

**ANNUAL GOVERNANCE STATEMENT – 2017/18**

**Scope of Responsibility**

Blaby District Council is responsible for ensuring that its business is conducted in accordance with the law and to proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Blaby 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, Blaby District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management or risk.

Blaby District Council has approved a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the authority's code is on our web-site or can be obtained from the Finance Division at the Council Offices in Narborough. This statement explains how Blaby District Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015 in relation to the preparation and approval of an Annual Governance Statement.

**The purpose of the governance framework**

The governance framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The systems of internal control are a significant part of that framework and are designed to manage risk to a reasonable level. They 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 systems of internal control are based on an ongoing process designed to identify and prioritise the risks to the achievement of Blaby 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.

The governance framework has been in place at Blaby District Council for the year ended 31<sup>st</sup> March, 2018 and up to the date of approval of the Statement of Accounts.

## **The Governance Framework**

The Authority's vision is set out in the Blaby Plan which was developed with officers, Members and stakeholders in the district. The control environment encompasses the strategies, policies, plans, procedures, processes, structures, attitudes and behaviours required to deliver good governance to all.

## **Communicating the Authority's Vision**

The Blaby Plan, spanning this financial year, was adopted by Council on the 14<sup>th</sup> April 2015 and has set our Vision, Values and Overarching Principles for the District spanning 2015-2018. A new Blaby Plan for 2018-21 was adopted at the Council meeting of 12<sup>th</sup> December 2017 which sets the Values and priorities for the Council under the three key themes based on the District being "a great place to live, work and visit".

This document encompasses our ambitions and, with partners, how we will deliver these to the community. The Blaby Plan comprises of our Corporate Plan, our Medium Term Financial Strategy (MTFS) and our People Strategy. It is not just a list of things we want to achieve but also details how we have planned all our resources, both financial and staffing to deliver these.

Alongside the new Blaby Plan a People Strategy has been developed and the MTFS will be updated as detail emerges with regard to the changes to Business Rates and the Fair Funding Review.

## **Translating the vision into objectives for the authority and its partnerships**

The Council's objectives reflect the overall vision and are detailed in a series of critical activities which are incorporated into annual departmental service plans and individual goals.

The following section lists the key elements of the systems and processes that comprise the Council's governance framework with a commentary setting out how the Council's arrangements comply with each of the principles in the CIPFA/SOLACE Framework - Delivering Good Governance in Local Government as follows:

### **Principle A – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

The Council has adopted the national Code of Conduct for Members supported by a Standards Committee which monitors issues in relation to standards of behaviour.

There is a separate officer code of conduct.

The roles and responsibilities of the Cabinet Executive, the Non-executive members, the Scrutiny Commission and the Senior Leadership Team are set out in the Council's Constitution which provides a comprehensive framework for the management of the authority's business. This is supported by a formal Scheme of Delegation, based on a delegation by exception principle. A Member/Officer protocol ensures effective and appropriate communication between the paid establishment and elected Members. The Cabinet Executive has previously approved a

recommendation from the Member Development Steering Group to adopt a comprehensive “Members Roles and Responsibilities” paper which sets out role profiles and the required skills and knowledge for the various roles Members fulfil in discharging their responsibilities.

Council policies are produced in accordance with the principles set out in the Constitution and recommended for approval following review by the Senior Leadership Team. Decision making which falls within the policy and budgetary framework rests with the Cabinet Executive whilst those decisions falling outside the framework are reserved to full Council. The call-in procedure enables the Scrutiny Commission to review decisions made by the Cabinet Executive. Day to day decision making is carried out by appropriate officers in accordance with the Scheme of Delegated Powers (which is based on a delegation by exception principle) and in accordance with the Financial Regulations. These arrangements all contribute to the economic, efficient and effective operation of the Council. The whole suite of standing orders, financial regulations and scheme of delegation are reviewed and updated as required through regular reports to Council.

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

The “Monitoring Officer” function is carried out by the Corporate Services Group Manager who reported to the Chief Executive during this financial year. The Democratic Services, Scrutiny and Governance Manager, who has responsibility for legal matters and is also the “Deputy Monitoring Officer”, reports to the Corporate Services Group Manager.

#### Ensuring effective arrangements are in place for the discharge of the Head of Paid Service function

The “Head of Paid Service” role is undertaken by the Council’s Chief Executive. The Strategic Director (Section 151 Officer) has responsibility for all HR matters and this position reports to the Chief Executive position.

#### Undertaking the core functions of an Audit Committee, as identified in CIPFA’s Audit Committees – Practical Guidance for Local Authorities

The Council has an established Audit Committee whose remit and functions are based on the guidance set out in a CIPFA publication which identifies best practice in relation to roles and responsibilities. The Committee meets quarterly and receives regular reports from both the Section 151 Officer and the Audit Manager. Arrangements are in place for the Audit Manager to report independently to the Audit Committee should he/she feel it appropriate to do so.

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

The Council ensures compliance with established policies, procedures, laws and regulations through various channels. Two statutory officers (the Section 151 Officer and the Monitoring Officer) have responsibility for ensuring that the Council does not act in an ultra vires manner, supported by the Performance & Systems Manager who

facilitates the management and mitigation of risk and the Audit Manager who provides assurance on matters of internal financial control. The Human Resources function, through the use of Performance Development Appraisals assesses (and provides a means of improving) competencies to ensure that officers are equipped to discharge their duties in accordance with the requirements of the Council.

#### Whistle-blowing and for receiving and investigating complaints from the public

The Council has in place and promotes appropriate whistle blowing policies and procedures which are regularly reviewed and updated where required. A revised Whistle Blowing (Raising Concerns) policy was reviewed and updated in July 2017. Staff are aware of the Whistle Blowing policy and it has been highlighted in Blaby Matters. There is also a well established and responsive complaints procedure to deal with both informal and formal complaints from its customers and the residents of the District. Regular information relating to performance in respect of complaints (and compliments) is presented to the Senior Leadership Team.

#### **Principle B. Ensuring openness and comprehensive stakeholder engagement**

The Blaby Plan sets out the Authority's vision, values and priorities, the resources that the Council has to deliver these (within the MTFs) and how we support our officers to deliver the plan within our People Strategy. Individual Service Plans are developed setting objectives that link with the priorities and the authority works closely with other local public bodies, community and voluntary groups via a partnership approach to ensure effective delivery of its services.

We have an active voluntary forum through which the Authority provides support to those in our community whilst engaging with them to understand how we can improve our services.

Customer satisfaction with services is monitored through local and service specific surveys, and electronic means to provide feedback on a range of activities and issues.

The Council produces regular newsletters for all residents and businesses within the District which, in addition to providing information and advice, seeks to receive the views of the residents on a wide range of issues. Targeted service priority consultation exercises are undertaken to inform the future allocation of resources. During the year the Council consulted on the proposed changes to the refuse and recycling service; an exercise which resulted in almost 9,000 responses being received.

The Council works closely with its 24 Parish Councils. This includes quarterly Parish Liaison meetings for Parish Clerks, an (co-produced) Annual Parish Council Seminar and the provision of a Parish Council Single Point of Contact within the Council. The Council has also been preparing the local community of Lubbethorpe for the formation of a new Parish Council as this substantial development in our district progresses.

The Council has established effective Business Breakfast meetings and holds regular meetings with the head teachers of the Academies in the district. It has a Youth Council and an established Older Persons Forum 'Agewise' which foster and encourage consultation and inter-generational understanding.

In order to demonstrate its openness the Authority also publishes:

- A Forward Plan 28 days before the Cabinet Executive meets and provides:
  - a) The public with details of all key, non key and budget and policy framework decisions to be taken by Members over a minimum period of four months ahead.
  - a) An aide-memoire for the Council's informal board of senior Members and officers to identify future issues for further discussion.
  - b) The Scrutiny Commission with information to consider areas where it may wish to seek involvement in policy development.
- Its pay policy
- Council, Cabinet and Committee Reports
- Payments over £500

In order to keep the public informed the Authority proactively prepares appropriate press releases. The Council has an award winning website which is user friendly and well-designed and the frequent use of social media channels of communication have enabled the Council to reach more of our residents effectively.

Scrutiny of the Councils budget for 2017/18 took place over three meetings in January. These meetings were open to all Members and attendance levels were high.

### **Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits**

Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

The Council participates in a range of joint working arrangements with other bodies, some of which are more significant than others. For those that deliver services to our customers there are service level agreements or contractual arrangements in place to ensure delivery and protect reputational risk. Should there be corporate risks based on partnership arrangements these will be detailed within the corporate risk register. The Council is particularly mindful of the financial and reputational risks that can arise through entering into joint working and collaborative arrangements, including the potential for a detrimental reputation impact on the Council should the partnership fail. It therefore actively supports and encourages an "open book" approach wherever possible.

## Enhancing the accountability for service delivery and effectiveness of other public service providers

The Council has established and leads on a Staying Healthy Forum which has set its own objectives and priorities to improve the health and well-being of the community. This includes locality specific areas for improvement which include; increased awareness and diagnosis of dementia; initiatives regarding mental health issues of our young people, including reducing the occurrence of self-harm as well as collectively looking at workplace health. The forum includes representatives from the NHS, community safety and health providers.

The Council chairs the Leicestershire Housing Services Partnership which is made up of local authorities, registered providers and third sector organisations who work to deliver a joint action plan aimed at improving outcomes. One of the positive outcomes from this group this year has been the adoption of Council Tax exemptions for Care Leavers across Leicestershire.

The Council leads on the Lightbulb programme; a transformational project designed to improve and transform housing related support services across the County as well as improving hospital discharge services. The programme has won national recognition on three occasions within the first six months of the Lightbulb Service being in operation. At the APSE (Association for Public Service Excellence) National Service Awards, Lightbulb won the 'Best Collaborative Working Initiative' against stiff competition. Alongside this it won Highly Commended at the Foundation Awards Ceremony and at the Local Government Chronicle awards, was the winning entry in the Public/Public Partnership category for its work in supporting vulnerable people to live in their homes as safely as possible.

The Council formally merged the Community Safety Partnership (CSP) of both Blaby and Hinckley and Bosworth in April 2016. Together the CSP's across Leicestershire work with the Police, Fire, Probation Services, County Council and Clinical Commissioning Groups to develop and implement strategies to protect local communities from crime and to help people feel safe. Local approaches to deal with issues including antisocial behaviour, drug or alcohol misuse and re-offending are also developed through the joint working.

The Council has over recent years invested considerably to promote the economic development of the district. Our approach is illustrated in the Economic Development Strategy adopted by the Council: "Building Blaby – Shaping Futures".

### **Principle D – Determining the interventions necessary to optimise the achievement of the intended outcome**

The Blaby Plan comprises of our Corporate Plan, our Medium Term Financial Strategy and our People Strategy. It is not just a list of things we want to achieve but also details how we have planned all our resources, both financial and staffing to deliver these.

The Council's service and financial planning process ensures that resources re-direction and allocation is aligned to the priorities emanating from the Blaby Plan and in the Annual Service Plans. The Council has in place Contract Standing Orders and Financial Regulations designed to ensure that the Council achieves value for money in discharging its procurement requirements.

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

Development and maintenance of the system is undertaken by the Senior Leadership Team within the Council and its effectiveness is reviewed by either external or internal audit. In particular, the arrangements include:

- The Medium Term Financial Strategy is now part of the Blaby plan but includes a Financial Summary spanning future years which is revised annually
- A Capital Programme including asset investment
- An effective system of budgetary control
- The preparation and review of regular and timely financial reports which indicate financial performance against the forecasts
- Clearly defined capital appraisal, funding and expenditure controls
- Formal project management disciplines where appropriate
- Regular performance management reports

The Council continues to embed a "system thinking" approach to implementing change and transformation. During the year the Council brought together the performance management team and resource to deliver effective project management to the Authority. Ultimately this is led by the Chief Executive and will continue to ensure focus is placed on continuing to embed a "systems thinking" approach. Members are fully engaged in this process with both a Cabinet Executive portfolio holder having specific responsibility for driving and monitoring the change process. The Scrutiny Commission, through its performance working group are actively involved in examining the detail of the processes and change reviews.

### **Principle E – Developing the entity's capacity including the capability of its leadership and the individuals within it.**

Members who joined the Council in 2015/16 underwent a comprehensive induction programme and attended a number of training sessions throughout this year to ensure they were fully equipped to fulfil their roles. This training has continued to be built upon throughout 2017/18.

#### Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The Council fully supports the requirements to ensure that both Members and senior officers have the necessary skills sets to fulfil their strategic role in the organisation. The Council continues to invest in management training offering a number of varied

courses and opportunities for senior officers to attend in order to develop their skills and knowledge. The Leader of the Council undertook a Member Leadership Programme course at the Warwick Business School and continues his development with the use of an external coach. The Council deliver's specific Member training around local government finance, good governance and the risks and responsibilities that go with their individual roles.

The Council continues to adhere to the principles of the East Midlands Councils Elected Member Development Charter and have recently achieved re-accreditation. The Charter provides a set of national standards for authorities to achieve, ensuring elected Members are equipped to have the knowledge and skills to be effective community leaders.

### **Principle F – Managing risks and performance through robust internal control and strong public management**

The Council has in place an agreed clear and coherent framework for managing and monitoring performance.

Service Plans and performance measures are held on InPhase, our performance and risk management system. This system was implemented in April 2014 and consideration is currently being given to whether we continue to utilise this system in future. InPhase also holds the Blaby Plan and risk registers, and has been developed to link with back office systems within the Council to be used as a Business Intelligence (BI) reporting tool.

A Six monthly Performance Report is presented to Cabinet which also highlights strong performance and areas of concern. This report is also presented at Scrutiny Commission meetings. The Leader of the Council has responsibility for Performance Management, and provides challenge, as do the Cabinet members.

Officers have access to the InPhase performance data in order that performance can be constantly monitored across services and a residents view has been developed to enable performance data to be viewed on-line.

The Council has in place a Risk Management Policy and Strategy to ensure that the management of risk, is embedded within the organisation at both the strategic and operational level both Members and senior officers have specific roles and responsibilities identified. A Corporate Risk Management Group, headed by the Chief Executive and supported by the performance team provides leadership, whilst the post of Performance & Systems Manager has specific responsibility to co-ordinate the management of risk across the Council. Both Members and officers are trained so that they are equipped to manage risk in a way appropriate to their duties. Risk assessments are a pre-requisite for all capital project appraisals and form an integral element of Service Plans. The Council has invested in a software package (InPhase) to assist with the management and monitoring of both performance and risks. This includes a risk tracking facility to continuously monitor the Council's



exposure to areas classified as high risk. Members of the Audit Committee receive regular risk monitoring reports.

## **Principle G – Implementing good practices in transparency, reporting and audit to deliver effective accountability**

### 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

The CIPFA Statement was originally published in March 2009 in respect of the Role of the Chief Financial Officer in public services as a whole and was considered by the Council's Cabinet Executive in July of that year. The following year a further version was produced which was specifically directed towards Chief Financial Officers serving in local government. The five underlying principles however remained the same. The Council's financial management arrangements conform with the governance requirements as set out in the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2016).

### Ensuring the authority's assurance arrangements addresses the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010)

The Council's internal reporting arrangements are designed to ensure the independence of the internal audit function. Appropriate resources are made available to provide an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It brings a systemic disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes. The Audit Manager reports directly to the Council's Audit Committee on all matters appertaining to audit outcomes.

## **Review of Effectiveness**

Blaby District Council undertakes on an annual basis a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by a) the work of the senior managers within the Council who have responsibility for the development and maintenance of the governance environment, b) the Audit Manager's annual report and c) by comments made by the external auditors and other review agencies and inspectorates.

## **Role of the Council**

The extent of the role of full Council in reviewing and monitoring effectiveness of internal control is set out in Article 4 of the Council's constitution. Article 4 provides that the Council is responsible for setting the policy and budgetary framework.

It is the responsibility of the statutory officers to report to Council on any issues concerning the review of the effectiveness of internal control arrangements where such cases fall outside the delegated power of other decision making bodies of the Council. There have been no issues arising during 2017/18 which have required the full Council to exercise its role.

The Constitution of the Council is subject to a continuous review process and a delegation by exception scheme forms an integral part of the arrangements. The Constitution underwent a revision in 2016/17 and the new version, which was actively reviewed by Members, was approved by Council on 24<sup>th</sup> May 2016.

The Council formally reviews its Financial Regulations on a regular basis albeit on-going updates are implemented as part of the regular reviews of the Constitution.

### **Role of Cabinet Executive**

The role of the Cabinet Executive is to receive, consider and approve the Annual Governance Statement and to monitor the implementation of any Action Plans arising out of the review of its governance arrangements.

### **Role of Audit Committee**

A formal Audit Committee, constituted on the basis of the guidance issued by the Chartered Institute of Public Finance, including the adoption of a “Statement of Purpose”, was established in 2008.

The Audit Committee meets on a quarterly basis. It has responsibility for considering the findings of the annual review of the effectiveness of the internal audit function in addition to receiving regular monitoring reports from the Audit Manager. The annual external audit plan is also approved by the Audit Committee.

### **Role of Scrutiny Committee**

The Council has a well established and effective Scrutiny Commission supported by working panels who are assigned specific projects to be undertaken. The Commission can “call in” a decision which has been made by the Cabinet Executive but not yet implemented, to enable them to consider whether the decision is appropriate.

### **Risk Management**

The Corporate Risk Group regularly reviews the Risk Management Strategy to ensure its continued relevance to the Council. The reviews also assess performance against the aims and objectives of the Risk Management Strategy.

The Performance & Systems Manager provides regular progress reports to the Corporate Risk Group and the Senior Leadership Team bringing to their attention any significant risks which have been identified. The Corporate Risk Group/Senior Leadership Team also:

- Reviews the Council's strategic/operational risk registers and associated action plans
- Ensures that the appropriate management action is taken to minimise/eliminate risk

Audit Committee review the Strategic Risk Register and mitigating actions regularly. They also have responsibility for reviewing and recommending the Risk Management Strategy at regular intervals.

### **Role of Internal Audit**

Internal Audit is provided in accordance with the statutory responsibility under Section 151 of the Local Government Act 1972, the Accounts and Audit Regulations and the Public Sector Internal Audit Standards. It is managed on a day to day basis by the Audit Manager who reports to the Strategic Director. There is however also an indirect reporting line to the Strategic Director (Section 151 Officer) in relation to matters of a technical or professional nature.

Internal Audit objectively examines, evaluates and reports on the adequacy of internal controls and governance as a contribution to the proper, economic and effective use of resources. During 2017/18 this responsibility was carried out following an approved risk based annual audit plan. The Audit Manager produces quarterly progress monitoring reports against the plan to the Audit Committee.

The internal reporting process for audit work requires a report of each audit to be submitted to the relevant Group/Corporate Manager and/or Service Manager. The report includes recommendations for improvements that are included within an action plan and require agreement or rejection by the relevant managers. The process also includes regular reviews of recommendations to ensure that they are acted upon. A summary of all audits carried out, including a grading rating which reflects the effectiveness of the controls in place and an analysis of the recommendations is submitted to each quarterly Audit Committee meeting.

The Public Sector Internal Audit Standards, introduced on 1 April 2013, require an external assessment of compliance with the Standards to be carried out at least once every five years.

The assessment was carried out in April 2015 and did not identify any significant gaps in compliance. The draft report was presented to the Audit Committee on 23<sup>rd</sup> June 2015 and the Audit Manager has implemented an action plan which has improved overall compliance with the Standards. A review against the updated Standards was carried out in April 2016 to ensure the Council remained compliant and a further review was completed to ensure the Council remained compliant with the Standards that came into effect on 1<sup>st</sup> April 2017. Details of the review were reported through the Internal Audit Annual Report that was brought before the Audit Committee.

The Shared Service Audit Manager provides an independent opinion on the internal control environment to the Audit Committee which then feeds into the Annual Governance Statement process. For the 12 months ended 31 March 2018, based upon the work undertaken by Internal Audit during the year and additional information provided by relevant managers on their responses to audit recommendations, the Audit Manager has formed the opinion that the Council's overall internal control arrangements are a **Grade 2**. This means that they **require improvement in some areas**. This is detailed in the report of the Audit Manager's 'Internal Audit Annual Report 2017/2018' to be presented to Audit Committee on 26<sup>th</sup> July 2018.

The report details four audits which were awarded a Grade 3 rating. The issues raised are unique to specific functions of the Council and do not suggest more widespread issues.

In most cases a number of the resulting recommendations have already been implemented with further recommendations planned to be delivered within the planned timescales.

Focus is being placed on one particular audit that has only recently been carried out to ensure timescales for the recommendations are met.

Further review and follow-up actions illustrate the reliance and importance the Council place on the work of internal audit.

### **Other Explicit Review/Assurance Mechanisms**

The Corporate Services Group Manager (the "Monitoring Officer") has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Constitution underwent a revision in 2016/17 and the new version, which was actively reviewed by Members, was approved by Council on 24<sup>th</sup> May 2016.

Statements of Assurance are received from senior officers regarding internal control issues in line with the guidance set out in "Delivering Good Governance in Local Government".

A Peer Review carried out by the LGA in 2015 described Blaby District Council as "a great council which is performing well with no major concerns. There are many examples of good services and projects with a strong focus on doing the right thing for Blaby's residents and customers at all levels of the organisation."

A further review has very recently been carried out and was again very positive in terms of staff engagement, progress against our action plan and as excellent partners. The Peers also flagged up improvements and opportunities that need to be taken by the Council and these will form part of an action plan going forward.


The effectiveness of the internal financial controls is reviewed annually by the external auditor whose "Report to Those Charged with Governance" is considered formally by the Audit Committee at its July meeting.

**Statement of Leader and Chief Executive**

*We have been advised on the implications of the result of the review of the effectiveness of the governance framework carried out by members of the Senior Leadership Team and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.*

**Significant governance issues**

*Whilst there are no significant governance issues to report, nevertheless the Council continues to seek to enhance and strengthen our governance arrangements where improvements can be identified. We will monitor progress made as part of our next annual review.*

Signed   
Leader of the Council

July 2018

Signed   
Chief Executive

July 2018