



## 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 Rutland County Council has complied with the framework and also meets the requirements of regulation 4 of the Accounts and Audit (England) Regulations 2011 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 31 March 2012 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 most recent revision of which was approved in July 2010. The Strategy was developed with Rutland Together, the local strategic partnership, and involved consultation with key stakeholders and the wider community.

The Council's strategic aims, which are reviewed and refreshed by Cabinet and Council generally on an annual basis, provide a clear set of priorities against which the Council can allocate resources and are supported by clear accountability for delivery. (A revised set of strategic aims and objectives was approved by the Council in April 2012.) The financial implications of implementing agreed priorities are incorporated in the Medium Term Financial Plan approved in February 2011, which is kept under review and was updated in February 2012. Appropriate provision has been included in the budget for 2012/13.

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 Team on a regular basis 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 the Annual Council Meeting in May 2011. The Constitution defines the roles and responsibilities of the Council, Cabinet and Scrutiny Panels and provides for extensive delegation to officers provided these are in accordance with Financial Procedure Rules, 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. (The national Code of Conduct will cease to apply at the end of June 2012 and work is in progress to enable the Council to adopt a new code of conduct.) Employees are also subject to a Code of Conduct and a number of specific policies (such as Harassment, Discrimination and 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.

The Audit and Risk Committee 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, which include the authority to act as those charged with governance on behalf of the Council.

The comprehensive restructuring of the Council undertaken during 2010/11 has become embedded during 2011/12. The Strategic Management Team comprises the Chief Executive (Head of Paid Service), the Strategic Director for Services for People and Deputy Chief Executive, the Strategic Director for Places, the Strategic Director for Resources and two Assistant Directors for Services for People. Across the three directorates there are a further 11 posts at Head of Service level, the holders of which, together with the Strategic Management Team, make up the Leadership Team of the authority.

The Strategic Director for Resources 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 Corporate Governance is designated as the Council's Monitoring Officer under the Local Government and Housing Act 1989. All reports to a decision making body must be considered by the Strategic Director for Resources, the Solicitor to the Council and the Head of Corporate Governance 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 is the lead member for risk management. The Strategic Management Team 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 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's Trust. Along with other Welland Authorities, the Council has a shared Internal Audit Service and Joint Procurement Unit. Further shared services arrangements have been implemented, covering public protection services, legal services and benefit fraud investigations. The Council works in partnership with other local authorities and public agencies through the Leicester, Leicestershire and Rutland Local Resilience Forum to prepare for, and respond to, civil emergencies.

#### **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 Council endorsed its refreshed Strategic Aims in August 2009 and has reviewed them during 2011/12, culminating in the adoption of revised Aims in April 2012.

The Audit and Risk Committee has 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.

The 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 2011/12 the Scrutiny Panels have considered a number of issues of particular concern, such as child and vulnerable adult protection, the post 16 education capital project, on- and off-street car parking, housing and homelessness strategies, pupil places planning, services for older persons, the work of the Shadow Health and Wellbeing Board and the transition of public health functions to local authorities which is due to take effect in April 2013, to satisfy themselves that there are robust governance arrangements in place.

Following the election of 13 new members (50 per cent of the membership) in May 2011, 11 of whom had not served previously, the post-election induction training for members

was extensive. In addition to mandatory training on the Code of Conduct, development control, licensing and appeals, detailed development work was undertaken with members on the role and effectiveness of the Scrutiny function.

Cabinet has reviewed and approved the corporate capital strategy and Asset Management Plan. (The capital strategy is under review in the context of developing the Community Infrastructure Levy.) Capital monitoring arrangements continue to be improved to secure control over capital expenditure.

The responsibility for maintaining an effective internal audit function is set out in Regulation 6 of the Accounts and Audit (England) Regulations 2011. This responsibility is delegated to the Strategic Director for Resources. 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 2011/12 the Head of Internal Audit has concluded that the Council's overall internal control arrangements provide a 'to be confirmed' Level of Assurance. An internal audit report on the payroll function is in progress and is expected to make recommendations on improving segregation of the duties of relevant officers, expenses and establishment information.

## 5. Significant Governance Issues

The Council is satisfied that the governance framework provides a reasonable assurance of effectiveness. There are no significant governance issues to report. Any action plans contained in audit reports will be implemented and monitored during 2012/13.

Signed:

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Helen Briggs  
Chief Executive

Signed:

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Roger Begy  
Leader of the Council

Date

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Date

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