

ANNUAL GOVERNANCE STATEMENT MAY 2008

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Summary: To present the Annual Governance Statement

1. Introduction

- 1.1 The Council is required to make proper arrangements to ensure that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 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 The Council in presenting its annual accounts is also required to meet the requirements of the Accounts and Audit Regulations 2003, as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to publication of a statement of internal control or governance.
- 1.3 The compilation of the Annual Governance Statement includes an overview of all Council services, practices and policies in providing assurance that the Council's accounts can be relied upon, as they are based on a sound system of corporate governance.
- 1.4 The attached draft Annual Governance Statement sets out the extent of the Council's systems which contribute to its corporate governance and which therefore underpin completion of the final accounts. The Annual Governance Statement is signed off by the Leader and Chief Executive before the Council is asked to agree the final accounts.

2. Conclusion and Recommendation

- 2.1 It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money.
- 2.2 The attached Annual Governance Statement sets out what the Council has done and put in place to endure as far as is possible

that the safeguards are in place that the Council's accounts are properly managed.

- 2.3 As the year progresses the actions highlighted as required in the draft Annual Governance Statement are monitored through the action plan for the 2007/8 Corporate Governance Report that the Audit Committee received on 28 May 2008.
- 2.4 It is recommended that the Audit Committee approves the attached Annual Governance Statement and recommends it to Council to be considered along side the final accounts.

List of appendices:

Appendix A – Draft Annual Governance Statement 2007/8

COPELAND BOROUGH COUNCIL ANNUAL GOVERNANCE STATEMENT 2007/8

Scope of responsibility

Copeland Borough 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. The 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, Copeland Borough 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.

Copeland Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. Information about how the Council complies with this framework can be obtained from the Monitoring Officer. This statement explains how the 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 a statement on internal control.

The purpose of the governance framework

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.

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 the 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 Copeland Borough Council for the year ended 31 March 2008 and up to the date of approval of the *annual report* and statement of accounts.

The governance framework

The Governance Framework includes:

- **identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users**

- A 5 year Council Plan was adopted on 17 April 2007.
- Key objectives published in the annual Best Value Performance Plan 2007/8 and in the Corporate Plan 2007-12.
- Individual Service Plans, linked to the Corporate Plan, set out key objectives. Service Plans for 2007/08 were in place by April 2007, and Service Plans for 2008/9 have been developed using the objectives in the 5 year Council Plan to reinforce deliverability.
- Achievement of the main objectives also reported annually in the BVPP for 2007/8, and thereafter in other communications with the public, for example the Council Tax leaflet.
- A Communications Manager was appointed following the restructure in 2005 and a Communications Strategy was approved in May 2006 by Executive. The Communications Strategy includes reviewing existing methods of consultation and feedback on performance, and an initial evaluation of progress made in January 2007 resulted in a further redraft.
- Improvement plan drawn up following the 2003/04 Corporate Performance Assessment (CPA). Progress continued to be monitored in 2007/08 by the Improvement Board, in particular the links from CPA into Comprehensive Area Assessment (CAA).

• reviewing the authority's vision and its implications for the authority's governance arrangements

- Corporate and service targets and objectives are reviewed quarterly. Performance against Corporate Plan objectives reported to the Executive quarterly. Service key objectives monitored by the Chief Executive /relevant Director.
- A light-touch refresh of the Corporate Plan was started in autumn 2007, to ensure that the Council's targets and objectives were still relevant and reflect the developing environment for local authorities, particularly in light of the enactment of Local Government and Public Involvement in Health Act 2007. This was due to be complete in June 2008.
- Developments in the CPA and CAA process have been consulted upon, discussed and responded to by the Council. Progress in meeting the new requirements has been reported Improvement Board and OSC Management.

• measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources

- Standards and targets have been in place for many years and further development on customer service standards is ongoing.
- Standards for customer service were adopted by Management Group in September 2005 and were formally approved by the Executive 21/2/06. Work continued in 2007/8 to refine and embed these, including a mystery shopping exercise.
- Performance against national Best Value Performance Indicators (BVPI's) and implementation plans for all Best Value Reviews are monitored through individual service performance reports and, corporately, by Performance Improvement. Quarterly reports are made to Executive on progress against the BVPIs. Where performance is falling short of the target, corrective action has to be approved, including specific targets included in Service Plans.

- Resources Planning Working Group ensures that resources are allocated to Council priorities.
- Procurement Strategy prepared and adopted, with improvement action plan. Currently the Procurement Officer post is vacant.

**** defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication**

- Council's Constitution provides a general framework for governance. Reviewed annually.
- The Executive meet at least monthly to facilitate prompt decision-making, with a "call in arrangement", preventing decisions being implemented for 5 working days, to allow for effective scrutiny.
- The Executive received regular reports on corporate performance throughout 2007/08 and approved the Best Value Performance Plan.
- Forward Plan details key decisions to be made by the Executive.
- Individual Portfolio Holders have delegated powers.
- Four Overview and Scrutiny Committees, based on cross-cutting themes, have work plans which provide a mechanism for feeding into policy making.
- Overview & Scrutiny Committees: there were no significant control issues arising from the "call in" of decisions. In 2007/8 the Overview and Scrutiny Committees reviewed a range of topics proposed by stakeholders and arising from internal sources. These reviews resulted in recommendations for changes in Council policy or practice.
- The Improvement Board continued to monitor progress with the Improvement Plan drawn up following the CPA inspection in 2003/04.
- Individual Heads of Service provided an annual assurance statement on the operation of controls in their service area
- Risk management and progress on developing a business continuity plan, was monitored regularly by Corporate Team. Completing a full and tested Business Continuity Plan was regarded as a priority for 2007/8 and the final version was expected by 30/6/08 having been tested in an exercise in February 2008.

**** developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

- The Councillors' Code of Conduct is signed up to by all Members of the Council
- The Employee Code of Conduct was reviewed and reissued at April 2007. All employees were required to sign to say they had received it.
- Reminders of the Whistleblowing Policy were issued to employees, contractors and partners in 2007/8.
- The Council achieved level 2 of the Equalities Standard for Local Government in March 2008, which included a significant effort in training and raising awareness of the law among Councillors, employees, partners and contractors.

**** reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks**

- The governing body (Full Council) - reviewed the Constitution in April 2006, and full Council approved in June 2006. The Council approved further changes in April 2007 to take account of the Local Government White Paper "Strong and Prosperous Communities". A further review was in hand for May 2008.
- Minor amendments to Financial regulations were approved in December 2007.

**** undertaking the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities**

- The Audit Committee considered the annual Audit & Inspection Letter (Audit Commission) in March 2008 and an annual report on compliance with the Good Governance Standard for Public Services (internal audit) on 28 May 2008.
- The Audit Committee monitored internal and external audit work, including reviewing the adequacy of internal controls.
- Internal Audit also submitted an Annual Report on Internal Control to the Audit Committee on 28 May 2008
- External Audit – published the Annual Audit and Inspection Letter, presented to Members 20 March 2008. Other Audit Commission reports included the Auditor's report on the Strategic Housing Service, Access to Services, Best Value Performance Plan, the Direction of Travel Report and the Use of Resources Judgement.

**** ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

- There were no S.151 reports issued in 2007/08.
- No Monitoring Officer reports were produced in 2007/08, other than periodic reports to Corporate Team on review of risks.

**** whistle-blowing and for receiving and investigating complaints from the public**

- There were no adverse Ombudsman reports in 2007/08.
- The Confidential reporting Code was reviewed and relaunched in 2007/8.

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

- A Members' Development Plan was in place during 2007/8, arrived at through in depth discussions with individual members. The Council achieved the Members Development Charter form North West Employers Organisation in 2007/8
- The employees' training and development plan was delivered in 2007/8, based on training needs identified through the Employee Development Interviews and service and corporate planning activities.
- The Council held the Investors in People award during 2007/8

**** establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

- The Council consulted the public on the development of a range of its service and corporate objectives, including the budget for 2008/9.
- Through the West Cumbria Strategic Partnership and other partnerships the Council was engaged in a range of activities to communicate with the public, including on the future of the nuclear industry in West Cumbria.
- To achieve Level 2 of the Equality Standard for Local Government the Council talked to a range of community organisations about improving service access during 2007/8.

•• 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,(ref 7) and reflecting these in the authority's overall governance arrangements.

(ref7). Governing Partnerships: Bridging the Accountability Gap, Audit Commission, 2005.

- In order to increase its effective and efficient partnership working the Council has developed and formally agreed revised protocols and service level agreements
- The governance of the West Cumbria Strategic Partnership was subject to review in Autumn 2007 resulting in a revised structure and reporting arrangements.
- External Audit opinion found that there were still improvements that the Council could achieve in developing sound governance of partnerships. This requirement has been incorporated into improvement plans for 2008/9

Review of effectiveness

Copeland Borough 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 of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework included the following:

- the **Authority** has continued to review its Constitution in 2007/8;
- the **Executive** has included in its Forward Plan decisions relating to the Council's governance;
- the **Audit Committee/Overview and Scrutiny Committees** have included a range of reviews of aspects of the Council's governance in their programmes of work, including, in the case of the Audit Committee, some statutory governance reports.
- the **Standards Committee** has undertaken a review of ethical governance and agreed an action plan for improvement.
- **Internal Audit** has created a plan for and undertaken a number of reviews including governance issues and reported its findings to Corporate Team and the Audit Committee;
- other explicit review/assurance mechanisms. Heads of Service have stated that to the best of their knowledge that in 2007/8 their services have complied with the Council's framework of policy and procedure in managing resources and observing the requirements of probity.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant governance issues

We have identified the following significant governance issues which require attention in 2008/9:

- 1) Address the partnership governance issues that have been identified;
- 2) Review and revise the Council's practices in financial reporting to meet the requirements of the latest guidance.
- 3) Keep under review the Council's Constitution and take any further reviews to Council for approval as are required.

We propose over the coming year to take steps to address the above matters 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.

Signed:
Leading Member (or equivalent)

Signed:
Chief Executive (or equivalent)

Date:

on behalf of Copeland Borough Council