

Corporate Governance Review

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Corporate Governance Review: West Lindsey District Council

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1 EXECUTIVE SUMMARY

- 1.1 I have undertaken a review of West Lindsey District Council's approach to Corporate Governance and project and risk management at the request of the Chief Executive and Leader of the Council. This request has followed Internal Audit's assessment of the Council's Corporate Governance as being inadequate, ie rated red, and Risk and Internal Control being rated as amber, ie some improvements required.
- 1.2 The main focus of my report is the production of a comprehensive *action plan and to ensure outstanding actions are addressed*. This should help the Council to make clear progress and to monitor who is leading on key actions and by when. There are two tables within the Executive Summary which detail actions. The Council will need to convert these action plans in a SMART Action Plan which should include lead officers and deadlines. The Council will be in a better position than I to understand workloads and possible competing priorities and will therefore be best placed to produce a SMART action plan which will be delivered in good time.
- 1.3 West Lindsey District Council received a 'red rating' (Inadequate Performance) for Corporate Governance and an 'amber rating' (performing adequately - some improvements required) for risk management and internal control following a review by Internal Audit entitled: '*West Lindsey District Council Internal Audit Annual Report 2012/13*,' which was presented to the Governance and Audit Committee on the 27th June 2013.
- 1.4 My report offers some of the context in which the Council works (see Background) and identifies key elements of a well-managed approach to Corporate Governance. In particular, I have outlined the expected roles of the Chief Executive, S151 Officer, the Monitoring Officer and Internal Auditor. These roles are vital in ensuring that there are sufficient due diligence checks and balances in place and that these checks and balances are adhered to. I have also outlined some of the member roles including the Leader of the Council, Group Leaders and Committee Chairs.
- 1.5 I found the Council to be highly ambitious and visionary and at the leading edge of local government innovation. The Council is keen to both ameliorate the impact of the unprecedented reductions in public sector funding and the impact of the downturn in the economy upon local people; without compromising services or jobs. It is worthy to note that unlike the majority of its contemporaries, the Council has not introduced compulsory redundancies and has managed its budget well to date. The Council has achieved this by developing the Entrepreneurial Council approach and, as it publicly states, by taking informed and calculated risks.

- 1.6 The intensity and urgency to find alternatives to reducing services has led the Council to increase the pace of delivery. It has had remarkable success and, compared to many councils, West Lindsey District Council has not reduced services nor has it introduced compulsory redundancies.
- 1.7 This radical, innovative, entrepreneurial and commercial ethos has inevitably challenged existing and long-held values, culture and competencies. Essentially, West Lindsey District Council is one of a handful of local authorities who have started out on a brave new journey.
- 1.8 New approaches which bring about new and untrodden paths inevitably introduce new challenges, risks and learning. Such learning needs to be embraced and welcomed otherwise there may be a risk of a 'blame' as opposed to 'learning culture' flourishing.
- 1.9 I found that the Council has introduced new policies and procedures. A minority of senior staff shared that they found them too detailed and cumbersome. I would recommend regular reviews of the policies and procedures to ensure that they are fit for purpose and to ensure that a counter 'opt-out' culture does not develop. It is also important to encourage formalised record-keeping such as minutes of meetings including agreed actions, names of lead officers and deadlines for delivery, notes of telephone calls etc so that there is a clear audit trail of decisions. I would recommend that this style of working be embedded.
- 1.10 Inevitably, new policies and procedures take time to embed and further and continuous work is required to reinforce agreed work practices. It is all very well having policies and procedures in place but they become meaningless if people consciously refuse to adhere to them. I found evidence in some quarters that this is indeed the case. Indeed, a cultural shift or step-change is needed. This will also require consistency of response to non-performance, tenacity and regular performance management as well as celebrations of success. I would advise the organisation to 'shine a light' on those officers who consistently comply and conform well.
- 1.11 The Council experienced some cultural leadership challenges in 2009/10 which were well-documented by the Audit Commission. The report identified the need to improve officer/member relationships as well as mutual respect. There are the respective Codes of Conduct in place and officers and members should be regularly reminded of them. Cultural change can take many years to become fully embraced and embedded. The Council has come a long way and the Chief Executive has introduced many informal as well as formal opportunities for officers and members to come together. One notable example is the Leader's Panel: some senior officers commented upon the ways in which this has improved member/officer relationships. However, there is still more to achieve.
- 1.12 I did find evidence that most senior officers need to take more responsibility and need to be more accountable; in particular, they need to implement agreed actions within agreed deadlines. (See Appendix 1 and 2: the Annual Audit Report 2013 where some actions were still outstanding from 2010). There is a large body of evidence which shows that the Committee Services system and

timetable is not being followed by all; so report authors may miss deadlines and members may not receive reports in good time.

- 1.13 Some notable progress has been made; particularly since January 2013. The Chief Executive held a Senior Management Team Away Day and reviewed workloads, priorities and key corporate risks. A review of investment and land and property was undertaken. Workloads were reduced for senior staff so that greater focus could be placed upon key corporate priorities. Further, the Chief Executive became the Chair of the Commercial Board, the Board which is responsible for many of the major investment projects. Further the Chief Executive is currently reviewing competencies to ensure that the organisation is 'fit for purpose', in terms of capability to deliver complex priorities and change.
- 1.14 In June 2013, the Governance and Audit Committee made a number of key recommendations and Internal Audit's report concerning Corporate Governance was tabled.
- 1.15 I held a highly productive workshop with the Senior Management team (SMT) in August 2013, (See Appendix 8) where we reviewed corporate governance, project management, risk management. SMT took ownership and agreed more consistency was required and undertook to improve all their areas of responsibilities, with regard to governance, and take all necessary management action to monitor standards are met.
- 1.16 CMT meetings have introduced more first lines of assurance, to monitor all quality and consistency of management action, as it was felt that whilst the internal audit scopes were now focussed by CMT on high risk areas, or areas where new management practices still needed to be embedded, there was a need for more great first lines of assurance by all members of CMT and SMT.
- 1.17 I reviewed service plans and other documents to assess whether they could be cross-referenced to the Corporate Plan and Corporate Priorities. Ideally, there should be a link from the Corporate Priorities to service plans, right down to individual appraisals. This concept is known as 'the Golden Thread' (See Appendix 9)
- 1.18 I interrogated the Council's IT system known as 'Minerva' to establish whether Board documents and data, including project plans and risk registers have been updated.
- 1.19 There is evidence that officers need to engage more fully and throughout the life of a project with residents, members and other stakeholders. However, in stark contrast, I found an exceptionally good example of good practice in relation to stakeholder engagement. I am referring to 'GAIN': a town centre partnership which is chaired by the Managing Director of a premiere global golfing equipment manufacturer and *facilitated* by the Council. This was a partnership led by and established by the Chief Executive and key elected members to enable more community leadership by business and other communities. Similar partnerships have been supported in Caistor, Market Rasen, ex MOD villages and other areas, especially where Parish Councils are keen to work with the Council. This evidences the success of the localism aspect of the Council's 'Entrepreneurial

Council' model, which is as much about increasing social capital, by 'helping people to help themselves', as it is about commercial investment and greater returns.

- 1.20 Overall, I found that there is a strong leadership from the Chief Executive and the Leader of the Council. Senior officers need to increase the pace of delivery (to deliver what and when they say they will), follow agreed policies and procedures (the necessary checks and balances are in place but need to be adhered to); officers also need to focus upon priorities and use their judgement. Good judgement determines when and if additional support and advice are required. For example, some of the major corporate projects will involve new areas of work and will inevitably require some external input, eg the Broadband Project has engaged external specialist advice.
- 1.21 I found that the Chief Executive, Leader and those members I met with are very open to constructive criticism, are eager to learn and to continuously improve. Innovation necessitates the taking of calculated and informed risks and the embracing of an open and transparent learning culture.
- 1.22 West Lindsey District Council should be commended for its approach and now needs to embed a 'can do' officer culture along with the necessary checks and balances that are commonly referred to in this report as 'due diligence.' Further, a learning culture should be embedded across the officer and member ranks. The Council should pause for breath and celebrate its many successes. The action plan attached includes a theme for embedding the culture further.
- 1.23 Overall whilst further embedding is needed, I do not feel that there are major risks to the Council in that high risk projects and work areas are closely controlled and the Chief Executive personally Chairs the Commercial Board, which oversees all key decisions including investments. In the current economic climate, parties have referred to how the Council has successfully adapted with a new model that has improved service and financial performance.

Corporate Governance Action Plan

A SMART action plan will be further developed by WLDC so that each of the proposed recommendations has a lead and deadline. This will be completed by mid-October 2013.

Action Themes	Progress since Jan '13	Recommendations
<p>1. Leadership</p>	<ol style="list-style-type: none"> 1. Review of Dir and HoS workloads (MG) 2. Competency workshops (MG) 3. Restructure (MG) Aug '13 4. Leader's Panel 5. Group Leader's Panel 	<p>Consistency of message and consequences for non-compliance</p> <p>Embed Officer Code of Conduct</p> <p>Implement the Restructure</p> <p>Senior officers need to increase the pace of delivery (to deliver what and when they say they will), follow agreed policies and procedures (the necessary checks and balances are in place but need to be adhered to); officers also need to focus upon priorities and use their judgement.</p>

Action Themes	Progress since Jan '13	Recommendations
<p>2. Political Governance</p>	<p>Member Personal Development Interviews (AR) June 2013</p> <p>Review of the Constitution</p> <p>Review of Committee Reports system (JMc) Aug '13</p> <p>Review and workshop: Committee Reports system (A Rossington) Sept '13</p> <p>Cross Party Leaders Panel Workshops to agree Corporate Priorities decided by Council on 9 September 2013.</p> <p>Leader's Away Day officers and members (The Leader) Sept 2013</p>	<p>Introduce Appraisal and Personal Development Plans for Members Embed Member Code of Conduct</p> <p>Regular review of the Constitution is required to ensure it reflects current legislation and guidance.</p> <p>Embed the role of the Chief Executive, S151 Officer, Monitoring Officer, Leader, Group Leader and Committee Chairs.</p> <p>Implement the action plan from the Sept workshop with SMT.</p> <p>Committee Reports need to include more than one option for members to consider debate and deliberate upon. It is important that the advantages and disadvantages of each of option are outlined within reports.</p> <p>Guidance and development workshops for Officer and members agreed by Group Leaders meetings.</p>

Action Themes	Progress since Jan '13	Recommendations
<p>3. Project & Risk Management</p>	<p>'Projects flow at a glance diagram' presented to CMT (JMcG and LP) Sept '13: App.5</p> <p>Project Life Cycle diagram presented to CMT (JMc and LP) Sept '13 : App 6</p>	<p>Definition and guidance on small and large/ 'big ticket' projects</p> <p>Approve a WLDC 'at a glance' project management diagram and flow diagram.</p> <p>Develop a corporate group project and risk specialists who meet regularly to review quality.</p>
<p>4. Investment</p>	<p>Investment decisions Process Flow Chart presented to CMT (JMc and LP)Sept '13:App 7</p> <p>Report for Governance and Audit Committee (RS) Sept '13</p>	<p>WLDC to approve an Investment Flow chart.</p> <p>Ensure that officers understand when to commission external advice so that it is available in the right way and at the right time</p> <p>Members are given details of risks and how such risks may be mitigated so that they are able to make well-informed decisions.</p>
<p>6. Performance Management</p>	<p>SMT Workshop Aug '13 (JMc)</p>	<p>More robust first line of assurance which includes a stronger role for CMT.</p> <p>It is imperative that the agreed project management approach is used and implemented by officers. Senior officers need to be aware of their personal responsibilities and accountabilities.</p>

Action Themes	Progress since Jan '13	Recommendations
	<p>Review of 'golden thread': corporate priorities to appraisal (JMc Aug 2013)</p>	<p>Quarterly Performance report to CMT NB outstanding audit actions-red flagged; Outstanding performance and project actions red flagged</p> <p>Produce 'Back to Basics' check-list & pack: service team meetings- minutes, agendas, performance monitoring; 1:1s; appraisals; meeting Committee Deadlines including lead-in time for reports; populating the Forward Plan; Service Standards; budget monitoring; audit trail; minutes ; notes of telephone calls, emails, transparent decision-making;</p> <p>Undertake regular reviews of the policies and procedures to ensure that they are fit for purpose and to ensure that a counter 'opt-out' culture does not develop</p> <p>Meet with each HoS to agree accountabilities and responsibilities</p> <p>Meet with Directors; Heads of Service and Service Teams to ensure that the 'golden thread' is understood.</p>
<p>6. Communication</p>	<p>Good Practice: 'GAIN' and other community meetings shared corporately to help reinforce what 'good engagement' looks like.</p>	<p>Engage with Stakeholders throughout the life of a project</p> <p>Workshop and checklist for</p>

Action Themes	Progress since Jan '13	Recommendations
		<p>Dirs, HoS, and service champions</p> <p>Communication Strategy for all 'Big Ticket' Projects</p> <p>Workshop and guidance: Access to Information (for Officers and Members) protocols</p>
<p>7. Culture</p>	<p>Leader, Deputy Leader and Chief Executive promote and model the importance of a learning culture, with constructive challenge and personal accountability, with a positive 'can do' approach.</p> <p>Values and behaviours (EM)</p> <p>Review of 'golden thread': corporate priorities to appraisal (JMc Aug 2013)</p>	<p>Communications to promote best practice in governance to embed a consistent culture including SMT to model leadership for good governance and review at their meetings monthly for at least six months. Leaders Panel model Political Leadership promoting a learning and constructive challenge culture that entails a focus on continually improving performance. This to be reviewed monthly for six months at least.</p> <p>Embed a 'can do' officer culture along with the necessary checks and balances that are commonly referred to in this report as 'due diligence.'</p> <p>A 'learning culture' should be embedded across the officer and member ranks</p> <p>Develop an Organisational Development Strategy</p>

Action Themes	Progress since Jan '13	Recommendations
		<p>Behaviour : All staff and Members</p> <p>Training/workshops:</p> <ul style="list-style-type: none"> (i) How we do things around here: Evidence-based not gossip (ii) 'In the customers' shoes' (iii) We deliver our promises eg Internal Audit Recommendations; committee report deadlines, etc (iv) Introduce a cultural shift or step-change. This will require consistency of response to non-performance, tenacity and regular performance management as well as celebrations of success. (v) 'shine a light' on those officers who consistently comply and conform well and celebrate success

2 SCOPE

- 2.1 I have undertaken a review of West Lindsey District Council's approach to Corporate Governance and project and risk management at the request of the Chief Executive and Leader of the Council.
- 2.2 The main focus of my report is the production of a comprehensive action plan which focusses upon Corporate Governance and outstanding actions resulting from the Audit reviews since 2010. This should help the Council to make clear progress and to monitor who is leading on key actions and by when.
- 2.3 West Lindsey District Council received a 'red rating' (Inadequate Performance) for Corporate Governance and an 'amber rating' (performing adequately - some improvements required) for risk management and internal control following a review by Internal Audit entitled: "West Lindsey District Council Internal Audit Annual Report 2012/13," which was presented to the Governance and Audit Committee on the 27th June 2013.
- 2.4 My review has focussed on the six key principles of Corporate Governance, as developed by CIPFA and SOLACE ' which are as follows:
- i. **Vision, purpose and outcomes**
Good governance means focussing on the purpose of the authority and on outcomes for the community and creating and implementing and reviewing new committee structures.
 - ii. **Roles and responsibilities of Members and Officers**
Good governance means members and officers working together to achieve a common purpose with clearly defined functions and roles
 - iii. **Culture and Values**
Good governance means promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
 - iv. **Transparent decision-making**
Good governance means taking informed and transparent decisions which are subject to effective scrutiny and managing risk
 - v. **Developing capacity and capability**
Good governance means developing the capacity and capability of members and officers to be effective
 - vi. **Real engagement and accountability**
Good governance means engaging with local people and other stakeholders to ensure robust local public accountability

3 APPROACH

3.1 I considered the following key areas:

- The Council's vision and outcomes for (and with) the community
- Officer and Member roles as well as competencies, training and management accountability
- The decision making process
- The culture, working relationships, conduct and behaviour
- Due diligence with regards procurement and new leading edge ventures
- Consideration and compliance with the Council's constitution, policies and procedures.
- Risk management
- Project management

3.2 In undertaking this review I interviewed and received information from some Members include the Leader and Deputy Leader of the Council, the Vice-Chairman of the Governance and Audit Committee, the Chief Executive, Manjeet Gill, senior officers including the S151 Officer, the Monitoring Officer, the Director of Regeneration and Planning, the Assistant Chief Executive, the Head of Strategic Growth the Senior Management Team (SMT) and a sample of the Committee Services Team. I attended two Council meetings with the Chairman of Governance and Audit, and I attended a meeting of 'GAIN' a Council facilitated business and community meeting. Details of those whom I spoke with, and/or received information from can be found in Appendix 3.

3.3 I met with Lucy Pledge, the Head of Internal Audit and had a telephone conversation with Tony Crawley of KPMG: the Council's external auditor.

3.4 I interrogated the Council's Intranet and 'Share Point system' known as Minerva.

3.5 I obtained and reviewed various documents held by the Council in respect of Corporate Governance including The Annual Governance Statement 2013, The Annual Audit letter 2013; the Audit Commission Report 2009/10; the Annual Staff Survey 2012; the Governance and Audit Committee agenda, reports, minutes, matters arising and web cast from 27th June 2013, details of the Member development programme, and a sample of other committee reports, Corporate Project Plans and Risk Registers, the Governance and Information Board, the Commercial Board; Growth Board and Entrepreneurial Board, emails, internal reports and minutes of meetings as provided to me by officers.

3.6 Finally, I made reference to formal Council documents as necessary, in particular the Constitution and Corporate Plan.

4 BACKGROUND

- 4.1 The Framework '*Delivering Good Governance in Local Government*', published by CIPFA (The Chartered Institute of Public Finance and Accountancy) in association with SOLACE (Society of Local Authority of Chief Executives) in 2007, sets the standard for local authority governance in the UK.
- 4.2 CIPFA and SOLACE reviewed the Framework in 2012 to ensure that it remained 'fit for purpose' and issued an addendum to it in the autumn of 2012 which provided an updated example of the annual governance statement. Authorities are encouraged to meet the governance standards of the best.
- 4.3 New Public Sector Internal Audit Standards came into effect from the 1st April 2013 – a self- assessment was undertaken by Audit Lincolnshire on behalf of the Council and presented to the Governance and Audit Committee on the 27th June 2013. The outcome of this assessment identifies changes/actions that may be required to ensure compliance. I have been asked by the Chief Executive and Leader to ensure that a very clear, focussed and comprehensive action plan is formulated and delivered.
- 4.4 The concept underpinning the CIPFA/SOLACE Framework is helping local government in taking responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards, in a measured and proportionate way. The framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that there is sound and inclusive decision making; and that there is clear accountability for the use of those resources, in order to achieve desired outcomes for service users and communities.
- 4.5 Local government has been undergoing significant change; much of this has been driven by the economic downturn and financial crisis, but the government has introduced new roles, opportunities and greater flexibility for authorities in the form of the Localism Act and other key legislation.
- 4.6 Over recent years local authorities have changed substantially in the way in which they operate and undertake service provision. Public services are delivered through partnerships, collaboration and commissioning. Shared services and partnership boards come into existence. New ways of working provide challenges for managing risk, ensuring transparency and demonstrating accountability.
- 4.7 **Transparency**

The Government is committed to increasing transparency across Whitehall and local authorities in order to make data more readily accessible to the citizen and to hold service providers to account. The Department for Communities and Local Government (DCLG) published *The Code of Recommended practice for Local Authorities on Data Transparency* in September 2011. The Code is concerned with enshrining the principles of transparency by asking councils to follow three key principles when publishing data they hold:

- Responding to public demand
- Releasing data in open formats available for re-use
- Releasing data in a timely way

4.8 A key part of making spending and data transparent is to get good quality information in the public domain in a standardised format while maintaining the security of that data.

4.9 **The Role of the Chief Executive**

Functions of the Head of Paid Service

(a) Discharge of Functions by the Council

The Head of Paid Service will report to Council on the manner in which the discharge of the Council's functions is co-ordinated, the number and grade of officers required for the discharge of functions and the organisation of officers.

(b) Restrictions on Functions

The Head of Paid Service may not be the Monitoring Officer but may hold the post of Chief Finance Officer if a qualified accountant.

4.10 **The Role of the Chief Financial Officer (CFO)**

The role of the Chief Financial Officer (also referred to as the S151 Officer) is key with regards financial due diligence. In 2010, CIPFA issued the '*CIPFA Statement on the Role of the Chief Financial Officer in Local Government*'.

The statement can be found at www.cipfa.org/Policy-and-Guidance/Reports/The-Role-of-the-Chief-Financial-Officer-in-Local-Government

The statement supports CIPFA's work to strengthen governance and financial management across the public services. It sets out five principles that define the core activities and behaviours that belong to the role of the chief financial officer (CFO) and the governance requirements need to support them. The governance requirements should be reflected in an authority's code of governance.

4.11 The key principles of CFO in a public service organisation:

- is a key member of the Leadership Team, helping it to develop and implement strategy
- to resource and deliver the organisation's strategic objectives sustainably and in the public interest;
- must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the organisation's financial strategy;

- must lead the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

4.12 To deliver these responsibilities the CFO:

- must lead and direct a finance function that is resourced to be fit for purpose; and
- must be professionally qualified

WLDC's Constitution states:

Functions of the Chief Finance Officer

(a) Ensuring Lawfulness and Financial Prudence of Decision Making

After consulting the Head of Paid Service and the Monitoring Officer, the Chief Finance Officer will report to the Council and the Council's external auditor if he/she considers that any proposal, decision or course of action will involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency or if the Council is about to enter an item of account unlawfully.

(b) Administration of Financial Affairs

The Chief Finance Officer will have responsibility for the administration of the financial affairs of the Council.

(c) Contributing to Corporate Management

The Chief Finance Officer will contribute to the corporate management of the Council, in particular through the provision of professional advice.

(d) Providing Advice

The Chief Finance Officer will provide advice on the scope of powers and authority to take decisions, maladministration, financial impropriety and probity to all councillors, and will support and advise councillors and officers in their respective roles.

(e) Giving Financial Information

The Chief Finance Officer will provide financial information to the media, members of the public and the community.

(f) Money Laundering Reporting Officer (MLRO)

The Section 151 Officer as the Money Laundering Reporting Officer will:

- ensure compliance with the appropriate money laundering regulations;

- take an overview of the system in place for detecting money laundering and be responsible for reporting suspicious transactions to the relevant authorities;
- ensure officers are trained to recognise transactions that may indicate
- money laundering and ensure officers are aware of the Proceeds of Crime Act 2002, Money Laundering Regulations 2007 and the Terrorism Act 2002;
- the Group Accountant as the Deputy Money Laundering Reporting Officer, in the absence of the MLRO is authorised to undertake the above role and responsibilities.

4.13 The Role of the Head of Internal Audit

In 2010, CIPFA issued the 'CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations.' The statement supports CIPFA's work to strengthen governance, risk management and internal audit across public services. Its purpose is to clarify the role of the head of internal audit in public services and to raise its profile. CIPFA's statement sets out five principles that define the core activities and behaviours that belong to the role of the head of internal audit and organisational requirements needed to support them. These arrangements should be reflected in an authority's local code of governance. The statement can be found at www.cipfa.org/Policy-and-Guidance/Reports/-/media/Files/Publications/Reports/Role_of_the_HIA-NOVEMBERv5.pdf

4.14 The Role of the Monitoring Officer

The Monitoring Officer has the specific duty to ensure the Council, its officers, and its elected councillors, maintain the highest standards in all they do. This role is critical in respect of ensuring that the legal aspects of due diligence are complied with. The Monitoring Officers' legal basis is found in [Section 5 of the Local Government and Housing Act 1989](#), as amended by [Schedule 5 paragraph 24 of the Local Government Act 2000](#).

The main responsibilities can be summarised as:

- A duty to report to the Council and the Committees in any case where she/he is of the opinion that any proposal, decision or omission is or is likely to be illegal or to constitute maladministration.
- A range of functions relating to the conduct of councillors and officers (for example maintaining the Register of Members' Interests).
- Specific functions under the Council's Constitution (for example monitoring the operation of Council meetings and committees).
- Reporting on any proposal, decision, or omission that is or may be illegal

The Monitoring Officer has a duty to write a report if she/he considers any proposal, decision, or omission made by the Council, or on behalf of the Council, is illegal or would be illegal. It is not however, a duty to write a report every time an allegation of illegality is made, but only if it her/his personal opinion that it did,

or will occur. The duty is a personal duty, and the monitoring officer cannot delegate it to someone else unless she/he is ill or away, in which case a deputy monitoring officer can take over the role. A deputy monitoring officer will also act when the issue involves the monitoring officer herself/himself, or regards some advice she/he has previously given.

The Monitoring Officer contributes to the promotion and maintenance of high standards of conduct by councillors and officers.

The Monitoring Officer is responsible for monitoring and reviewing the operation of the Council's Constitution to ensure that its aims and principles are given full effect.

In addition, the Monitoring Officer consults with senior councillors and officers over matters of interpretation of the Constitution's Rules and Procedures and is responsible for making a decision if necessary.

WLDC's Constitution states:

Functions of the Monitoring Officer

(a) Maintaining the Constitution

The Monitoring Officer will make arrangements to maintain an up to date version of the Constitution and will ensure that it is widely available for consultation by members, officers and the public.

(b) Ensuring Lawfulness and Fairness of Decision Making

After consulting the Head of Paid Service and Chief Finance Officer, the Monitoring Officer will report to the Council if he/she considers that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given, or would give, rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

The current Constitution refers to the Standards Committee which no longer exists. The Constitution therefore needs to be amended.

(c) Conducting Investigations

The Monitoring Officer will conduct investigations into matters referred by the Standards Committee and make reports or recommendations in respect of them

(d) Proper Officer for Access to Information

The Monitoring Officer will make arrangements to ensure that decisions, together with the reasons for those decisions and relevant officer reports and background papers, are made publicly available as soon as possible.

A full list of the Monitoring Officer's statutory responsibilities is in the Appendix to the Constitution.

4.15 The Role of the Leader of the Council

(Article 6 of WLDC's Constitution)

The Leader of the Council will have the following roles, rights and responsibilities, in addition to those set out in Article 2.3

- a. to be the local authority's principal public spokesman;
- b. to give clear leadership to the Council and the community;
- c. to be the lead member for matters regarding the priorities and aims of the administration and its political manifesto;
- d. to report as necessary to the Council;
- e. to be the councillor of first choice to represent the Council at member level meetings with other local authorities and with other organisations;
- f. to act as the principal contact for the Chief Executive in seeking views and taking soundings at the political level across all groups;
- g. to be Chairman of the Policy and Resources Committee unless s/he signifies that s/he does not wish to serve.

The Leader is a councillor elected by the Council to the position of Leader. The term of office for the elected Leader is one year.

4.16 The Role of the Deputy Leader of the Council

WLDC's Constitution states:

The Council will, at the Annual Meeting, elect a Deputy Leader to act in the notified absence of the Leader, such notice to be given in writing by the Leader to the Chief Executive.

4.17 Role and Function of the Leader of the Opposition

WLDC's Constitution states:

To be the key political contact for matters relating to the priorities and aims of the opposition.

4.18 Changes to Local Authority Governance Structures

Commissioning and partnerships with other local authorities and sectors are increasingly used as vehicles for delivering public services by local government. Local authorities often work with and through a range of organisations to deliver services. Partnerships and the cross-cutting issues with which they often deal create some special challenges for clear accountability and good governance.

Each partner organisation may have its own governance and accountability structure, its own code of conduct and risk management arrangements. Demonstrating clear lines of accountability for stakeholders and customers may

be difficult and needs to be carefully thought through by those involved, but is essential for good governance. The introduction of the government's 'big society' concept, which is encouraging public sector organisations and individuals to demonstrate new and innovative ways of delivering public services, brings further challenges in this area.

West Lindsey 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, used economically, efficiently and effectively. West Lindsey District Council also has a duty in accordance with the Local Government Act 1999 to make arrangements to secure continuous improvement in the way that its functions are exercised.

In discharging its overall responsibility, the Authority is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

West Lindsey 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.

West Lindsey District Council's Senior Management Team defines Corporate Governance as:

“How we achieve our purpose, (and the Corporate Plan is one of the key documents ; the way we work; political and managerial leadership – probity, ethics and standards; delivering outcomes in a VFM way.” (SMT August 2013)

5 WLDC ACTION DURING PAST YEAR 2012-13

- 5.1 West Lindsey District Council has made significant progress during the past year. In particular, the Council has strengthened the Core Management Team shaping of audit inspection plans, audit scope and final reports to put a stronger focus on what CMT feel are high-risk areas. This has resulted in some draft reports that were initially receiving substantial assurance being reduced to limited assurance following challenge and further validation by CMT.
- 5.2 Cross-Party review of the Corporate Plan Priorities (2013).
- 5.3 The right systems have been put in place to deliver the programme boards' work
- 5.4 Capacity has been reviewed, and in some cases, officers' workload has been reduced to ensure greater capacity
- 5.5 Programme boards established and led by directors. The management of the commercial board has been taken over by the Chief Executive in order to model good programme management and to focus on high risk areas such as investments.
- 5.6 New resources have been allocated at a senior level to lead on land and property and investment related programmes.
- 5.7 Establishment of stronger second line assurance, better member scrutiny and performance management with a new vice-chair of the Challenge and Improvement Committee with responsibility for progress and delivery.
- 5.8 There are regular reports on delivery of the Corporate Plan and there is a framework for first and second lines of assurance.
- 5.9 The Council has received substantial assurance on the systems in place for progress and delivery.
- 5.10 Delivery of training and development sessions for project management, gateway reviews, and commercial skills such as knowledge and theory in line with the Treasury green book approach.
- 5.11 The Risk Management Strategy has been refreshed with the aid of management workshops and discussed with committee chairs and approved by the Governance and Audit Committee.
- 5.12 New resources are in place to strengthen capacity and capability at a senior management level with a focus on governance, risk and delivery.
- 5.13 Workshops with management have taken place to agree new competencies and behaviours to deliver better on governance, programmes, risk and value for money.

- 5.14 These competencies and behaviours have been linked to job descriptions to enable the Council to strengthen the ability to hold managers to account on areas which are more entrenched due to culture change.
- 5.15 Member development has taken place (see Appendix 4)

Moving Forward – The Council’s Planned Action by March 2014

5.16 Project Management

Audit said: New project management processes need to be embedded and integral to how the Council successfully manages and delivers its projects.

With an approach to project management based on proportionality, we will:

1. Ensure a minimum standard for project management for small projects ie we will adopt a *proportionate* approach to project management

A complete list of projects has been compiled and areas project managers whose projects were not meeting the minimum standards agreed were offered support from the Corporate Governance team to understand the requirements and develop their project plans to adhere. At the time of this report going to print, x% of projects identified met the minimum standards and review meetings are scheduled for the project managers yet to meet these standards.

2. Ensure the appropriate use of the full project management methodology for large projects

Commitment to comply with a standard project methodology (see background documents 5,6,7,8,9,10,11) was made by the Core Management Team. Work is to be scheduled following the initial review meetings of projects to work with the board chairs and project managers to identify additional documentation that will be required for more complex projects.

3. Review the effectiveness of our programme boards

A review of the board structure (background document 1) has been made and a number of changes made including Chairing, strengthening terms of reference (background document 2 as example) for clarity of roles and responsibilities and minute taking. The boards are currently deemed fit for purpose but this will remain under constant review.

4. Ensure a single view of all projects is created to maintain awareness of what we are delivering and resource use

A single list of all projects has been created with the support of the board chairs, heads of service and team managers across the authority.

5.17 Risk Management

Audit said: We identified that the Corporate Risk Register needs reviewing/ updating to ensure that it focuses on what is of corporate importance to the Council.

We will:

1. Complete independent in depth reviews on service risk registers and ensure appropriate mitigating actions are in place

A methodology was agreed for undertaking the reviews and meetings have commenced. This includes reviewing the adequacy of service risks identified to date, the scoring, mitigating actions and ownership. All services are being challenge to consider and register risks around fraud, health and safety and loss of life.

The methodology includes confirming back to risk owners what their roles and responsibilities are, providing guidance not on how to review, update and escalate risks. Time is scheduled into risk owners diaries for regular review.

2. Adopt a robust risk register approach for corporate and strategic risks and ensure that these registers are a standing item on the CMT monthly agenda

Corporate risks have been reviewed by the Core management Team and following review, the number has been significantly reduced.

The strategic risks have been allocated a Core Management Team lead and have been rated and mitigating actions identified. The risks registers are scheduled quarterly on Core Management Team agendas.

3. Put appropriate checks in place for reassurance on compliance

A process has been designed to ensure that the delivery of mitigating actions is reviewed by the Corporate Governance team and reported through to risk owners and the Core Management team for action if required. Responsibility for review has been agreed.

5.18 Investment Decisions

Audit said: Our interim findings have identified a number of areas of improvement, namely;

- Ensuring that there is sufficient capacity to deliver business as usual activities and key priority projects
- Ensure compliance with the agreed project methodology

- Implementing the Council's commercial strategy, particularly the development of sound business cases

We will:

1. Build further capacity and capability in officer resources and leadership

Capacity has been increased by the appointment of an Interim Director and specific external project resources. Internal secondments have been approved to specific projects to ensure capacity and backfill arrangements agreed to ensure that the services do not suffer.

2. Ensure compliance with an agreed project methodology as outlined above

A methodology has been approved and steps to ensure compliance underway as outlined above.

3. Adopt the five case model as the minimum standards for investment proposals. Adopt an appropriate approach to investment appraisals

Approximately 40 staff have been taken through a commercial training programme to develop commercial awareness and the development of business cases using a five case business model. Templates and guidance have been provided and the Core Management Team have agreed that this will be the standard approach for business case development.

An approach to investment appraisals has been approved for common proposals (property purchases), (background paper 12) and is being developed for larger scale investments.

4. Adopt an agreed process for undertaking due diligence

Guidance has been developed for undertaking due diligence on investment decisions (document 13) and this will be developed through continued learning.

5. Strengthen member and stakeholder engagement in current process and strengthen the process where necessary

A project approval process has been developed (document no 3 and 4) which identifies where key stakeholder are involved in the decision making process. Further development is planned through a member and officer session.

6. Align behaviours for accountability and governance with job descriptions

We are currently consulting on a proposed structure which will include aligning behaviours for accountability and governance to job descriptions. Codes of practice are being developed for key processes. Key officer involved in these processes will be trained and provided guidance and will

be required to confirm that they understand their responsibilities and will comply with them.

Draft

5.19 Income Generation

Audit said: Our work identified how income budgets are set and projected was in need of improvement. Income generation, budgeting, monitoring and reporting processes need to keep pace with the priority the Council now places on income generation

We are:

1. Delivering the 'Finance Matters' project which aims to enhance the information and capability of budget managers

The Finance Matters programme is well underway with training sessions booked and being delivered, report formats agreed in use and the strategic financial management work including processes for budgets setting, capital, reserves and investment decisions being developed.

5.20 ICT Infrastructure

Audit said: Our audit identified areas of improvement around:

- IT security
- resilience in the event of disaster
- development of Code of Connection for WLDC network
- Review and update IT policies
- Software licencing and asset control
- Firewall / intrusion prevention system

We are:

1. Delivering a project to move to a shared infrastructure with North Kesteven District Council for resilience and the release of efficiencies

This business case for this project has been approved by the Management Team at both councils and the project delivery plans have commenced development aiming for a completion date of April 2014.

2. Delivering a project to secure compliance with infrastructure build and security requirements to enable connection the Public Service Network (PSN). This project will ensure that all concerns raised are addressed or connection will be refused.

We have completed the work that we believe is necessary to comply with the strict security requirements to connect to the Public Service Network, and have an independent health check carried out against our network including an external penetration test to test our resilience to attempted unauthorised access. We have submitted our evidence and application form requesting a compliance certificate.

5.21 Information Governance

Audit said: We established that the organisation does not have a coordinated corporate approach to managing information governance.

We have:

1. Established the Corporate Information Governance Group and will ensure regular action

The group formed on 3 Jul 2013, has now met 3 times and has started to understand its role and deliver its objectives.

We will:

1. Establish an approved protective marking scheme

A Protective Marking Scheme has been in place since 29 Sep 2011 when it was adopted by the Policy and Resources Committee. It was agreed at the time that staff would only be required to be aware of the policy and trained to understand the implications and requirements for handling protectively marked information if they came across it. Awareness training was provided to teams during their meetings held between October and December 2011. We now need to develop a standard approach across the authority to make sure documents are properly marked, stored in the right information security zone, and properly handled and secured.

2. Reviewing relevant policies and provide necessary training

At present we have 15 information policy documents; 7 of those have been reviewed and updated for the compliance work for the PSN. We have so far identified 5 missing policies; 4 of those have been drafted and of these 2 will require committee approval, while the remaining 3 are specific to ICT. Once the full set has been issued we will commence a staff awareness programme.

3. Put appropriate checks in place to assure compliance

A schedule for review, updates and compliance testing is being developed to provide IT and others with a comprehensive "work-plan" to ensure compliance. Together with the performance reporting and monitoring role being developed within the CIGG we will be able to provide a high level of assurance moving forward.

6 GOVERNANCE AND AUDIT COMMITTEE AGREED ACTION JUNE 27TH 2013

6.1 Members of the Council's Governance and Audit Committee consider Audit Reports.

Members of the Committee expressed concern at their meeting on the 27th June 2013, that there appeared to be a common thread of late information, incomplete information, non-documentation and non-compliance. Further concerns were expressed in that if project management and planning continued to remain an issue effective delivery could be compromised significantly.

The following actions were agreed by the Committee and updates have been provided on the matters arising schedule.

6.2 Risk Management Strategy

Members of the Governance and Audit Committee approved the Governance, Risk and Compliance Strategy (27th June 2013).

6.3 Review capacity Chief Executive (CEO)

Action already taken by the CEO

- 1 Reviewed Senior Officers' Workloads and Priorities. Work removed from some to enable greater focus upon Corporate priorities
- 2 Competency assessments
- 3 Restructure to ensure Council is 'fit for purpose'

6.4 Ensure well documented, understood and embedded documentation procedures are in place

Action already taken Jeanette McGarry

1. SMT Workshop August 2013
2. Draft project management life cycle September 2013
3. Draft project flow-chart September 2013
4. Draft Investment flow-chart Aug 2013 August 2013

Templates and guidance provided to date are included with the background papers. A list of these can be found at appendix 1.

6.5 Ensure due diligence is a standard process regardless of the project - Alex Reeks and Alan Robinson

6.6 Ensure that relevant staff are fully trained and understand the importance of due diligence. - Alan Robinson

6.7 Update be provided to the Committee at its next meeting in September, setting out progress achieved against the action plan outlined by the Assistant Chief

Executive (detailed above as “Audit said, we will...”) - **Alex Reeks -Sept 2013 G&A Committee**

- 6.8 That both investment decisions and the Constitution be incorporated into the list of issues referred to in the Annual Governance Statement report; and the final statement be submitted to the September meeting of the Governance and Audit Committee for approval. - **Alex Reeks - Sept 2013 G&A Committee**

6.9 **Investments**

An interim report / briefing paper be provided to the Committee on current investment decisions, setting out what is the process; all current investment decisions be investigated; the level they are each worked up to and who has provided due diligence for each. - **Russell Stone**

The Council should “pause and reflect” prior to committing to any further investment proposals. - **Russell Stone**

Ensure Members understand the delegated investment decisions
- **Russell Stone**

6.10 **Big Red Dot Foundation**

Members sought assurance that the identified ambiguities in relation to the contract between the Council and the Big Red Dot Foundation (BRDF) could be resolved before the end of the three year period. - **Russell Stone**

Further information regarding the current contract arrangements and putting measures in place to minimise risk at the early stages be submitted to the next meeting. - **Russell Stone**

The Director of Regeneration and Planning be in attendance at the Committee’s September meeting to provide assurance around the project plan and its implementation in respect of Gainsborough Re-gained - **Sept 2013 – Mark Sturgess**

A Special Meeting be arranged during September 2013 to consider the Elswitha report. - **Sept 2013 Mark Sturgess**

6.11 **Financial Training**

A training session be arranged 2 weeks prior to the Committee’s next meeting in September to assist Members with scrutinising and questioning the Accounts when presented for approval. - **Russell Stone**

The Committee be provided with further information for assurance, regarding budget management and the general ledger in terms of progress achieved in implementing the required actions - **Russell Stone**

7 FINDINGS

7.1 The following areas of the review were considered under the six principles of corporate governance as developed by CIPFA and Solace. Further information on each area is available within the annual governance statement.

7.2 Vision, purpose and outcomes

Good governance means focussing on the purpose of the authority and on outcomes for the community and creating and implementing and reviewing new committee structures.

7.3 Findings

The Council has adopted its Corporate Plan and is currently conducting the 'Corporate Plan Refresh'. The Plan includes clear details of the Authority's vision, purpose and outcomes.

West Lindsey District Council has adopted the Committee option of decision-making.

7.4 Good Practice

The Corporate Plan Refresh is to be commended. This is an opportunity of ensuring that the Plan is a 'living' document, is still fresh and relevant to the needs of local people.

At the time of the review, the Leader of the Council undertook a cross-party consultation concerning the Corporate Themes and Corporate priorities. This work is to be commended. It should lead to greater political consensus and should provide greater clarity for Members, officers, partners and local people as to the seven corporate priorities.

The Council strengthened the Scrutiny function in July 2013. The Chairman and Members of the Challenge and Improvement Committee approved their new work programme and formalised their chosen methodology.

Priorities were agreed at Council on the 9th September 2013.

7.5 Recommendations

Promote and publicise the ten Corporate priorities eg posters on each floor of the Council Building; an article within the Council newsletter to households, etc. Include the corporate priorities as part of the appraisal process.

7.6 Roles and responsibilities of Members and Officers

Good governance means members and officers working together to achieve a common purpose with clearly defined functions and roles.

7.7 Findings

The 2009/10 Audit Commission Report identified a number of recommendations which aimed to clarify and improve roles and responsibilities of members and officers.

West Lindsey District Council has approved the Member Code of Conduct and the Officer Code of Conduct.

West Lindsey District Council is in parts quite rural. The District is also close-knit and there is arguably a strong sense of community. These are strengths but all strengths have facets which need to be regularly checked; in the case of WLDC officers and members may find themselves living and socialising in close proximity. For example, children or grandchildren may go to school together and so on. It is imperative that officers and members maintain proper and ethical relationships inside and outside of their respective professional roles. Please note that I have not found any reason to suggest that any improper relationships exist.

I found evidence of the need for officers to meet committee deadlines, follow up and implement matters arising; update and ensure that report titles/subject matter appear in the Forward Plan.

I found evidence of much unnecessary and avoidable additional work that has been created by officers who do not meet the electronic committee system's requirements. This additional work is invariably left to the Committee Services Team and should not be tolerated. The Committee Services staff demonstrate high integrity, commitment, enthusiasm, passion and a 'can do' approach to their work. They are a credit to the Authority.

I found evidence that officers do not always follow the due diligence aspects of the Committee Reporting system. For example, the financial and legal elements of reports are not always fully completed by report authors. This could have potentially serious consequences.

The Leader and the Chief Executive have a sound and professional working relationship. They demonstrate mutual respect for one another.

7.8 **Good Practice**

The Committee Services staff demonstrate high integrity, commitment, enthusiasm, passion and a 'can do' approach to their work. They are a credit to the Authority.

The Governance and Audit Committee is well-chaired and its members are thorough and undertake their role with integrity and professionalism.

The Governance and Audit Committee includes two independent members.

The Leader, Deputy Leader and the Chief Executive have a sound and professional working relationship. They demonstrate mutual respect for one another.

The Leader holds member/officer away days to plan the medium to long term direction of the Council.

7.9 Culture and Values

Governance means promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

7.10 Findings

The Authority has approved the Member Code of Conduct and the Officer Code of Conduct.

2009/10 Audit Commission Report identified a need to improve the Council's culture and standards of conduct and behaviour. New ways of working/behaviour and culture can take some significant time to embed and require sustained reinforcing action over many years.

Council approved a set of values and behaviours.

Chief Executive holds regular 'Core Briefing' sessions which are open to all staff.

I found evidence of opportunities to improve member and stakeholder engagement. Members and stakeholders should be involved at project inception and throughout project development and delivery.

Senior officers need to be aware of their personal responsibilities and accountabilities. Some appear to be modelling an 'opt-out culture'; particularly in relation to applying agreed systems such as project management.

The Monitoring Officer is required to contribute to the promotion and maintenance of high standards of conduct by councillors and officers. The role should be revered and any such post holder needs to be considered by officers and members alike, as an excellent role model. The current role is an interim position.

Group Leaders contribute to the promotion and maintenance of high standards of conduct by their Group members.

I witnessed the Chief Executive promoting and extolling the benefits of a 'learning culture' as opposed to a 'blame culture.'

The Annual Staff Survey for 2012-13 was highly positive.

7.11 **Good Practice**

The Council has adopted a set of values and standards of desired behaviour.

Members and Officers demonstrate a will to do the best for local people.

The Chief Executive promotes a 'learning culture'

An annual staff survey is conducted and is analysed against a clear baseline

7.12 **Recommendations**

- 1 Embed the corporate values and agreed behaviours
- 2 Embed the Code of Conduct for Members
- 3 Embed the Code of Conduct for Officers
- 4 Embed a learning culture - move away from a blame culture

7.12 **Transparent decision-making**

Good governance means taking informed and transparent decisions which are subject to effective scrutiny and managing risk

7.13 **Findings**

The Council has consciously engaged in leading edge enablement and commissioning of services. WLDC is branded as 'The Entrepreneurial Council'. The Council has at the same time agreed to take informed and calculated risks thereby minimising risk. Such work may involve journeying uncharted waters and as such, the introduction of new ways of working and new checks and balances.

- a) The Council publishes a Forward Plan on the internet so that members of the public can view forthcoming report titles.
- b) The Council uploads web casts of Committee meetings.

Committee agendas, reports, minutes and matters arising are also published on the internet. However, exempt items such as commercially sensitive reports have a restricted audience which is in keeping with legislation and guidance.

The sample of reports which I reviewed included more than one option for members to consider debate and deliberate upon. It is important that the advantages and disadvantages of each of option are outlined within reports.

The Vice-Chairman of the Governance and Audit Committee suggested to me that the seating layout of the Council Chamber at Full Council should be reviewed to encourage a greater sense of equity and open debate.

The Council received 133 complaints, of which 4 were considered by the Ombudsman and no maladministration was found. The Authority received 137 compliments during 2012.

The Challenge and Improvement Committee has a clear scrutiny and challenge role. It has published its work programme and has identified its methodology for challenge.

There is a need to keep a record of telephone calls and informal meetings particularly in relation to major projects. Such records should be kept in addition to records of formal committee meetings, and formal officer meetings such as CMT (Corporate Management Team).

7.14 Good Practice

The Forward Plan, committee agendas, reports, minutes, matters arising and web casts of committees are available on the Council's internet site.

The Challenge and Improvement Committee has a clear scrutiny and challenge role. It has published its work programme and has identified its methodology for challenge.

7.15 Recommendations

A written record of all decisions should be kept, including minutes of meetings, and for key corporate projects, notes of telephone calls and all meetings will be kept so that a chronological report may be produced and a clear audit trail of the entire project process may be undertaken, from project inception to project delivery

7.16 Developing capacity and capability

Good governance means developing the capacity and capability of members and officers to be effective.

7.17 Findings

The Council has consciously engaged in leading edge enablement, commissioning of services and increases in income. This work has ensured that the Council has not cut services nor has it introduced compulsory redundancies. It has even lead to an increase in income and healthy annual surpluses which have been added to the Council's reserves. Indeed, the Council has been one year ahead on delivering budget savings in recent years. This is unusual when compared to other councils who have cut services and approved high levels of redundancies. Redundancies and reductions in services all lead to lower morale.

WLDC is branded as 'The Entrepreneurial Council'. The Council has at the same time agreed to take informed and calculated risks thereby minimising risk. Such work may involve journeying uncharted waters and as such, the introduction of new ways of working, skills, judgement and new checks and balances may be required.

This is particularly important in relation to the Statutory Officer positions; the Monitoring Officer and the S151 Chief Financial Officer.

Officers and Members will need to be alert to need to the commission specific advice and expertise for leading edge corporate priorities and they will need to use sound judgement so that this is undertaken in the right way and at the right time.

There is evidence that specialist advice has been called upon for example, the organisations known as APSE and Sector (financial advice) have assisted with the Broadband Project.

The Chief Executive has listened to senior officers and has reduced workloads in some quarters so that the staff may focus on key corporate priorities. However, the organisation has been carrying two key vacancies and this has placed additional burden upon the Chief Executive.

There is an appraisal and personal development process in place for staff and work with Members has commenced. It may be beneficial to the Authority if this were also implemented by the Political Groups so that Members and officers were equipped with newly emerging skills and expertise.

The Chief Executive has announced plans to review officer capacity and capability and is currently consulting upon plans for a restructure.

Officer Boards have been established to enhance effectiveness and delivery eg Commercial; Growth, Entrepreneurial and Communities Board.

7.18 **Good Practice**

Officer capacity and capability is being assessed.

A restructure is being developed so that the organisation is 'fit for purpose'

7.19 **Real engagement and accountability**

Good governance means engaging with local people and other stakeholders to ensure robust local public accountability

7.20 **Findings**

There is evidence that Authority engages with local people and other stakeholders prior to agreeing budgetary savings and efficiencies and before setting the annual budget.

There is evidence that local people and other stakeholders are engaged in Neighbourhood planning and the development of Parish Plans

However, there is a need for Officers to plan continuous engagement (throughout the life of a project) with local people and stakeholders.

I attended a meeting of GAIN which aims to develop and improve the town of Gainsborough. This meeting really was a joy to behold. It was extremely well-attended by leading business people (some of whom were Managing Directors of global enterprises); community groups and charity representatives, church leaders, town council, county council representatives, WLDC ward councillors and many others. It was facilitated by WLDC but was chaired by a local business person.

It was highly democratic, dynamic, forward-looking and action-orientated.

7.21 **Good Practice**

Consultation on the budget
The GAIN Group

7.22 **Recommendations**

The Council identifies and engages with stakeholders at the earliest opportunity in respect of all matters not already decided upon.

In future developments the Council ensures that it engages with stakeholders at an early date and that stakeholder engagement is identified as a key element of project plans.

7.23 **Project and Risk Management**

Findings

There is a project and risk management approach in place and officers have received project management and risk management training. The approach includes an approach known as 'The five Case Business Model'. Further, guidance has been produced which should ensure that processes are proportionate and that major projects; particularly those that involve significant finances follow a clear project management approach. The guidance identifies approaches for low, moderate and high risk projects. However, it would appear that the guidance isn't been fully used by staff.

I found evidence that some senior officers did not regularly update project plans on the electronic 'share point' 'Minerva system. Indeed, one officer informed me that they have never used the system.

It is imperative that the agreed approach is used and implemented by officers. Senior officers need to be aware of their personal responsibilities and accountabilities.

7.24 **The Council has identified the following Top Strategic Risks**

- Financial sustainability and Government funding
- Delivery of priorities in partnership
- Capital Expenditure Slippage
- Information Governance
- Transformation
- Joint Planning Unit
- Falling National and Local Economy
- Capability and capacity of communities to meet their local needs
- Leadership capability of members
- Welfare Reform

7.25 **Recommendations**

Ensure Corporate Governance arrangements are proportionate to risks.

The Council's project management approach is always completely and robustly applied for projects that meet the project management criteria.

Groups that form part of the governance arrangements for a project have clear terms of reference which includes the role and responsibility of members of that group.

8 CONCLUSION

- 8.1 The Council is highly ambitious and visionary and is at the leading edge of local government innovation. The Council is keen to both ameliorate the impact of the unprecedented reductions in public sector funding and the impact of the downturn in the economy upon local people, without compromising services or jobs. It is worthy to note that unlike the majority of its contemporaries, the Council has not introduced compulsory redundancies and has managed its budget well to date. The Council has achieved this by developing the Entrepreneurial Council approach and, as it states, by taking informed and calculated risks.
- 8.2 The intensity and urgency to find alternatives to reducing services has led the Council to increase the pace of delivery.
- 8.3 This radical, innovative, entrepreneurial and commercial ethos has inevitably challenged existing and long-held values, culture and competencies. Essentially, West Lindsey District Council is one of a handful of local authorities who have started out on a brave new journey. Such an approach inevitably challenges the status quo and there will be an ongoing need to ensure officers and members are fully engaged.
- 8.4 It is important that clear checks and balances are in place and some of these may need to be developed or strengthened as the new approach to local government develops.
- 8.5 It is essential that the Council embeds a learning culture as a blame culture will only stifle creativity and innovation. Blame cultures can also lead to suspicion, defensiveness and so-called conspiracy theories; such approaches are likely to heed the good progress already made and are wholly unhealthy.
- 8.6 The Council has already made strides to ensure that proper checks and balances are in place. Project management systems and guidance have been in place for some time and project management training, the management of risk training and coaching has been provided. It is essential that the agreed policies and procedures are heeded and adhered to by officers. There is a need to continuously embed this approach.
- 8.7 In terms of the life-time of a Council, the Entrepreneurial approach is still relatively new and the Council has achieved a great deal. Staff and members alike, should reflect and be proud of all that has been achieved.

Appendix 1 – List of background papers

A – Guidance to Support Board Decision Making.

Document 1. Corporate Plan Delivery Arrangements per Board Chart/Diagram

Document 2. Terms of Reference for Board

Document 3. Commercial Board Project Governance Flow Diagram

Document 4. Guidance to support Flow Diagram

B – Guidance to support use of Project Management Methodology.

Document 5. Project Lifecycle Flow Diagram

Document 6. Detail to support Flow Diagram

Document 7. Project Mandate (Stage1)

Document 8. Options Appraisal Business Case (Stage 2)

Document 9. Project Initiation Document (Stage 3)

Document 10. Project highlight report (Stage 4)

Document 11. Post Implementation Review (Stage 5)

C – Guidance to support Investment Decision Making.

Document 12. Property purchase documentation

Document 13. Due diligence check list