



GA.08 16/17
Committee: Governance & Audit
Date: 21st June 2016

Subject: Draft Annual Governance Statement 2015/16

Report by:

Director of Resources – Ian Knowles

Contact Officer:

Ian Knowles

Purpose / Summary:

To present to Members the draft Annual Governance Statement for 2015/16

RECOMMENDATION(S): That Members provide feedback on the draft Annual Governance Statement to feed into the final statement for approval at the July meeting of the Governance & Audit Committee

IMPLICATIONS

Legal: The Annual Governance Statement must comply with the Accounts and Audit (England) Regulations 2011

Financial: FIN/29/17

Staffing: None

Equality and Diversity including Human Rights: None
NB: Please explain how you have considered the policy's impact on different groups (for example: young people, elderly, ethnic minorities, LGBT community, rural residents, disabled, others).

Risk Assessment: Risk management arrangements are part of corporate governance and issues raised under these arrangements have been included in the Annual Governance Statement

Climate Related Risks and Opportunities: None

Title and Location of any Background Papers used in the preparation of this report:
*Wherever possible please provide a hyperlink to the background paper/s
If a document is confidential and not for public viewing it should not be listed.*

Call in and Urgency:

Is the decision one which Rule 14.7 of the Scrutiny Procedure Rules apply?

i.e. is the report exempt from being called in due to urgency (in consultation with C&I chairman)
Yes **No**

Key Decision:

A matter which affects two or more wards, or has significant financial implications
Yes **No**

1. Background

1.1 The Annual Governance Statement is a formal statement under the Accounts and Audit (England) Regulations 2011, which details the Council's governance arrangements and issues for the previous year as an annual report of governance.

1.2 The system of corporate governance is the way in which we direct and control our services and functions to ensure that we make the best use of all resources.

1.3 Assurance of governance arrangements involves a process to test the framework and to gain confidence that it is operating as intended and that we are, "doing the right things, in the right way, for the right people in an open, honest, inclusive and timely manner."

1.4 The Council is required to produce an Annual Governance Statement for approval by 30th September 2016 to accompany the Council's Statement of Accounts.

1.5 The Annual Governance Statement includes a summary of the governance framework and identifies those areas where further action is required to achieve full assurance.

2 Developing the Annual Governance Statement

2.1 Sources of information used to develop the Statement include:

- The development of the framework itself
- The Combined Assurance Report 2015/16
- Internal Audit Annual Report
- Internal Audit "limited assurance" reports
- The management of strategic and service risks
- External Audit Annual Audit Letter
- Complaints and lessons learnt
- Consultation results
- Ombudsman investigations
- Corporate functions assurance statements – Legal, Health & Safety, ICT, Procurement
- Service Managers – any service or performance issues, including signed assurance that the internal control and governance assurance framework has been upheld, covering:
 - Review of key controls
 - Budget setting and allocation of resources
 - Performance management
 - Risk management
 - Financial and legal implications

3 The Framework

3.1 The Governance Framework follows the six CIPFA principles of good governance and is formed by the systems and processes, standards, policies

and activities through which it accounts to, engages with and leads the community.

3.2 Under each of the principles we have identified improvements that have taken place during the year, activity to support the principle, any significant issues and actions that will be undertaken to address any issues or to develop the principles further.

4. Draft Annual Governance Statement 2015/16

4.1 The draft version is available for review at Appendix One. Members are asked to review its content and offer feedback to inform the production of a final version.

4.2 The draft is awaiting updates to a number of annual reports which will be presented to Members in the coming weeks. Once these have been concluded, the relevant links will be provided within the Statement.

5. Issues Deemed Closed

5.1 The issues which were identified as matters to be addressed via the AGS Action Plan 2014/15 and are now deemed to be completed are detailed below. Members are asked to review and determine whether they are satisfied that sufficient progress has been made to warrant completion.

- **Asset Management** – to produce a relevant and coherent Asset Management Plan and effective supporting processes and structures. *Asset Management Plan in place and approved.*
- **Review of Risk Strategy** – to ensure it is aligned with new structures within the Council. *Risk Strategy produced and approved.*
- **Review of The Constitution & Streamlining of Decision Making** – to ensure it supports new structures, governance and decision making frameworks; supports commercial aspirations and identifies and removes unnecessary bureaucracy. *Constitution reviewed and revised accordingly.*
- **Corporate Plan** – new Plan to be produced to reflect changing issues facing the District and the priorities of the new Administration and the concept of the ‘golden thread’ is evident. *Corporate Plan 2016-2020 developed and approved.*
- **Delivery of Finance Matters II** – to design and implement a further finance related training programme to further develop staff in line with the Council’s commercial and entrepreneurial ambitions. *Training programme developed, approved and underway with a 12 month timescale.*

- **Member Induction and Development** – to ensure an effective democratic framework and appropriate skills on the part of newly elected and returning Members supported by an appropriate development programme. *Members inducted, development needs identified and associated programme developed.*
- **Contract Management** – to ensure we have a functional database upon which to record all contract related information and documentation and that contract management is regarded by relevant officers as an essential component of day to day management duties. *Action Plan completed and follow-up audit provided a rating of substantial assurance.*

5.2 The actions relating to the **Central Lincolnshire Local Plans Team** has a timescale for completion running to the end of 2016 and will therefore be carried forward into the Action Plan for 2015/16 as detailed below.

5.3 The actions relating to **Development Management** remain underway and will therefore also be carried forward into the Action Plan for 2015/16 as detailed below.

6. Issues to be Addressed

6.1 At this stage of development of the Annual Governance Statement, a number of issues have been identified (as a result of scrutiny of the items listed at point 2.1 above) that are a potential cause for concern and therefore are proposed to form the Action Plan for the 2015/16. The issues for consideration are:

- **Central Lincolnshire Local Plans Team** – to oversee the completion of the Local Plan by end of 2016 and ensure that West Lindsey's growth needs are considered and addressed
- **Development Management** - to ensure issues relating to capacity; performance and customer care are addressed and sustainable improvements are realised
- **Capital Programme** – an extensive capital programme has been agreed and we therefore need to ensure that robust and appropriate governance arrangements are implemented to oversee its delivery
- **Information Governance & Security** – to ensure that appropriate controls and policies are in place to mitigate the Council against the risk of cyber-crime and/or data/information leakage
- **Choice Based Lettings** – to address the recognised issues across the CBL partnership and develop improved processes for customers
- **Selective Licensing** - to review the implementation, monitoring and initial performance of the selective licensing project in the Gainsborough South West Ward

6.2 Members are asked to review this list and advise as to whether they are in agreement with its contents or whether it requires amendment at this stage.

7. Next Steps

7.1 In draft form the Annual Governance Statement has been issued to both Internal and External Audit for review and comment. The results of this have helped to inform this version of the draft Statement; in particular the identification of any additional issues to be addressed via the Action Plan for 2015/16. Any further feedback will be used to inform the production of the final version of the Statement and the inclusion of any additional matters to be addressed via the Action Plan for 2015/16.

7.2 Once a definitive set of issues has been determined, an Action Plan will be worked on and will accompany the final version of the Annual Governance Statement 2015/16 for submission to the Governance and Audit Committee on 26th July 2016.

WEST LINDSEY DISTRICT COUNCIL

Annual Governance Statement 2015/16



Annual Governance Statement 2015/16

SCOPE OF RESPONSIBILITY

West Lindsey District Council is responsible for ensuring that its business is conducted in accordance with the law and proper accounting standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. West Lindsey District Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, West Lindsey District Council has put in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

West Lindsey District Council has adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. We are conscious of fresh guidance provided by CIPFA/SOLACE in relation to corporate governance frameworks and will consider their recent report. A copy of the authority's framework is on our website contained within the [Codes and Protocols](#) section of The Constitution.

This Annual Governance Statement explains how West Lindsey District Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2015, regulations 4(3) and 4(4), which requires all relevant bodies to prepare and publish an annual governance statement.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. 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 services that are value for money. The framework has been reviewed during the year and is deemed to be relevant and robust.

The system of internal control is an important part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of West Lindsey District Council's policies, aims and objectives, to evaluate the

likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

The governance framework has been in place at West Lindsey District Council for the year ended 31st March 2016 and up to the date of approval of the statement of accounts at a meeting of the Governance and Audit Committee on 15th September 2016.

THE GOVERNANCE FRAMEWORK AND REVIEW OF EFFECTIVENESS

The Governance Framework is presented in detail at Appendix One with commentary about improvements made during the year and improvements still required.

Some of the key features of the Governance Framework are set out below.

The Corporate Plan sets out the Council's vision for the District and sets out the key strategic objectives which will deliver these outcomes for our communities. The Corporate Plan is explicitly aligned to the Medium Term Financial Plan, ensuring that the aspirations in the Plan are realistic in the context of the funding constraints placed on the Council. The Corporate Plan is reviewed annually and takes into account feedback from surveys conducted with the citizens of West Lindsey.

The Constitution of West Lindsey District Council establishes the roles and responsibilities of the Full Council, Policy Committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements. The Constitution is reviewed annually to ensure it continues to be fit for purpose.

The Constitution also contains rules of procedures (standing orders and financial regulations) that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of the Paid Service, Monitoring Officer and Chief Financial Officer are described together with their contributions to provide robust assurance on governance and that expenditure is lawful and in line with approved budgets and procedures. The influence and oversight exerted by these posts is backed by the post-holders' membership of the Corporate Leadership Team.

West Lindsey District Council has developed, communicated and embedded codes of conduct, defining the standards of behaviour for both Members and staff. In addition, training needs are identified through development appraisals and reviews, enabling individuals to undertake their present role effectively and have the opportunity to develop to meet their own and the Council's needs.

West Lindsey District Council has responsibility for conducting at least annually a review of the effectiveness of its governance framework including the system of internal control. The review is informed by:

- 1. The Combined Assurance Report – made up from:**
 - a) Feedback from senior managers within the Authority who have responsibility for the development and maintenance of the governance environment on its effectiveness within their areas
 - b) An independent review by the Corporate Governance Team
 - c) The findings of the Annual Audit Work Plan
 - d) Third Party assessment e.g. peer review
- 2. The Annual Review of Complaints**
- 3. The Annual Review of The Constitution**
- 4. The Annual Review of the Effectiveness of Internal Audit**
- 5. The Annual Review of Whistleblowing**
- 6. The Annual Review of Fraud**
- 7. The Head of Internal Audit’s Annual Report**
- 8. Comments made by the external auditors and other review agencies and inspectorates**

These reviews have been considered by the Governance and Audit Committee as well as a draft version of this governance statement and the arrangements are deemed as being fit for purpose.

The areas already addressed and those to be specifically addressed via an action plan to be developed in the coming year are outlined below.

SIGNIFICANT GOVERNANCE ISSUES

Over the last year the Council has consolidated its progress made over previous years in further strengthening its corporate governance arrangements and procedures and to consistently communicate the message across the organisation that governance is an essential component of corporate activity. This work has been recognised by the Head of Internal Audit. In providing her annual opinion she has assessed our overall governance, risk management and financial management arrangements as all being ‘green’ in nature.

To enhance capacity and capability across the Council a senior management restructure, leading to the appointment of Strategic Leads is almost complete with one remaining Strategic Lead position remaining under consideration.

We also continue to review and refresh where appropriate our processes in relation to project management, partnership arrangements, risk management and contract management to provide clear guidance and support and have undertaken a number of workshops with staff to ensure that procedures are fully understood. Significant work has also been undertaken to design appropriate Programme Board structures to provide appropriate support and scrutiny in relation to project development and delivery. These arrangements were reflected in the positive outcome of an internal audit into our decision making processes.

Considerable attention has been paid to asset management. We have finalised the Council’s Property and Land Management Strategy and the Commercial Plan is working through its delivery actions which have been reviewed by Full Council. Consideration is being paid to the skills and capacity required to advance these

areas of work.

Training for staff and Members has also taken place as have workshop sessions and regular feedback to Members and the Governance Core Leadership Team (GCLT) on governance related matters. A comprehensive, well attended and well received induction programme was held for Members following the May 2015 elections. This provides a sound footing from which Members can develop into their roles. We have reviewed our usage of Approved Codes of Practice (ACoPs) which are designed to provide clarity and ensure accountability for the consistent application of relevant processes and procedures.

A refresh of measures to be incorporated into the Council's Progress and Delivery reporting has been undertaken to ensure that we report against meaningful aspects of service delivery. A key aspect of this is to ensure that progress towards the desired outcomes in the Council's new Corporate Plan are tracked.

During 2015/16 West Lindsey District Council has also regularly reviewed progress against the significant issues identified in the previous year's AGS (2014/15). Issues that have been sufficiently progressed and so are now removed from the AGS (2014/15) action plan are:

1. **Asset Management** – to produce a relevant and coherent Asset Management Plan and effective supporting processes and structures
2. **Review of Risk Strategy** – to ensure it is aligned with new structures within the Council
3. **Development Management** – to ensure issues relating to capacity; performance and customer care are addressed and sustainable improvements are realised
4. **Review of The Constitution & Streamlining of Decision Making** – to ensure it supports new structures, governance and decision making frameworks; supports commercial aspirations and identifies and removes unnecessary bureaucracy
5. **Corporate Plan** – new Plan to be produced to reflect changing issues facing the District and the priorities of the new Administration and the concept of the 'golden thread' is evident
6. **Delivery of Finance Matters II** – to design and implement a further finance related training programme to further develop staff in line with the Council's commercial and entrepreneurial ambitions
7. **Member Induction and Development** – to ensure an effective democratic framework and appropriate skills on the part of newly elected and returning Members supported by an appropriate development programme
8. **Contract Management** – to ensure we have a functional database upon which to record all contract related information and documentation and that contract management is regarded by relevant officers as an essential component of day to day management duties

Actions relating to **Central Lincolnshire Local Plans Team** and **Development Management** have timeframes for completion extending beyond the lifespan of the 2014/15 action plan and have therefore been rolled forward into the action plan for 2015/16.

SIGNIFICANT CURRENT ISSUES TO BE A FOCUS IN 2016/17.

For 2016/17, the Council will pay attention to a number of issues as described below and will continue to stress the message across the organisation that governance is a core component of corporate activity. Hence all officers are required to play a part in ensuring that our processes and systems are robust and adhered to. On-going 'testing' of our processes will be undertaken and we will continue to work in a collaborative manner with Internal and External Audit colleagues.

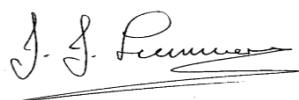
Those issues that have been identified as requiring particular attention during 2016/17 are reproduced below. These were identified by GCLT; via reference to Internal Audit opinion and through the work undertaken to complete the Council's Combined Assurance Report for 2015/16. Progress will be made in 2016/17, monitored and driven forward by GCLT and the Governance and Audit Committee in conjunction with the Challenge and Improvement Committee.

The significant issues identified are:

1. **Central Lincolnshire Local Plans Team** – to oversee the completion of the Local Plan by end of 2016 and ensure that West Lindsey's growth needs are considered and addressed
2. **Development Management** - to ensure issues relating to capacity; performance and customer care are addressed and sustainable improvements are realised
3. **Capital Programme** – an extensive capital programme has been agreed and we therefore need to ensure that robust and appropriate governance arrangements are implemented to oversee its delivery.
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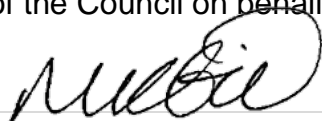
We propose over the coming year to take steps to address the above matters via an action plan to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review. There have been no significant events or developments relating to the governance system between the year-end and the date on which the Statement of Accounts were signed by the responsible financial officer.

Signed



Date

Leader of the Council on behalf of West Lindsey District Council



Signed

Date

Chief Executive on behalf of West Lindsey District Council

APPENDIX 1 - THE GOVERNANCE FRAMEWORK & REVIEW OF EFFECTIVENESS

1. The Council's Vision

Objective: Developing, communicating, operationalising and reviewing the Council's vision.

This section incorporates information relating to:

- identifying and communicating the Council's vision
- reviewing the Council's vision and its implications for the Council's governance arrangements
- translating the vision into objectives for the Council and its partnerships

To help identify priorities, the Council analyses information from external sources, internal statistics, engagement events, working with partners and horizon scanning reports.

Priorities are tested further through public consultation with both the Citizen's Panel (an established representative group of up to 1500 local residents) and residents more generally. This is supplemented by engagement with a range of businesses and third sector organisations and Member workshops, which build on the identified community priorities.

Following elections in May 2015 and the appointment of a new administration, the Council embarked upon the production of a new Corporate Plan for the period 2016-2020. The Plan was approved by Council in March 2016. The overall vision has been reviewed and the following strategic priorities developed:

- Theme 1: Open for Business
- Theme 2: Asset Management
- Theme 3: People First
- Theme 4: Central Lincolnshire Local Plan
- Theme 5: Partnership/Devolution
- Theme 6: Excellent Value for Money Services

The Corporate Plan is explicitly linked to the Medium Term Financial Plan through to 2020.

The Council publishes its [Corporate Plan](#) on its website in accordance with requirements for transparency and making information available for local people.

The Council's Corporate Plan is delivered through a number of Programme Boards which have clear terms of reference outlining responsibilities for delivery. Each programme board delivery plan is further translated into business and service plans, team plans and personal actions (through the appraisal process), which contain specific key objectives, desired outcomes, responsibilities and targets. This ensures that the necessary resources, both staff and financial, are allocated to deliver the service plans and informs the Medium Term Financial Plan.

In addition to the Corporate Plan and MTFP, the Council has also published its Commercial Plan and the required deliverables. These three strategic documents complement one another and set the direction for the Council over the medium-term

The Council continues to operate in a challenging short and medium term financial environment. This challenge is not new to the Council and it has, since 2008, undergone a significant review of its services to realise substantial savings. However, for the year ending 31st March 2016 the authority continued to operate within a challenging financial environment as a consequence of further cuts in government funding and local economic conditions, with the outlook for the coming years equally challenging (see [WLDC Budget Book 2016/17 to 2020/21](#)).

Within this context the priorities for the Financial Strategy are to maximise available resources through effective and efficient delivery of services and identify and drive innovative and commercial approaches to service delivery, resourcing and the use of our land and property assets. This remains important so as to achieve financial sustainability. The positive action taken by the Council to date means that it is relatively well placed to respond to these challenges. There are however further uncertain times ahead (despite indicators of economic recovery) and it is essential that the Council continues to take proactive and sustained action as without this the Council's financial position will not be sustainable in the longer term.

Budgets are controlled and monitored by Budget Managers who are supported by regular liaison meetings with the Council's accountants. Budget and performance monitoring is reported to Members and GCLT in the form of regular Budget Monitoring and Progress and Delivery Reports.

A robust process of monitoring and the taking of responsible actions in managing its budget ensures the Council remains in a good position to achieve the additional savings/income targets of approximately £2.5m by 2020/21 in a considered manner.

To ensure that staff possess the necessary financial knowledge and skills, the Council has commenced delivery of a further programme of finance related training under the banner 'Finance Matters II'. This is intended to complement and enhance the previous training (Finance Matters) delivered to staff three years ago.

2. Measuring the Quality of Services

Objective: Measuring the quality of services for users, ensuring they are delivered in accordance with the authority's objectives and ensuring that they represent the best use of resources and value for money

Performance Management & Value for Money

During the year, the Council has monitored the effectiveness of the Progress and Delivery report in monitoring and reporting on performance, with the Challenge and Improvement Committee retaining oversight. A sub-group of the Committee has met once again to discuss the need for a refresh of measures for 2016/17 to ensure that progress against the achievement of corporate priorities can be tracked. We are keen to stress the message that any measures adopted should be able to help the Council learn and improve. The Chief Operating Officer (COO) is responsible for performance management and provides:

1. Monthly reports to the GCLT
2. Quarterly Progress and Delivery reports to the policy committees and the scrutiny committee
3. Assurance that the reports provide quality and contextual data for Members

Specific reference has been made to our approach to achieving value for money in the MTFP. Our approach received a positive outcome when audited by External Audit.

Individual performance is discussed via the appraisal system for employees, which continues to be monitored to ensure that it is applied consistently.

The Council has adhered to the transparency agenda by publishing spend over £250 on the Council's web site on a monthly basis and continues to meet the legal requirements to publish equality objectives which are included in the Corporate Plan.

Commissioning Partnerships

To achieve value for money and the best use of resources, the Council has adopted a positive approach to partnership working and has retained a number of shared working arrangements, mainly with North Kesteven District Council. Other key partnerships include Lincolnshire Legal Services, Procurement Lincolnshire and the creation of a formal statutory body to consider planning policy across Central Lincolnshire. Additionally, key contractual partnerships incorporating performance management aspects are in place for a range of services.

To ensure that the Council considers the appropriateness of partnership working prior to entering into arrangements, an ACoP is in place to offer guidance and workshops have been held with staff to discuss the topic. It is essential that officers involved in partnership working consider value for money by assessing the on-going importance of any partnership and its effectiveness in meeting intended outcomes.

Contract Management

Effective contract management is key to ensuring that value for money is achieved. An internal audit report into the Council's contract management procedures during 2014/15 produced a finding of 'major improvement required'. As a result a comprehensive action plan was developed to address a wide range of identified issues. Significant work has been undertaken during 2015/16 to deliver against the action plan. These included staff workshops, revision of the Council's Contract Procedure Rules and ACoP, achieving improved functionality of the contract

management system and greater level of contract related information created and held on the system. A follow-up audit was undertaken towards the end of 2015/16 and found significant improvement culminating in an assurance rating of substantial assurance.

Development Management

This service area remains the focus of attention and has been challenging over the last few years with issues in respect of performance and customer care; compounded by high volumes of applications, staff shortages and challenges relating to appropriate management skills leading to a significant deterioration in the service offered and its reputation across the District has suffered. To remedy matters a series of actions have been undertaken, including an internally commissioned improvement plan, an audit undertaken by Internal Audit which provided insight into a number of areas, the provision of colleagues to support the service in respect of performance management and customer care skills and the commissioning of a peer review conducted by the Planning Advisory Service. It is fair to say that this final action has produced the most comprehensive response and a wide-ranging number of actions covering a number of topics is in place and is being worked through. Despite all of the individual interventions, management recognise that it is an essential issue. Therefore appropriate oversight of actions and improvements are in place up to Chief Executive level thereby providing a robust second line of assurance. The Council is acutely aware of the implications of poor performance as spelled out in the recent Housing & Planning Bill and is keen to avert any potential action from being taken.

Customer Feedback

The Council recognises the important role that customer feedback plays in assessing the quality and range of the services delivered. Public consultation plays an integral role in informing budget proposals. Customer satisfaction is an integral component of the Council's performance measurement metrics and an annual review of complaints is reported to GCLT, wider management and Members via a report to the Governance & Audit and the Challenge and Improvement Committees detailing the type and volumes of complaints and comparative analysis with previous years. Contextual information is also provided. The [report](#) is published on the Council's web site. ***

In addition a pro-active stance is taken across a number of services in the form of customer satisfaction surveys. The consistent application of this across the Council is a key aim in support of effective performance management.

3. Roles, Responsibilities and Delegations

Objective: Defining and documenting the roles and responsibilities of the Full Council, Policy Committees, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnerships arrangements

The Council has an overview and scrutiny function and there is a clear split between Policy and Scrutiny. Overview and Scrutiny contributes to the decision making process.

The Council's policy and decision-making process is defined in detail in The Constitution but can be summarised as follows:

- a) The Budget and Policy Framework is decided by Council and has significant links to the Corporate Plan
- b) The Corporate Policy and Resources Committee formulates policy, plans and strategies which do not form part of the Council's Policy Framework. They are responsible for the effective use of all council resources whether land finances, property or personnel
- c) The Prosperous Communities Committee deals with economic development, leisure and cultural, environmental issues and community issues. They formulate policy, plans and strategies other than those identified for adoption by the Council or the Corporate Policy and Resources Committee
- d) The scrutiny function is provided by the Challenge and Improvement Committee which examines the activity of the policy committees to ensure they deliver Council policy and can call the policy committees to account for aspects of poor performance in areas under their jurisdiction
- e) The Challenge and Improvement Committee works to an individual work programme of matters to be considered for the year ahead and there is a monitoring role for the Committee to ensure delivery of the programme. Additionally the Committee invites and raises questions and discussion with strategic partners responsible for service delivery across the District
- f) The Challenge and Improvement Committee can also establish time limited groups to carry out in depth reviews
- g) Quasi-judicial matters such as Planning and Licensing are dealt with through separate Planning and Licensing Committees

The scheme of delegated and reserved powers is set out within The Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council, taking account of relevant legislation.

The Annual Council meeting each year considers a report from the Monitoring Officer which reviews The Constitution to ensure it remains robust and effective. This allows for appropriate amendments to be made.

There are protocols for effective communication which include:

- a) Member/Officer Relations Protocol
- b) Leaders Panel regularly meet with designated officers and Chief Officers
- c) Group Leaders meetings with Key Officers
- d) Chair's Briefs
- e) There is a Members Forum
- f) 'Call-in' protocol which enables a decision of the Policy Committees to be questioned by Scrutiny before it is finally approved

The Chief Executive and Leader have established a communication process and they have mechanisms in place to manage the delivery of objectives.

4. Standards of Behaviour

Objective: Developing, communicating and embedding codes of conduct, defining the standards of behavior for Members and staff

It is vital that there is a constructive working relationship between elected Members and Officers and that the respective roles are carried out to a high standard.

The Council's leadership is responsible for setting the tone for the organisation and it is tasked with creating a climate of openness, support and respect. A set of organisational behaviours and core values are in place and have been communicated. Lead Member positions also have clear role descriptions set out within The Constitution and these make reference to the behaviours expected when undertaking their duties.

Standards of conduct and personal behaviour expected of Members and staff, of work between Members and staff and between the Council, its partners and the community are defined and communicated through codes of conduct and protocols.

This includes:

- a. Members and Co-opted Members Code of Conduct
- b. Guidance when dealing with Planning Matters
- c. Protocol on Member/Officer Relations (Operational Conventions protocol)
- d. Officer Code of Conduct
- e. Whistle Blowing Policy
- f. Complaints Procedure
- g. Anti-Fraud and Corruption Policy
- h. Local Code of Corporate Governance

The Council has in place Members' related codes of conduct and a Local Code of Corporate Governance. Both are deemed to remain fit for purpose, however slight improvements have been identified in respect of the Member code of conduct and these will be implemented. An agreed process is in place to deal with standards matters should they arise. The Standards Sub-Committee plays a significant role in promoting and maintaining high standards of conduct between elected and co-opted Members and hearing complaints where standards of behaviour fall short of what is expected. In particular the role of the Committee is:

- a) promoting and maintaining high standards of conduct by councillors and co-opted Members
- b) assisting the councillors and co-opted Members to observe the Members' Code of Conduct
- c) advising the Council on the adoption or revision of the Members' Code of Conduct
- d) monitoring the operation of the Members' Code of Conduct
- e) advising, training or arranging to train councillors and co-opted Members on matters relating to the Members' Code of Conduct

- f) granting dispensations to councillors and co-opted Members from requirements relating to interests set out in the Members' Code of Conduct
- g) to hear complaints locally regarding alleged breaches of the Code
- h) exercising such other functions as the Council considers appropriate; and
- i) the exercise of (a) to (g) above in relation to the town/parish councils/meetings and their Members in the Council's area

The Code of Conduct and the Standards regime form part of the Members' induction arrangements and all Members (new and returning) are required to sign the Code of Conduct and provide a new register of interest return.

There is a Code of Conduct for employees and there is also an induction process in place which includes conduct matters. There is an appraisal process in place for both Members and Officers which allows a development plan to be put in place.

The Council has an [Anti-fraud and anti-corruption policy](#) and also a [whistle blowing policy](#) in place. These are to be reviewed during 2016/17. Annual reports on fraud and whistle blowing incidents are presented to Members and are made available for review via the Council's web site.

There are registers of gifts and hospitality, interests, and secondary employment. During the year (and especially around Christmas and holiday periods) Members and staff are reminded of the procedure for registering gifts and hospitality and more senior staff are regularly reminded of the need to do this. Procedures for dealing with conflict of interest are in place. Arrangements are in place to ensure that Members and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.

Rules and procedures are set out in The Constitution including Members' Code of Conduct, Operation of the Standards Sub-Committee, Procedure Rules for Committees, Financial and Contract Procedure Rules (updated during 2015/16) and Scheme of Delegation.

The Monitoring Officer and Chief Finance Officer also have clear supporting roles.

Awareness of probity issues amongst managers is raised through regular reminders that are sent out to all staff.

The Council has an investigation and disciplinary process for conduct issues and action is taken against employees where conduct falls below that expected. At a Chief Officer level this function is undertaken by elected Members and there are clear rules of procedure defined in The Constitution.

5. The decision making framework

Objective: Reviewing the effectiveness of the authority's decision-making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

The scheme of delegated and reserved powers is set out within The Constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council, taking account of relevant legislation. Attention is paid to ensure that arrangements reflect current structures and roles and support appropriate good decision making.

A Scrutiny Committee (Challenge & Improvement) is in place and has clear terms of reference. Their operation is covered in The Constitution.

The Council has a robust reporting process in place. There is a committee timetable and Democratic Services identify agendas with the services. The committee report template requires report authors to seek professional comment on proposals from finance and legal colleagues. It also prompts officers, where appropriate, to detail at least three options for consideration with a recommended option highlighted and to also consider legal, staffing and equalities matters and to assess risk.

The meetings of the Council have appropriate agendas, reports and minutes which demonstrate data quality. All Committees are web cast with the Planning Committee and Full Council meetings webcast live.

The Council uses training, workshops, ACoPs and manuals to help staff operate systems.

The Council has clear policy and guidance on managing risk and Members receive risk management training.

Four delivery boards are in place to manage the delivery of the Corporate Plan:

- **Entrepreneurial Board** – which focuses on the delivery of specific programmes of an entrepreneurial nature and oversees the work of the other three boards
- **Commercial Board** – delivery of the Council's commercial plan
- **Growth Board** – which leads on economic regeneration, housing and development management
- **Transformation Board** – which oversees the core governance processes required to support the Council in its business and programmes/projects which display transformational characteristics.

An internal audit undertaken in 2015/16 into our decision making processes, reported a substantial level of assurance. Its findings found that there are effective structures in place to support decision making, which have been updated and aligned to reflect changes in Councillor's through elections and management through restructuring and recruitment. Member committees have all been approved since the May 2015 elections, with membership, chairs and lead officers all agreed and documented. Staff survey results showed there is nearly 100% understanding of the committee process. The management leadership teams and project boards are established and regular meetings taking place. The Business Improvement Team provide corporate support and scrutiny on project management and progress reports.

Each board is chaired by a member of the GCLT and has specific terms of reference. A review of the effectiveness of the Boards has been undertaken during the year with recommendations made for incremental improvement.

Data quality contributes to the achievement of and underpins, the Council's priorities. The Council is committed to high standards of data quality and must take care to ensure that the data and information used throughout the organisation and particularly in relation to performance management is fit for purpose. In the recent past, the Council recognised the need to ensure a consistent approach to data quality and has therefore produced and communicated via workshops and meetings a [Data Quality Policy](#). In addition agreement has been reached with Internal Audit for them to explicitly assess and reference data quality (where relevant) as part of their audit work.

6. Risk Management

Objective: Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

The Council has in place a [Risk Management Strategy](#) which was revised and approved during 2015/16 ([update link](#)). The accompanying ACoP, which supports the strategy to outline operational procedures and roles and responsibilities was similarly refreshed and communicated to colleagues.

A number of workshops with staff and GCLT have been held during the year to discuss risk and the Council has attended the Lincolnshire Risk Management Group meetings. Service risk management is a standing item of the SLT meeting agenda whereby any issues can be raised.

All risks are maintained on a central system which enables risk owners to identify risks at a service level. If any such risk escalates in nature there is a process on place by which it can be brought to the attention of GCLT.

The Strategic Risk register identifies risks to the delivery of the outcomes in the Corporate Plan. The register is reviewed quarterly by GCLT and on a six-monthly basis by the Governance and Audit Committee.

The Governance and Audit Committee have a responsibility as part of their terms of reference for approving the Risk Strategy and maintain an overview of risks. The committee has appointed a Member Risk Champion who has clear terms of reference. During the course of the year the Committee received training from Internal Audit on the management of risks.

7. Counter-fraud and anti-corruption

Objective: Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained

The Council has an [Anti-Fraud, Corruption and Money Laundering Strategy](#) which stresses a zero tolerance approach and is part of a suite of policies covering:

- Whistleblowing Policy
- Disciplinary Policy
- Covert Surveillance Policy
- Codes of Conduct for Members and Officers
- Risk Management Policy and Strategy
- Gifts and Hospitality
- Standing Orders

The policy applies to:

- All West Lindsey District Council Employees.
- Councillors and Independent Members
- Staff and members of Council funded voluntary organisations
- Partners
- Suppliers, contractors and consultants
- Residents

Members of staff, partners and contractors have all been reminded of the policy and how to raise any concerns, or report suspected fraud or corruption, through a series of leaflets and posters and a 'Fighting Fraud' leaflet is distributed annually to all staff. An anti-fraud presentation forms part of the corporate induction process. During the year a workshop was held with Directors, Strategic Leads and Team Managers on the subject of potential fraud related risks the Council faces. This culminated in the production of a specific fraud related risk register for the Council.

The Governance and Audit Committee receive a yearly report on anti-fraud and corruption arrangements and action that has been taken to investigate and prosecute cases.

To monitor and manage the risk of fraud, the Council continues to retain an internal fraud capability. A programme of work has been developed supported by the Lincolnshire Fraud Partnership. The Council also takes part in the National Fraud Initiative (NFI); a bi-annual exercise that matches electronic data within and between public sector bodies to prevent and detect fraud.

8. Management of Change

Objective: Ensuring effective management of change and transformation

Governance arrangements are in place to ensure change is effectively managed in the form of Board scrutiny, effective project management and Progress and Delivery reporting against projects and programme development. Members are also part of this process and regular reports are produced to keep them updated.

A review of the Council's principles and processes in place to support effective project management has been undertaken with colleagues to ensure they remain fit for purpose. We are keen for the process to reach a greater level of maturity and intend to progress this through 2016/17.

Each Board has been assigned a Programme Manager to provide support to project managers and objective analysis of the progress and quality of

project development and adherence to the Council's project management methodology.

Effective communication is regarded as crucial to delivering effective change and strong links have been forged between the relevant Boards and the Communications Team to ensure the Council as a whole is kept abreast of developments.

To provide strategic capacity and capability concerned with change and transformation, work has almost been completed in respect of the recruitment to Strategic Lead positions, whereby five are in post across the organisation, with one post remaining under consideration.

9. Role of the Chief Financial Officer

Objective: Ensuring the authority's financial management arrangements conform with the governance requirements of the [CIPFA Statement on the Role of the Chief Financial Officer in Local Government \(2010\)](#) and, where they do not, explain why and how they deliver the same impact

The Council has designated the Director of Resources as the Chief Finance Officer under Section 151 of the Local Government Act 1972. This officer has statutory responsibility for the proper planning, administration and monitoring of the Council's financial affairs. The Council's financial management arrangements also conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

The financial management of the Council is conducted in accordance with the Financial Procedure Rules set out in The Constitution. The financial management system includes:

- A five year Medium Term Financial Strategy which is reviewed and updated annually to support the delivery of the Council's strategic priorities
- An annual budget cycle incorporating Council approval for revenue and capital budgets as well as treasury management strategies
- Financial Procedure Rules that are reviewed at intervals of not more than three years. A refresh was undertaken and approved during 2015/16. Relevant amendments are made when required
- Process and procedure guidance manuals
- Regular budget monitoring by budget holders through monthly financial monitoring meetings and reports
- Four reports per year to GCLT and Members relating to the Council's financial position stating financial and performance information
- Annual accounts supporting stewardship responsibilities which are subjected to external audit and which follow the Code of Practice on Local Authority Accounting in the UK in line with International Financial Reporting Standards.

10. Role of the Head of Internal Audit

Objective: Ensuring the authority's assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010) and, where they do not, explain why and how they deliver the same impact

The [CIPFA statement on the Role of the Head of Internal Audit \(2010\)](#) states that the Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by:

1. Championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments
2. Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control

To perform this role the Head of Internal Audit:

3. Must be a senior manager with regular and open engagement across the organisation, particularly with the GCLT and with the Audit Committee
4. Must lead and direct an internal audit service that is resourced to be fit for purpose; and
5. Must be professionally qualified and suitably experienced

A review of the CIPFA statement has taken place and no matters of concern were identified. The Head of Internal Audit reports to the GCLT and the Governance & Audit Committee on a regular basis in relation to audit and governance related matters.

The Council has in place an Internal Audit Charter which defines the terms of reference for Internal Audit by setting out the nature, role, responsibilities and authority of the Internal Audit service within the Council.

The Constitution identifies that the Chief Finance Officer is responsible for providing an efficient and effective Internal Audit service, which will comply with relevant legislation and best auditing practice.

11. Role of the Monitoring Officer

Objective: Ensuring effective arrangements are in place for the discharge of the monitoring officer function

The [Constitution](#) covers the key statutory role and functions of the Monitoring Officer. It also includes the requirement for the Council to ensure that the Monitoring Officer has access to sufficient skills and resources to undertake the role. The Monitoring Officer has confirmed that this is the case and he continues to review this. Appropriate training is delivered where needs are

identified.

There is a specific job role which reflects the Monitoring Officer duties. The Monitoring Officer is line-managed by the Chief Executive who provides mentoring support. No conflict of interest in this line management structure has been identified.

12. Role of the Head of Paid Service

Objective: Ensuring effective arrangements are in place for the discharge of the head of paid service function

The statutory provisions are included in The [Constitution](#). The authority does not share its Chief Executive with other authorities.

The Leader and the Chief Executive have agreed corporate objectives and key priorities for the year. From that the Chief Executive has agreed with the Leader key work objectives for both the Chief Executive and Directors. Monitoring against progress is achieved via regular liaison between relevant parties.

13. The Audit Committee

Objective: Undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities

The Council maintains and operates a Governance & Audit Committee which is independent of the Policy Committees and the scrutiny function. Membership includes up to three Independent Members. The Committee receives training and has a defined work plan. Substitutes are not permitted unless the substitute has undertaken specific audit committee training.

The core functions of the [Governance and Audit Committee](#) are set out in The Constitution. Terms of reference are in line with CIPFA guidance and the Committee operates to these.

Some Audit Committee Members are also Members of the scrutiny committee. This arrangement has been agreed by Full Council.

14. Compliance with laws and regulations

Objective: Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

The Constitution and relevant job descriptions outline Officer, Member, Committee and Council responsibilities.

Lincolnshire Legal Services hold a central library of all relevant legislation and are consulted when required. The Corporate Governance Team maintains a horizon scanning function which feeds into monthly horizon scanning reports to the GCLT, Strategic Leads and Team Managers. However, departments take responsibility for receiving and operating to new legislative responsibilities as they arise.

Where relevant expert legal advice procured to support decision making, particularly in relation to delivery of projects supporting the commercial plan.

Legislation and Statutory Instruments are dealt with and assessed as they are received (from a range of sources including national email alert systems). Changes in legislation have been implemented successfully with no major issues arising.

The communication of local policies and procedures is embedded in a number of different ways such as SLT meetings and workshops, team briefings and local training. Officers ensure that they are aware of and comply with laws and regulations which are relevant to their roles.

The Council pays close attention to requirements relating to Information Governance and we have provided expertise and support in this area for neighbouring authorities during 2015/16. Training/workshops have been delivered for staff and the ability to provide on-line training will be enhanced following the purchase of a corporate training platform. Best practice has been followed with the nomination of officers to the roles of Senior Information Risk Officer (SIRO) and Senior Information Governance Officer (SIGO). The Corporate Information Governance Group meets regularly to review information governance related matters and developments and we propose to critically review our processes during 2016/17 to ensure they are as robust as possible and awareness is evident across the Council.

The Council's statutory officers are the Head of Paid Service (Chief Executive), the Section 151 Officer (Director of Resources) and the Monitoring Officer (Strategic Lead for Democracy and Business Support). These officers are responsible for ensuring that the Council acts within the law and in accordance with established policy and procedure.

Counsel opinion may be obtained in certain circumstances and unusual transactions are referred to the External Auditor for consideration.

The Section 151 Officer is specifically responsible for the proper discharge of the Council's financial arrangements and must advise elected Members where expenditure is likely to exceed resources.

Where any proposal is unlawful, the Section 151 Officer, jointly with the Monitoring Officer, have a duty (should such a scenario arise) to produce a 'Section Five' report and inform the Head of Paid Service and External Audit.

The Chief Executive and Directors carry responsibility for ensuring that legislation and policy relating to service delivery and health and safety are implemented. A disciplinary process is in place for both staff and Members for any breaches.

The Governance and Audit Committee receive reports by Internal Audit which include review of compliance with legislation. This provides the Committee with an overview of compliance with policy and procedures and it can request attendance of managers to provide further assurance.

15. Whistleblowing arrangements

Objective: Arrangements for whistle blowing and for receiving and investigating complaints from the public

The Council has in place a [whistle blowing policy](#) which is available for reference via the Council's web site and internal intranet and its existence and content is regularly communicated to staff. The Council also works in partnership with Lincolnshire County Council and fellow Lincolnshire authorities to develop and produce a County-wide, 'Fighting Fraud' leaflet which is distributed to staff.

The Council also has in place a customer complaints, compliments and comments procedure. The [procedure](#) is available for view on the intranet and web site. When complaints are received an internal independent officer is appointed to investigate and in certain circumstances an external appointment may be made. One of the key aspects of the policy is our desire to learn from complaints to rectify matters if required. Where appropriate, complaints that have been referred to the Ombudsman are brought to the attention of GCLT. Annual reports are presented to the Governance & Audit Committee on whistleblowing and more general customer feedback.

16. Member and Officer Development

Objective: Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training

An updated [Member development plan](#) has (old BK referenced)*** been agreed which covers the remaining term of the current administration. The plan was compiled from a number of sources:

- Requirements from The Constitution
- Areas for development recommended for each committee
- Feedback from Members
- Areas of interest
- Changes to the local government environment including legislation

Following elections in May 2015, Members received a comprehensive induction programme which was well received. Member training is also recorded to keep track of the training delivered and details of Member attendance. During the year, Members have received training on such matters as Treasury Management Strategy Scrutiny; Statement of Accounts Scrutiny; Risk Management, the Role of the G&A Committee, Fraud Awareness and development management related topics.

Staff surveys are undertaken on an annual basis and the content is used to develop appropriate training. Additionally the Council currently holds Investors in People accreditation. During 2015/16 a People Strategy was approved and a range of actions are being worked through to address issues. This will be supported by a newly formed Staff Engagement Group drawn from staff across the Council.

To improve the ability of managers with line management responsibility to fulfil their

roles more effectively, the HR team have held a series of drop-in workshops where staff can raise issues and seek advice and guidance.

The Corporate Plan is communicated to staff and forms the golden thread for staff appraisals and work objectives for the forthcoming year and associated training needs. In 2016/17 work will focus on rolling out a recently purchased learning and development tool which will help support corporate training in the future.

17. Community and Stakeholder Engagement

Objective: Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

The Council meets its statutory responsibilities with regard to engagement on budget setting by holding events with residents, parishes and businesses. The Council uses a variety of channels to communicate with the community and stakeholders for example:

- West Lindsey Citizen Panel through surveys and focus groups
- West Lindsey District Council website
- Focus groups with residents and local businesses
- E-surveys
- Local press
- West Lindsey section of County News
- Summits
- Social media

The Council consults on key service changes and issues that may affect residents of the District. Events undertaken during 2015/16 were:

- Budget events and surveys with West Lindsey businesses and the Citizen Panel
- Citizen Panel Surveys on: waste collection service, social media, Local Council Tax Support Scheme, green waste collection and CCTV provision.
- Public Space Protection Order in Gainsborough
- Local Plan consultation

During the year we also undertook surveys with service users (whether they are internal or external to the Council) to ascertain the levels of satisfaction of services. Results are used to develop our services to ensure they are delivering the level of service required by users. The Council also contributes to Lincolnshire County Council's "County News" and uses social media.

The Council actively supports the Community Right to Bid initiative. During the year a number of applications from community groups have been received and considered with decisions fed back.

During 2015/16, the Council implemented a new website with improved functionality to enhance our means of communication. Complementary to this is the Council's e-

accessibility project, which seeks to transfer those customers who are willing and able, to more accessible and convenient methods of engaging with the Council. This project gained significant traction in 2015/16 and is on-going into the coming year.

The Council has reviewed its Localism programme. This was in place for a number of years and a re-visit of original objectives was required to ascertain successes and whether a different approach was required to meet any, as yet unmet, or new objectives.

18. Partnership Governance

Objective: Enhancing the accountability for service delivery and effectiveness of other public service providers incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.

To enhance the accountability for service delivery and effectiveness of other public service providers, the Challenge and Improvement Committee have continued with their programme of holding meetings with strategic partners to discuss their approach to addressing the strategic needs of the residents of the District. Meetings held during the year have seen ACIS (RSL), Lincolnshire West CCG and the Police attend to present overviews of their work; the impact it is having on the general well-being of the District and the issues they face. A further programme of work for the Committee for 2016/17 has been developed.

During the course of the year, the Home Choices Service commissioned an audit into the arrangements relating to the Choice Based Lettings partnership arrangements. This highlighted known issues and a comprehensive action plan has been developed to improve matters. Progress against the plan will be closely tracked during 2016/17 to ensure the service is able to meet the needs of its customers more effectively.

Ensuring the effectiveness of partnership working has continued during the year. Working in accordance with the Partnership ACoP, on-going population and maintenance of the Council's partnership register has been undertaken and workshops have been held with service areas to discuss their partnership working arrangements. In conducting this work, reference is paid to the Audit Commission's '[Governing Partnerships](#)' Report. Financial implications of partnership working are considered to ensure value for money is achieved and the required accounting assessments are undertaken to ensure appropriate accounting treatment.

Our current contract procedure rules cover contract monitoring procedures and management of delivery. These were revised during 2015/16 in light of legislative changes. The accountability of service providers is managed through contract management and work has been undertaken to ensure The Council has robust contract management procedures in place.