

Annual Governance Statement 2011/12

1.0 SCOPE OF RESPONSIBILITY

- 1.1 Thanet 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, and used economically, efficiently and effectively. Thanet 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.
- 1.2 In discharging this overall responsibility, Thanet District Council is responsible for putting 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.
- 1.3 Thanet District Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) / Society of Local Authority Chief Executives (SOLACE) Framework Delivering Good Governance in Local Government. A copy of the Local Code is available on our website or can be obtained from the council offices, Cecil Street, Margate, Kent, CT9 1XZ. This statement explains how Thanet District Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of an Annual Governance Statement.

2.0 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, and culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Thanet District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Thanet District Council for the year ended 31 March 2012 and up to the date of approval of the Statement of Accounts.

3.0 METHODOLOGY FOR PREPARING THE ANNUAL GOVERNANCE STATEMENT

- 3.1 The Annual Governance Statement is prepared using a method similar to that used in previous years, including:
- Managers providing an assurance statement as to the extent and quality of internal control arrangements operating within their departments for the year. The declaration covers a comprehensive list of those systems and procedures which deliver good governance. Managers are asked to declare any weaknesses in their governance arrangements.
 - Service Managers reviewing the results of those declarations, identifying those issues which are significant or which are common to more than one area and discussing the outcomes with the Portfolio Holder with responsibility for each service area.
 - Assurance statements from the Section 151 Officer, Monitoring Officer and the following key areas: performance management, procurement and risk management identifying any governance issues that have arisen and should be addressed in the forthcoming year.

- Statements from the shared service partners we work with on compliance with the governance arrangements in place.
- Reviewing the annual reports from Governance and Audit Committee, Overview and Scrutiny Panel and Standards Committee.
- Considering the Internal Audit Annual Report, and also the Section 151 Officer's report on the effectiveness of the internal audit arrangements in place.
- The council's Governance and Audit Committee considers the draft statement in June and is afforded the opportunity to give its input to the statement and to consider whether it accurately reflects the council's control environment.
- The Governance and Audit Committee approves the Annual Governance Statement in September and it is signed off by the Chief Executive / Section 151 Officer and Leader of the Council.

4.0 THE GOVERNANCE FRAMEWORK

4.1 There are a number of key elements to the systems and processes that comprise the council's governance arrangements, which are set out below.

4.1.1 There is a clear vision of the council's purpose and intended outcomes for citizens and service users that is clearly communicated.

- The Vision for Thanet was adopted by Council in July 2009. This document sets out the future plans for what Thanet will look and be like in 2030. It was consulted on widely with staff and members, the residents' panel, partners and stakeholders.
- The council identified and communicated its aims and ambitions for Thanet for 2011 - 2012 through an Interim Corporate Plan. In April 2012 a new Corporate Plan was approved setting out the council's aims and objectives for the next four years and contains eleven priorities which will be supported by operational plans.

4.1.2 Arrangements are in place to review the council's vision and its implications for the council's governance arrangements.

- The Corporate Plan will be reviewed annually to take into account progress against the eleven priorities and outcomes of the annual budget setting process. Each review will evaluate and determine if there are any implications for the council's governance arrangements with appropriate amendments being made as necessary.

4.1.3 Arrangements exist for measuring the quality of services, for ensuring there are delivered in accordance with the council's objectives and for ensuring that they represent the best use of resources.

- Performance progress is tracked through monthly monitoring of key performance indicators, service tasks and projects. Progress against the council's Corporate Plan is reported quarterly to Cabinet. Additionally, monthly service reports summarise all key projects, tasks and performance measures specific to each service. The performance framework is operated on PerformancePlus™, a performance management system.

4.1.4 The roles and responsibilities of the executive, non-executive, scrutiny and officer functions are clearly defined, with clear delegation arrangement and protocols for effective communication.

- Roles and responsibilities for Cabinet, Council, Overview and Scrutiny and all committees of the council, along with officer functions are defined and documented, with clear delegation arrangements and protocols for effective communication within the council's Constitution. The Constitution is regularly reviewed and updated.

- 4.1.5 Codes of conduct defining the standards of behaviour for members and officers are in place, conform to appropriate ethical standards, and are communicated and embedded across the council.
- Codes of conduct defining the standards of behaviour for members, staff, our partners and the community have been developed and communicated and are available on the council's website and intranet site, Thanet Online Matters (TOM). These include Members' Code of Conduct, Code of Conduct for Staff, Anti-fraud and Corruption Policy, member and officer protocols and regular performance appraisals linked to service and corporate objectives.
- 4.1.6 Standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes / manuals which are reviewed and updated as appropriate, clearly define how decisions are taken and the processes and controls required to manage risks.
- The council has established policies and procedures to govern its operations. Key within these are the Financial Procedure Rules, Procurement Strategy and Contract Standing Orders, Risk Management Strategy, Codes of Conduct for Members and Officers, Anti-Fraud and Corruption Policy, Anti-Bribery Policy, Whistleblowing Code and Human Resources policies. Ensuring compliance with these policies is the responsibility of everyone throughout the council. These key controls are subject to periodic review, including that by Internal Audit, and are updated to ensure that they are relevant to the needs of the organisation.
 - Contract Standing Orders set out the rules governing the procurement process to ensure that value for money is achieved whilst meeting all legal and statutory requirements and minimising the risk of fraud or corruption. The council's Procurement Strategy is a high level view of how to promote effective procurement across the whole organisation. It outlines what good procurement means in Thanet and details the supporting framework. This Strategy is underpinned by the Procurement Code of Practice which is a step-by-step guide for all purchasing activities providing information, advice and guidance for officers responsible for spending the council's money.
 - A risk management framework has been in place across the council for some years with the objective of embedding effective risk management practices at both strategic and operational levels. The Risk Management Strategy and Process documents are reviewed on an annual basis and approved by the Governance and Audit Committee.
- 4.1.7 The council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).
- The council's financial management arrangements conform to CIPFA standards. The Chief Executive (Section 151 Officer) has statutory responsibility for the proper management of the council's finances and is the chair of the Senior Management Team (SMT). The management of the council's finances within departments is devolved to service managers through the Scheme of Delegation for Financial Authority and Accountability. Service managers further devolve decision making to managers and business unit managers through departmental schemes of management.
 - The Financial Services Team provide detailed finance protocols, procedures, guidance and training for managers and staff. The structure of the Financial Services Team ensures segregation of duties and all committee reports are reviewed by the appropriate Financial Services staff.

- The internal audit function is an independent appraisal process and for this council is provided by the East Kent Audit Partnership, who have direct access to members. They undertake reviews which provide management with a level of assurance on the adequacy of internal controls and of risks to the council's functions / systems. They give sound objectivity as well as benefiting from a large resource-pool which brings with it a good level of robustness. Throughout the year, the internal auditors have performed a wide range of reviews covering both financial matters and other more service / output specific objectives, including value for money assessments. The conclusion is a report that is produced for management, which includes an assessment of the level of assurance that can be derived from the system of internal controls related to the service that is reviewed.

4.1.8 The core functions of an audit committee are undertaken.

- The role of the Governance and Audit Committee is set out in the Constitution and one of its key roles is to provide independent assurance of the adequacy of the risk management framework and the associated control environment. It is a committee comprising nine council members independent of the executive, and oversees the internal audit function and considers all relevant reports of the external auditor.
- The terms of reference for the Governance and Audit Committee are prepared in line with 'CIPFA's Audit Committees – Practical Guidance for Local Authorities' and are reviewed annually whilst undertaking the self assessment into the committee's effectiveness and achievements against its terms of reference.

4.1.9 Arrangements exist to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.

- The council has in place a Monitoring Officer and Deputy Monitoring Officer. The Monitoring Officer has a duty to report on any actual or likely decision which would result in an unlawful act or maladministration. All decisions to be taken by members are supported by a legal assessment provided by the appropriate officer.
- The council has in place a Responsible Finance Officer and Deputy under Section 151 of the Local Government Act 1972. This role ensures lawfulness and financial prudence of decision making, has responsibility for the administration of the financial affairs of the council and provides advice on the scope of powers and authority to take decisions, maladministration, financial impropriety, probity and budget and policy framework issues.

4.1.10 Arrangements for whistleblowing and for receiving and investigating complaints from the public are in place and well publicised.

- The council has in place a Whistleblowing Code whereby staff and others can report concerns about various sorts of wrongdoing or alleged impropriety. The Whistleblowing Code was approved by Governance and Audit Committee, as part of the council's Anti-Fraud and Corruption Policy. The Code is available on the website and is also proactively communicated to those contracting with the council.
- Thanet District Council wants to provide the best service it can to the community and has a Customer Feedback process in place, which includes complaints, compliments, service requests, member contact and comments. Service improvements take place as a direct result of customer feedback received and are published on the council's website and Members' Portal.

4.1.11 Arrangements exist for identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

- Member Briefing sessions are programmed on a quarterly basis to ensure that members are properly equipped to effectively fulfil their responsibilities in the governance of the council's operations.

- As part of the annual appraisal process, training and development needs of staff are identified and a development plan is drawn up to meet those needs.
 - Following a major restructure, the council is developing a new culture change programme, which is supported by all of the SMT. This programme will enable a greater focus on organisational development, service development and performance management.
- 4.1.12 Clear channels of communication with all sections of the community and other stakeholders are in place, ensuring accountability and encouraging open consultation.
- The council has increased the level of community input into its decision making processes by increasing the number and variety of opportunities made available to the community. This includes online conversations and feedback as well as focus groups, workshops and the more traditional methods such as postal questionnaires. Although in recent months a greater emphasis has been placed on online consultation and social media.
 - The council has a well-established and effective consultation function which includes a wide range of consultation methods to ensure that as many groups and individuals as possible are able to participate. Before undertaking any consultation or communication, action plans are completed by the Corporate Communications Officers to detail exactly how key groups will be targeted. The council delivers an extensive programme of consultations throughout the year.
 - The council also regularly communicates and consults with residents online via the council website through social media such as Twitter and Facebook, through local press, via secondary and primary schools, through local forums and organisations and also through the Thanet wide communications database. This database is made up of residents across Thanet who have registered an interest in being kept up to date with any new council projects, campaigns and consultations.
- 4.1.13 Governance arrangements in respect of partnerships and other group working incorporate good practice and are reflected in the council's overall governance arrangements.
- Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. The council's Contracts and Partnership Relationship Manager ensures that all are fit for purpose and the council's interests are protected.

5.0 REVIEW OF EFFECTIVENESS

- 5.1 Thanet District Council has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the East Kent Audit Partnership's annual report, and also by comments made by the Audit Commission and other review agencies and inspectorates.
- 5.2 The process that has been applied by the council in maintaining and reviewing the effectiveness of the governance framework, includes the following:
- 5.2.1 The Authority
- The council's internal management processes are reviewed regularly and any changes or updates are communicated through staff development sessions and any management training that is undertaken.

5.2.2 The Cabinet

- The Cabinet is responsible for the majority of the functions of the authority, within the budget and policy framework set by Full Council. Executive decisions can be taken by the Cabinet and Cabinet Members acting under delegated powers, depending upon the significance of the decision being made.
- The Forward Plan lists the key decisions to be taken by Cabinet over the forthcoming four months. The plan is updated around the middle of each month to take effect from the 1st of the following month.

5.2.3 The Governance and Audit Committee

- The council has an established Governance and Audit Committee, which is independent of the executive function of the council, and is responsible for overseeing internal and external audit, risk management processes and reviewing the adequacy of internal controls.

5.2.4 The Overview and Scrutiny Panel

- The Overview and Scrutiny Panel consists of 15 non-executive members and is appointed on a proportional basis, with political groups represented in the same proportion as on Full Council. It does not have any decision-making powers, but monitors the performance of the Leader and Cabinet and scrutinises services and policies throughout the district (both member and officer).

5.2.5 The Standards Committee

- The Standards Committee is established by Full Council and is responsible for promoting and maintaining high standards of conduct amongst councillors. In particular, it is responsible for advising the council on the adoption and revision of the Members' Code of Conduct and for monitoring the operation of the Code.

5.2.6 The Chief Financial Officer

- The role of the Chief Financial Officer is a fundamental building block of good corporate governance. The two critical aspects of the role are stewardship and probity in the use of resources; and performance, extracting the most value from the use of those resources.

5.2.7 The Monitoring Officer

- The Monitoring Officer has a duty to keep under review the operation of the Constitution to ensure it is lawful, up to date and fit for purpose.

5.2.8 The internal audit function

- The internal audit function is undertaken by the East Kent Audit Partnership, which provides this service to not only Thanet District Council but also Dover and Shepway District Councils, and Canterbury City Council. Internal audit is an independent appraisal function, which seeks to provide management with a level of assurance on the adequacy of internal controls and of risks to the council's functions / systems.

6.0 INTERNAL AUDIT STATEMENT

- 6.1 During 2011/12 the Internal Auditors completed 334.79 days of review, which was spent undertaking 24 audits. Of these 10 were assessed as being able to offer substantial levels of assurance; 7 reasonable assurance; 2 limited assurance and one was found to have a partial 'no' assurance. 4 audits on quarterly housing benefit testing, and other topics did not merit an assurance level and there were no audits at work in progress stage at year-end. Taken together 85% of the reviews accounted for substantial or reasonable assurance, whilst 15% of reviews placed a limited or partially no assurance to management on the system of internal control in operation at the time of the review.
- 6.2 Additional work outside of these percentages includes work in progress at the year-end or work not giving rise to an assurance. Where appropriate, the audit report provides management with a set of recommendations that are designed to address weaknesses in the system of internal control. The outcomes of these internal audit reviews are reported to the Governance and Audit Committee on a quarterly basis, giving members an opportunity to understand the council's compliance with key controls and to discuss any areas of concern with the Auditors.
- 6.3 The council has very high levels of assurance in respect of all of its main financial systems and the majority of its governance arrangements. Almost all of the main financial systems, which feed into the production of the council's Financial Statements, have achieved a substantial assurance level following audit reviews. The council can therefore be very assured in these areas.
- 6.4 In contrast, the areas where improvement is required and which are considered to be the primary areas of concern arising from 2011/12 audits are:
- Homelessness – Partial No Assurance.
 - Payroll – Partial Limited Assurance;
- 6.5 Each of these areas is due to be followed up early in the 2012-13 plan of work. Consequently there is nothing of significant concern that needs to be escalated at this time.

7.0 IMPROVEMENTS DURING THE YEAR

7.1 Restructure

- Faced with dramatic reductions in available resources, all publicly funded organisations had to look at what they spend their money on and whether it represented good value for money. The council undertook a comprehensive and thorough review of how, what and why services are provided. From this work it became clear that different ways of working were needed for the council to be able to target its reducing resources to its priorities and to seek and achieve maximum value for money for the tax payers of Thanet. A comprehensive restructure commenced at the beginning of the 2011/12 to achieve this objective.

7.2 Corporate Plan 2012-16

- Following on from the council's Interim Corporate Plan for 2011-12, a major new document, setting out what the council aims to achieve over the next four years, has been agreed. The development of the Corporate Plan for 2012-16 began under the council's previous Conservative administration who decided to make it much more strategic than previous plans. This work was continued by the Labour group, who took control of the council in December 2011. Independent councillors were also consulted on the draft plan.
- The document was also shaped by the results of the Putting U in the budget consultation, in which 76% of those who responded said that feeling safe from crime and anti-social behaviour was a key priority for them. This was followed by 67% who chose clean streets as a priority, with job prospects the third most popular choice, selected by 47% of respondents. Each of these priorities are reflected in the proposed Corporate Plan.

- The plan contains a total of 11 priorities for the council:
 1. to support the growth of our economy and the number of people in work
 2. to tackle disadvantage across our district
 3. to support our community and voluntary organisations
 4. to make our district a safer place to live
 5. to work to improve parking and transportation in our district
 6. to make our district cleaner and greener and lead by example on environmental issues
 7. to plan for the right number and type of homes in the right place (with appropriate tenure) to create sustainable communities in the future

 8. to support excellent and diverse cultural facilities and activities for our residents and visitors
 9. to support a broad range of sports, leisure and coastal activities
 10. to influence the work of other agencies to ensure the best outcomes for Thanet
 11. to protect and preserve our public open spaces
- This strategic document will be complemented by service plans which will set out specific goals and targets for completion each year.

7.3 Financial Procedure Rules

- In April 2011 the Financial Procedure Rules for the council were reviewed and communicated across the organisation. Financial management covers all financial accountabilities in relation to the running of the council including the policy framework and budget. The Financial Procedure Rules are a set of regulations which provide the framework for managing the council's financial affairs. They identify the financial responsibilities of Full Council, the Cabinet, the Section 151 Officer, second tier Service Managers and other employees. They apply to every member and officer of the council, and anyone acting on the council's behalf.

7.4 Budget Manager's Handbook

- The Budget Manager's Handbook was introduced in April 2011 to assist officers in their role as a budget manager. It outlines the budget management responsibilities and gives some background information to help carry out these responsibilities.
- The Accountants provide support to officers. Regular drop-in surgeries were set up for additional training or to talk through finance related problems. Finance also hold regular Budget Managers Forums which all budget managers are required to attend. Topical issues are discussed at these forums and also include an element of refresher training. Finance will also organise more specific training where required.

7.5 Anti-bribery policy

- The Anti-bribery policy and procedures were communicated to everyone within the council in June 2011. These provide a coherent and consistent framework to enable the council's members and employees understand and implement arrangements enabling compliance. In conjunction with related policies and key documents, it will also enable members and employees to identify and effectively report a potential breach.

7.6 Staff Declarations of Interest

- Council employees must give notice in writing of any financial or non-financial interests which are clear and substantial and which could bring about a conflict with the Authority's interests. The council's corporate process was reviewed and updated in November 2011 and communicated through the intranet. A register of Declarations of Interest recorded by officers of Thanet District Council is kept in the Monitoring Officer's office.

7.7 Risk Management Strategy and Process

- Risk management in Thanet District Council is about improving our ability to deliver our objectives by managing our threats, enhancing our opportunities and creating an environment that adds value to ongoing activities. The council's Risk Management Strategy and Process documents were reviewed and the amendments agreed by the Governance and Audit Committee at its September 2011 meeting.

7.8 Gifts and Hospitality

- As employees in the public service, officers should question the need for gifts or hospitality. A member of the public would rightly be suspicious of any employee who received gifts or excessive hospitality in the course of their normal working relationship. Again, the council's process was reviewed in November 2011. A register of all gifts and hospitality recorded by Officers of Thanet District Council is kept in the Monitoring Officer's office.

7.9 Data protection training

- The corporate Data Protection policy and procedures were launched in November 2011. Thanet District Council must ensure all personal information is processed in accordance with the Data Protection Act 1998. The policy explains how members and officers are expected to comply with the Act. The council must comply with this policy to ensure the Data Protection Act is not breached. Any breach of the Act has serious consequences for the organisation and its customers.

7.10 Local Code of Corporate Governance and Governance Framework

- Good management, good performance and good financial controls all lead to good governance, and enable the council to engage with the public and ultimately demonstrate good outcomes for the community. The council pursues its ambitions as set out in the Corporate Plan effectively, whilst demonstrating our governance principles and management processes through the Local Code of Corporate Governance. Each year the Governance Framework and the Local Code are reviewed to ensure they are fit for purpose, and are agreed by the Governance and Audit Committee.

7.11 External Funding Protocol

- At the December 2011 meeting of the Governance and Audit Committee, a presentation was given by the Financial Services Manager on the revised External Funding Protocol. This was also shared with staff council on TOM, the intranet site.
- External funding is an important source of income to the council, but funding conditions need to be carefully considered to ensure that they are compatible with the aims and objectives of the council. Grants provided by the council help to deliver corporate priorities and outcomes, but it is important that these grants are managed responsibly and offer value for money. There is a need for a protocol that standardises processes relating to external funding and the payment of grants to ensure consistency and clarity and to protect the council from unidentified risks.

7.12 i-Net

- The Improvement Forum group was reviewed to ascertain if it was still fit for purpose and how to move forward with the improvement programme over the next year. Considering outcomes as well as officer and SMT feedback, a proposal was agreed to disband the group and widen the focus on improvement to the entire organisation (in line with the culture change programme), through an on-line and physical suggestion scheme as well as informal drop-in sessions to discuss hot topics of the day. This was launched in March 2012 as i-NET and ideas for improvement are submitted then passed to SMT to provide strategic direction on how to take them forward. In addition, requests for IT project work will also use this mechanism to ensure a more holistic approach to improvement activities across the council.

8.0 ANNUAL REPORTS - GOVERNANCE AND AUDIT COMMITTEE, OVERVIEW AND SCRUTINY PANEL AND STANDARDS COMMITTEE

- 8.1 To comply with best practice, the Governance and Audit Committee determined that it would consider annually whether it meets its terms of reference and how it has impacted on the internal control environment. Detailed below are improvements that were identified through this process.
- 8.1.1 Should there be a change to the committee's membership during a committee cycle, new members should be given an induction prior to attendance at their first meeting. At the beginning of each new committee cycle, all members of the committee should be given a refresher/induction on the roles and responsibilities of the Governance and Audit Committee.
- 8.1.2 Investigate ways of reminding managers of the importance of completing the customer feedback questionnaires following an internal audit.
- 8.1.3 During the self assessment, the Terms of Reference for the committee were reviewed and three changes were recommended which should enable improvements to the assurance process provided by the Governance and Audit Committee on the council's governance arrangements.
- 8.1.4 Investigate ways of ensuring that member substitutes are adequately aware of the committee's roles and responsibilities to ensure that the committee can reasonably achieve against its Terms of Reference.
- 8.2 Thanet District Council's Overview and Scrutiny Panel is entitled to make an annual report to the Annual Meeting of Council. The report summarises the key achievements of the Overview and Scrutiny Panel during 2011/12 and indicates the panel's suggested priorities for 2012/13. Going forward into 2012/13 the following actions are required:
- 8.2.1 The panel need to work on reviewing Working Parties' terms of reference to reflect any changes to the work allocated to them. Members need to ensure that any sub committees created by the panel in 2012/13 have clearly defined terms of reference.
- 8.2.2 Since a number of Working Parties had little success to report on for 2011/12, this might be an opportune time to reflect on the approach for setting up sub committees for the panel.
- 8.2.3 The annual meeting of the panel establishes the Overview and Scrutiny Panel's work programme for 2012/13. Any new Working Parties that have their terms of reference set out by the panel will need to consider how the work programme could best be accomplished.
- 8.2.4 The panel may wish to identify any members' training needs in relation to overview and scrutiny, determine training strategies and facilitate training for panel members in order to improve their contribution to the scrutiny process. Any identified training needs could be included in the council wide Member Learning & Development Programme for 2012/13.
- 8.3 The annual report of the Standards Committee summarises the work of the committee for the year and provides assurance that the Standards Committee and its sub-committees during 2011 were complying with their statutory responsibilities. The conclusion from the annual report is given below:
- 8.3.1 It is anticipated that the new standards regime will come into force on 1 July 2012. The committee is aware that its current composition will not survive the changes brought in by the Localism Act 2011. The committee is mindful of new requirements for a different style of Standards Committee. The committee still has a role to play in recommending to the council a new Code of Conduct and how it considers arrangements which are required to be put in place under the Localism Act will work. It is hoped that this report will provide a benchmark between the current and future system.

9.0 SIGNIFICANT GOVERNANCE ISSUES

9.1 The identified areas detailed below have arisen from our numerous assessments into the council's governance arrangements for 2011/12 and have been deemed to be significant by SMT and will be addressed during 2012/13.

9.2 An action plan will be compiled and regularly reported to the Governance and Audit Committee. 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.

9.3 Identified issues are:

9.3.1 Staff related

- Staff turnover reports were not available from the I-Trent system. A key indicators report is scheduled to be developed during 2012/13 for all Districts.
- The operation and adequacy of corporate induction arrangements should be reviewed during 2012/13.
- There appears to be growing incidents of officers working long hours, which is exacerbated by staff reductions and a lack of alignment of workloads. This includes attendance at evening meetings.

9.3.2 Corporate processes

- The action to review corporate business continuity processes and plans needs to be completed in 2012, and individual service plans need to be reviewed and brought up to date as part of this.
- The council has introduced new health and safety procedures during the year, although preparing and updating appropriate risk assessments remains an area for further development. The introduction of health and safety maps for each service assists with these, but there has still to be a shift in culture across the council that sees the approach to risk being embedded with managers and staff.
- Although training has been provided on the public service equality duty and guidance circulated, this is still an area for further development across the council in 2012. As budget reductions continue, the potentially disproportionate impact on protected groups remains a significant issue. Senior management will need to ensure that staff at all levels are developed in this area.

9.3.3 Major projects

- The council is involved in a number of projects and initiatives that are complex in nature, carry the risk of a great financial loss, of a high value or dependant upon working with partners to achieve. There also appears an ease at which new projects are added to work plans.

9.3.4 Corporate issues

- There is a continued need to ensure there is a common platform for corporate standards and codes between the council and its shared service partners to ensure compliance with good governance arrangements.
- The political instability of a hung council requires greater detail in support of individual decisions.

10.0 ASSURANCE SUMMARY

- 10.1 Good governance is about running things properly. It is the means by which the council shows it is taking decisions for the good of the people of the area, in a fair, equitable and open way. It also requires standards of behaviour that support good decision making – collective and individual integrity, openness and honesty. It is the foundation for the delivery of good quality services that meet all local people's needs. It is fundamental to showing that public money is well spent. Without good governance, councils will struggle to improve services.
- 10.2 From the review, assessment and monitoring work undertaken and supported by the ongoing work undertaken by Internal Audit, we have reached the opinion that, overall, key systems are operating soundly and that there are no fundamental control weaknesses.
- 10.3 We can confirm, to the best of our knowledge and belief, and there having been appropriate enquiries made, that this statement provides an accurate and fair view.

Signed by:
Councillor Clive Hart
Leader of the Council
by the 30 September 2012

Signed by:
Dr Sue McGonigal
Chief Executive & Chief Financial Officer
by the 30 September 2012