



ANNUAL GOVERNANCE STATEMENT

1. Scope of Responsibility

Rutland County 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. Rutland County Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

The elements of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* are embedded throughout the Council's constitution and other strategies. This statement explains how the Rutland County Council has complied with the framework 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.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which Rutland County Council 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 Rutland County 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 Rutland County Council for the year ended up to 31 March 2010 and up to the date of approval of the statement of accounts.

3. The Governance Environment

A clear statement of the Council's purpose and vision is set out in its Sustainable Community Strategy. The Council's strategic aims, which are reviewed and refreshed by Cabinet and Council annually, provide a clear set of priorities against which the Council can allocate resources and are supported by clear accountability for delivery.

The Council has a performance management framework through which quality of service and use of resources is measured. Financial and non-financial performance is monitored by departmental management teams and Strategic Management Board monthly and is formally reported to Scrutiny Panels and Cabinet on a quarterly basis. Progress against the strategic aims is measured in milestones and this is included in quarterly monitoring reports. The performance management framework flows through the authority, down to an individual employee level. Each employee has an annual performance appraisal, part of this process being to identify development needs.

Policy and decision making are facilitated by a clear framework of delegation set out in the Council's Constitution. Delegation arrangements were renewed at every meeting of the Full Council in 2009/10 and following changes to the Constitution were renewed for 2010/11 at the annual council meeting in May 2010. The Constitution defines the roles and responsibilities of the Council, Cabinet, Scrutiny Panels and Committees and provides for extensive delegation to officers provided these are in accordance with Financial Regulations, Contract Procedure Rules and other policies and procedures.

The behaviour of elected Members is regulated through a Code of Conduct, which all Members sign up to upon election to the Council. This is a national code, approved by Parliament and was revised in 2007. The Council adopted the revised code and training is provided to Members periodically to ensure that they are fully aware of their responsibilities. Employees are also subject to a Code of Conduct and a number of specific policies (such as Harassment, Discrimination & Bullying) set out in the Corporate Induction Portfolio. All new members of staff receive one to one induction training with their line manager and attend an induction training session.

An Audit and Risk Committee was established during 2009/10 which undertakes the core functions of an audit committee, in accordance with CIPFA's *Audit Committees – Practical Guidance for Local Authorities* and this is set out in the committee's terms of reference. These terms of reference were strengthened at the Annual Council meeting in May 2010 to include the authority to act as those charged with governance on behalf of the Council.

The Director of Corporate Services is designated as the responsible officer for the administration of the Council's financial affairs under section 151 of the Local Government Act 1972. The Head of Legal & Democratic Services is designated as the Council's Monitoring Officer under the Local Government Act 2000. All reports to a decision making body must be considered by the Director of Corporate Services and the Head of Legal & Democratic Services before they are submitted. This is to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.

The Council has arrangements in place for receiving allegations of fraud or misconduct, through its whistle-blowing policy. All members of staff are made aware of this policy through the induction programme and it is publicised through the staff bulletin and intranet. The Council recognises the importance of customer complaints and welcomes complaints as a valuable form of feedback about its services. There is a formal complaints procedure and the Council is committed to using the information it receives to help drive forward improvements.

Risk Management is embedded in the Council through the Risk Management Strategy. The Council maintains a Strategic Risk Register, linking risks to strategic aims and assigning ownership to each risk and the Deputy Leader, Cllr King, is the lead member for risk management. The Strategic Management Board is responsible for maintaining an up-to-date register of strategic risks and monitoring the actions taken to mitigate these. Risk Management is included in the quarterly performance monitoring arrangements.

The Council has established channels of communication with different sections of the community through groups such as the Youth Council and business community representatives. The Council has also established a Citizen Panel that will be utilized in

any future major consultation exercises. The Communications Officer has fostered a good working relationship with the local press and works closely with them to communicate with the community.

The Council uses a variety of methods to provide its services, and is part of many successful partnerships including a pooled budget with the PCT for Adult Social Care service and the Children and Young People's strategic partnership. Along with other Welland Authorities, the Council has a shared Internal Audit Service and Joint Procurement Unit.

4. Review of Effectiveness

Rutland County 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 its 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 Head of Internal Audit's annual report, and also comments made by the external auditors and other review agencies and inspectorates.

The Cabinet reviewed and refreshed the Council's Strategic Aims which were endorsed by Council in August 2009. It has also received and formally debated the Annual Audit and Inspection Letter and External Audit Annual Plan.

Cabinet takes the lead role in improving the performance management framework and maintaining comprehensive quarterly reporting that includes financial performance, progress against non-financial targets and milestones, and risk management.

Audit and Risk Committee reviews the Risk Management Strategy and Strategic Risk Register twice each year and fulfils the role of an Audit Committee in accordance with CIPFA guidance. During 2009/10 the Scrutiny panels have considered a number of issues of particular concern, such as the Lord Laming report on child protection, post 16 education, the community hospital review, and off-street car parking, to satisfy themselves that there are robust governance arrangements in place.

The Standards Committee received 21 complaints of alleged breaches of the Code of Conduct for Members during 2009/10. Of these four were from members of the public and related to County Council members. After investigation by Standards for England two cases found failure to comply with the Code but with no action recommended.

Cabinet has reviewed and approved the corporate capital strategy and Asset Management Plan. Capital monitoring arrangements continue to be improved to secure control over capital expenditure and embed reporting into the quarterly performance monitoring arrangements.

The responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit Regulations 2003. This responsibility is delegated to the Director of Corporate Services. The Internal Audit Service operates in accordance with best practice professional standards and guidelines. It independently and objectively reviews, on a continuous basis, the extent to which the internal control environment supports and promotes the achievement of the Council's objectives, and contributes to the proper, economic, efficient and effective use of resources. Members receive an annual report of internal audit activity and approve the audit plan for the forthcoming year.

For the year 2009/10 the Head of Internal Audit has concluded that the Council's overall internal control arrangements provide a Sound Level of Assurance.

5. Significant Governance Issues

The Council is satisfied that the governance framework provides a reasonable assurance of effectiveness. There are a small number of specific service issues that are will be subject to close monitoring until the Council is able to assure itself that the actions proposed to deal with them have been successfully concluded, however none of these is of strategic or corporate significance.

Signed: _____

Helen Briggs
Chief Executive

Date _____

Signed: _____

Roger Begy
Leader of the Council

Date _____