audit Committee.
- The Monitoring Officer is responsible to the Authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.
- Up to date job descriptions and person specifications are maintained for the Chief Executive, S151 Officer and the Monitoring Officer.
- There is an established pay and grading structure for employees referred to as the Job Evaluation system and a process for appeals.
- There is an agreement between the Council and the YMCA identifying arrangements for the management of the Councils Health and Fitness Centres. A Recent Internal Audit review gave an overall opinion of 'Good'.

Core Principle No 3 - Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

Supporting Principles

- Ensuring Authority Members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.
- Ensuring that organisational values are put into practice and are effective.

Specific Evidence

- The Council has a set of values for its staff reflecting public expectations about the conduct and behaviour of individuals.
- The Council operates a formal complaints procedure.

- Established Codes of Conduct define expected standards of personal behaviour.
- Effective arrangements are in place to ensure that high standards of conduct for elected members are firmly embedded within the culture.
- Induction training is arranged for all newly elected members.
- Arrangements are in place to ensure that Members and employees of the Authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.
- Systems and processes are designed in conformity with appropriate ethical standards, and are monitored to ensure their continuing effectiveness in practice.
- A register of interests is maintained for members and staff.
- An up-to-date register of gifts and hospitality is maintained and is reviewed annually by the Monitoring Officer.
- Anti-fraud and anti-corruption policies are in place and reviewed annually by Audit Committee.
- The Council uses an on-line e-learning package to promote information security; 'focus on information security'.
- Regular training is provided to elected members who sit on regulatory committees such as Planning or Licensing.
- Whistleblowing arrangements are in place and protect individuals raising concerns.
- Protocols are in place for partnership working.
- There is an effective Standards Committee.

Core Principle No 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

Supporting Principles

- Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.
- Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.
- Ensuring that an effective risk management system is in place.
- Using their legal powers to the full benefit of the citizens and communities in their area.

Specific Evidence

- The Council has an effective scrutiny function which encourages constructive challenge and enhances the Authority's performance overall.
- An effective Internal Audit function is resourced and maintained.
- Internal Audit reviews are conducted under the Auditing Practices Board Guidelines and in-line with Public Sector Internal Audit Standards.
- In accordance with the Accounts and Audit Regulations 2015, an annual assessment of the Council's systems of internal audit is carried out in May each year using the Public Sector Internal Audit Standards and the checklist provided in the Local Government Application Note published by CIPFA.
- The Head of Governance (Chief Internal Auditor) has developed a Quality Assurance Improvement Programme to ensure the continual improvement of the

Internal Audit Service.

- As the Head of Governance (Chief Internal Auditor) has not yet attained a full Consultative Committee of Accountancy Bodies (CCAB) qualification, the Council is required in accordance with CIPFA's 'The role of the head of internal audit' to publicly state this in the Annual Governance Statement. The post holder does have over 16 years internal audit experience, holds the Association of Accounting Technicians qualification, is part qualified in the Chartered Institute of Public Finance and Accountancy qualification (CIPFA) and has now committed to complete the Chartered Internal Auditor qualification in September 2016.
- There are effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
- Arrangements are in place so that conflicts of interest on behalf of Members and officers are avoided.
- Arrangements are in place for whistleblowing, to which all staff and all those contracting with the Authority have access. The policy is reviewed annually by the Audit Committee.
- Effective, transparent and accessible arrangements are in place for dealing with complaints.
- An effective Audit Committee is in place, which is independent of the Executive and the scrutiny function.
- The Audit Committee undertakes an annual review of its own effectiveness against the checklist in the CIPFA guidance 'Effective Audit Committees' and is satisfied that it meets the required standard.
- There is a calendar of dates for submitting, publishing and distributing timely reports that is adhered to.
- Those making decisions are provided with information that is fit for the purpose, relevant, timely and gives clear explanations of technical and financial issues and their implications.
- Effective arrangements are in place for determining the remuneration of senior staff.
- Proper professional advice on matters that have legal or financial implications is available and recorded well in advance of decision-making and used appropriately.
- Risk management is embedded into the culture of the Authority, with Members and managers at all levels recognising that risk management is part of their job. The Risk Management Policy is agreed annually by the Audit committee.
- Strategic and Operational risk registers are maintained and workshops are held throughout the year to review current risks and identify new risks.
- Limits of lawful activity are recognised by the ultra vires doctrine and managers strive to utilise their powers to the full benefit of the community.
- Specific legislative requirements are observed, as well as the requirements of general law, and in particular the key principle of good administrative law, rationality, legality and natural justice form part of procedures and decision-making.

Core Principle No 5 - Developing the capacity and capability of Members and officers to be effective.

Supporting Principles

- Making sure that Members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.
- Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.
- Encouraging new talent for membership of the Authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.

Specific Evidence

- The Authority assesses the skills required by Members and officers and makes a commitment to develop these to enable roles to be carried out effectively.
- Performance reviews are undertaken as part of the performance appraisal system.
- The Authority ensures that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Authority.
- Training programmes are tailored to meet individual needs and there are opportunities for Members and officers to update their knowledge on a regular basis. An induction programme is provided for all new members.
- Members and staff have personal development plans.
- Skills are developed on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.
- Arrangements are in place via the volunteering initiative to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Authority.
- A competency framework exists to ensure that all staff have appropriate skills enabling them to deliver top quality services.
- Career structures are in place for members and officers to facilitate succession planning.
- The Council has obtained the gold award for Investors in People.
- The Councillor Development Programme and Councillor Development Strategy is regularly reviewed and includes a skills framework for all Elected Member roles and responsibilities.

Core Principle No 6 - Engaging with local people and other stakeholders to ensure robust public accountability.

Supporting Principles

- Exercising leadership through a robust scrutiny function, which effectively engages local people and all local institutional stakeholders, including partnerships and develops constructive accountable relationships.
- Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery, whether directly by the authority, in partnership or by commissioning.
- Making the best use of human resources by taking an active and planned approach to meet responsibilities to staff.

Specific Evidence

- A database of stakeholders with whom the authority engages is maintained on behalf of the Council by Wyre and Fylde Together.
- Staff consider those institutional stakeholders to whom they are accountable and assess the effectiveness of the relationships and any changes required.
- Clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively.
- The Shaping Your Neighbourhood initiative is currently being reviewed with a view to agreeing its future focus.
- Arrangements are in place to enable the Authority to engage with all sections of the community effectively. These arrangements recognise that different sections of the community have different priorities and there are explicit processes for dealing with these competing demands. (Shaping your Neighbourhood and the Wyre and Fylde Together consultation database)
- Corporate guidance has been issued on consultation and public involvement mechanisms offering practical steps and advice.
- A business plan is published annually giving information on the Authority's vision, priorities and performance measures which is shared with all staff, partners, elected members and the community.
- The Annual Efficiency statement is published with the Revenue Estimates.
- The Corporate Director of Resources (S151 Officer) is responsible for publishing annual accounts in a timely basis to communicate the organisation's activities and achievements, its financial position and performance.
- An executive summary supports the financial statements, which are statutorily produced as at 31 March each year.
- There are clear policies on how staff and their representatives are consulted and involved in decision-making.
- Periodic reports are produced on scrutiny function activity.
- The Authority as a whole is open and accessible to the community, service users and its staff and is committed to openness and transparency in all its dealings, including partnerships; subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.
- The Authority has been awarded a 3 star rating in the last annual SOCITM review

(March 2015).

- Wyre Voice, an information leaflet produced by the Council, is delivered to every household twice a year.
- The Authority complies with the Local Government Transparency Code 2015 and a recent audit review gave 'substantial assurance' that the Council was complying to the Code.
- The recent staff survey revealed positive results including that 92% think the Council is a good organisation to work for and 90% have a clear understanding about their duties and responsibilities.

6.0 RISK MANAGEMENT

6.1 The Council has adopted a corporate risk management policy and operates a fully integrated risk management system across the organisation. Relevant officers have received training in risk management enabling the production of operational risk registers with associated risk action plans, which are reviewed on a regular basis.

6.2 Each year the Council's Management Team holds a workshop, to identify and prioritise strategic risks and to produce action plans. Significant business risks that may impact upon the Council's priorities have been identified and assessed, and appropriate control measures are in place. The report and associated action plans are presented to Management Board and Audit Committee and progress is monitored on a regular basis through the Management Team.

7.0 REVIEW OF EFFECTIVENESS

7.1 In accordance with the Accounts and Audit Regulations 2015, the Authority must ensure that it has a sound system of internal control which:

- a) facilitates the effective exercise of its functions and the achievement of its aims and objectives,
- b) ensures that the financial and operational management of the authority is effective; and
- c) includes effective arrangements for the management of risk.

7.2 The Authority is also responsible for conducting each financial year a review of effectiveness of the system of internal control.

7.3 The Corporate Director of Resources (S151) Officer is responsible for the proper administration of the Council's financial affairs. This includes responsibility for maintaining and reviewing Financial Regulations and Financial Procedure Rules, to ensure they remain fit for purpose, submitting any additions or changes necessary to the Audit Committee for approval and reporting, where appropriate, breaches of the Regulations to the Cabinet and/or the Council.

7.4 The Corporate Director of Resources (S151 Officer) also has responsibility for:

- overseeing the implementation and monitoring the operation of the Code of Corporate Governance;
- maintaining and updating the Code in the light of latest guidance on best practice;
- reporting annually to the Corporate Management Team and to Members on compliance with the Code and any changes that may be necessary to maintain it and ensure effectiveness in practice

7.5 Wyre Council's Internal Audit Service, via a specific responsibility assigned to the Head of Governance (Chief Internal Auditor) is required to provide an independent and objective opinion to the Authority on its risk management, governance and internal control environment. The Chief Internal Auditor's Annual report for 2015/16 concluded that the Council has an adequate and effective control environment.

7.6 The review of compliance with the governance framework has involved a review of the latest position on the core principles by the Corporate Director of Resources (Section 151 Officer), the Head of Governance (Chief Internal Auditor) and the Audit Committee.

8.0 VALUE FOR MONEY CONCLUSION

8.1 The External Auditors issued an unqualified value for money conclusion in their most recent review for 2014/15. This means that they are satisfied that the Council has proper arrangements for securing financial resilience and challenging how it secures economy, efficiency and effectiveness. To arrive at that conclusion they looked at the Council's financial governance, financial planning and financial control processes, as well as reviewing how the Council prioritises its resources, improves efficiency and productivity.

9.0 SIGNIFICANT GOVERNANCE ISSUES

9.1 There are no significant governance issues to report. Minor issues have been identified, which will be documented in an action plan that will be monitored by Management Team and reported to the Audit Committee in November each year.

10.0 REVIEWING AND REPORTING ARRANGEMENTS

10.1 The CIPFA/SOLACE guidance recommends that authorities should undertake annual reviews of their governance arrangements to ensure continuing compliance with best practice as set out in the framework.

- 10.2 Each year, during the months of March and April, key members of staff are required to complete a 'Governance Assurance Questionnaire'. Any issues highlighted are documented and this, together with an action plan, is submitted for consideration by the Leader and Chief Executive who then sign to certify they are aware of the governance issues within the Authority and of the measures that are required to improve the control environment.

11.0 CERTIFICATION

As the Leader of the Council, I am aware of the governance issues within this Authority and of the measures that are needed to improve the control environment. Overall, my assessment of the control environment as at 31st March 2016 is satisfactory.



COUNCILLOR P GIBSON
LEADER OF THE COUNCIL

As the Chief Executive, I am aware of the governance issues within this Authority and of the measures that are needed to improve the control environment. Overall, my assessment of the control environment as at 31st March 2016 is satisfactory.



G PAYNE
CHIEF EXECUTIVE