



DRAFT ANNUAL GOVERNANCE STATEMENT 2012/13

1. Scope of Responsibility

- 1.1 Rutland County Council ("the 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 its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2 In discharging the overall responsibility, the 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.
- 1.3 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 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

- 2.1 The governance framework comprises the systems, processes, culture and values by which the Council is managed 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 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 by

identifying and implementing measures to reduce the likelihood of the risks being realised and to negate or mitigate their potential impact.

- 2.3 The governance framework has been in place at Rutland County Council for the year ended 31 March 2013 and up to the date of approval of the statement of accounts.

3. The Governance Framework

Vision, Aims and Objectives

- 3.1 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.
- 3.2 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 the agreed priorities were incorporated in the Medium Term Financial Plan ("MTFP") approved in February 2012 and then kept under review. The MTFP was updated in February 2013. Appropriate provision for continuing to implement the Council's priorities has been included in the budget for 2013/14.
- 3.3 The key priorities for 2012/13 included:
- Delivering a balanced MTFP;
 - Targeting steps to achieve local economic growth;
 - Implementing capital projects, in particular Digital Rutland, Ashwell Business Park and Travel4Rutland; and
 - Transforming adult and social care.

These priorities have been addressed against a backdrop of other significant changes affecting the Council and the county, including the implementation of the strategy of the Ministry of Defence to station Army units in Kendrew Barracks (formerly RAF Cottesmore), and central Government welfare policy developments requiring the devising of a local Council Tax support scheme to replace Council Tax benefit.

Constitutional Arrangements

- 3.4 The Constitution defines the roles and responsibilities of the Council, Cabinet, Committees and Scrutiny Panels and provides for extensive delegation to officers. 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 2012. The exercising of delegated powers is regulated by Financial Procedure Rules, Contract Procedure Rules and other policies and procedures.
- 3.5 The Constitution is kept under review by a working group of members appointed by the Council. The working group recommends amendments to the Constitution to the Council as and when it considers it appropriate. During 2012/13 amendments included revising:

- the delegation to the Audit and Risk Committee;
- the rules governing the making of deputations by members of the public on planning applications;
- the rules on the substitution of members of committees and Scrutiny Panels by political groups;
- the referral of committee decisions for consideration by the Council; and
- the requirements for training of members regarding participation in decisions on planning applications.

3.6 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.

3.7 The Local Government Boundary Commission for England placed the Council's electoral arrangements on its programme of reviews to be carried out in 2013/14. This resulted from the Register of Electors for 2013, published on 16 October 2012, showing that the councillor:elector ratio diverged from the average for the county by more than 10 per cent in more than 30 per cent of the wards. Five of the 16 wards were in that category at the time. The review will determine the appropriate Council size in terms of the number of councillors, which will generate a revised councillor:elector ratio. The second stage will be to produce warding arrangements which will deliver that ratio across the county as far as practicable having regard to effective and convenient local government and community interests.

Decision Making Arrangements

3.8 The officer structure of the authority operates with a Chief Executive and three Directorates, titled People, Places and Resources.

3.9 The usual course taken by a matter which requires a decision to be made by members is that it is considered by the relevant Directorate Management Team which will make a recommendation to the Strategic Management Team, which comprises the Chief Executive and Directors, and before the matter is reported, with a recommendation, to the Cabinet or other appropriate body.

3.10 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.

3.11 In accordance with the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012, decisions made by officers following express delegation by the Cabinet are recorded in writing.

Performance Management

3.12 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 Directorate 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. All officers have a Personal Development Review with their manager during each year. This process includes reviewing performance.

- 3.13 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 framework is being updated for 2013/14 to include some revisions to Key Performance Indicators (KPIs) and performance data in relation to Equality and Diversity.

Financial Management

- 3.14 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.

- 3.15 The CIPFA Statement on the Role of The Chief Financial Officer in Local Government sets out the five principles that need to be met to ensure that the Chief Financial Officer can carry out the role effectively. The principles are that the Chief Financial Officer:

- Is a key member of the leadership team;
- Must be actively involved in all material business decisions;
- Must lead the promotion and delivery of good financial management;
- Must lead and direct a finance function that is resourced to be fit for purpose; and
- Must be professionally qualified and suitably experienced.

- 3.16 The Strategic Director is a member the Council's Strategic Management Team and is actively involved in the key business decisions of the Council. The Strategic Director oversees the development and work of the financial management function at the Council and is the Council's proper officer for matters of financial administration. The post holder is professionally qualified as a CIPFA Accountant with suitable experience.

The Council's MTFP covers a five year period. Such an approach to financial planning provides the platform by which the Council can look to deliver public services in accordance with local priorities. Moreover, through 'scanning the horizon' and anticipating necessary change at the earliest opportunity, the Council can plan and react accordingly to not only secure its financial position but to protect services.

- 3.17 The MTFP was updated throughout 2012/13 and periodically reported to Cabinet. The updated MTFP, following the Local Government Settlement, was presented to each Scrutiny Panel by the Leader and to Council on 18 February 2013 as part of the budget setting process for 2013/14. Members have up-to-date financial information about not only the current but also the medium term outlook for decision making purposes.

- 3.18 In their Annual Governance report issued in September 2012 the external auditors commented that "financial governance arrangements are established.

The MTFP has continued to be updated and reflects the significant service pressures and financial risks”.

- 3.19 The Council has a set of Financial Procedure Rules and Contract Procedure Rules within its Constitution which govern the way in which financial matters are conducted. The Contract Procedure Rules are under review currently. The Financial Procedure Rules are considered to be fit for purpose, but they will be the subject of an updating review during 2013/14.

Risk Management

- 3.20 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. 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 them. Risk Management reports are presented to the Audit and Risk Committee. In 2013/14 risk management reports will be presented alongside performance reports to Scrutiny Panels.
- 3.21 Risk Management is an integral part of the Council's decision making processes. All Council papers include reference to risk and set out an impact analysis that helps members and officers understand the impact of decision-making.

Standards of Conduct

- 3.22 The behaviour of elected members is regulated through a Code of Conduct. The Code changed in July 2012 as a result of provisions in the Localism Act 2011. The previous ethical standards regime was set up by the Local Government Act 2000 and required all members to sign up to a model code of conduct upon election to the Council. This was a national code, approved by Parliament. The Localism Act required councils to adopt their own code of conduct and establish local arrangements for dealing with complaints of a member breaching the code.
- 3.23 The Council adopted a Code of Conduct and local arrangements which came into effect on 1 July 2012. A Conduct Committee has been set up in place of the former Standards Committee. Two Independent Persons have been appointed by the Council to provide independent support to members and the Monitoring Officer. Training is provided to members periodically to ensure that they are fully aware of their responsibilities. In particular, such training is included as a mandatory element in the induction programme for newly-elected members.
- 3.24 A register of members' interests is maintained and published on the Council's website. The requirements in this regard also changed in July 2012. Members continue to register and amend their registrable interests as appropriate.
- 3.25 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.

Counter-fraud, Whistleblowing and Complaints

- 3.26 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.

3.27 Updated Counter-fraud strategy and Whistleblowing policy were approved by the Council in October 2012.

3.28 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.

Developing Effectiveness

3.29 Individual officers have a Personal Development Review annually with opportunities for interim reviews. This process includes identifying training and development needs. In addition, members of staff have regular, planned, one-to-one meetings with their manager.

3.30 The Council has delivered a Developing Management Excellence training programme for managers below the level of Heads of Service.

3.31 Members are provided with development opportunities through in-house and external training and briefings. There is mandatory training on the Code of Conduct, development control, licensing and appeals. Members are encouraged to express an interest in receiving training on specific topics.

3.32 Budget provision is made for training and development of members and officers.

Service Delivery

3.33 The Council uses a variety of service delivery models. It has a number of key services such as refuse collection which are outsourced. It is also part of many successful partnerships, including a pooled budget with the Primary Care Trust for Adult Social Care service and the Children's Trust. Along with other authorities in the Welland Partnership, the Council has a shared Internal Audit Service (for which it is the lead authority) 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.

3.34 The cost of the Council's services continues to be relatively low as evidenced by cost profiles produced by the Audit Commission. Nevertheless, the Council continues to review how services should be delivered and this was a key part of its budget deliberation for 2013/14.

Community Engagement

3.35 The Council engages with the local community in different ways. Rutland Together is the Local Strategic Partnership (LSP) for Rutland. The Partnership was established to bring together all of those people and bodies whose work impacts on the lives of local people.

3.36 The partnership has gone through radical changes since its beginning, this is due to political changes over the years which has affected the partnerships direction of travel. Rutland Together is made up of over 50 partners from the public, private and voluntary sectors. Rutland Together allows different organisations in the community to support each other and work together on different initiatives and services to address local issues.

3.37 Examples of engagement in 2012/13 include:

- The opening of a community hub in Ketton - this was the culmination of a project to integrate a GP surgery into the Library building and involved collaboration between the Council, Ketton Parish Council and the local GP practice;
- The Energy Action Rutland partnership which provides energy audits and energy saving advice to over 300 households; and
- Leading a workshop of partners to explore the means of delivering the Troubled Families programme in the county.

3.38 The Council also 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.

3.39 All formal meetings are held in public, and the reports and minutes of those meetings are published on the Council's website, unless there are legal reasons for confidentiality. There are opportunities for members of the public to make deputations to, or ask questions at, meetings of the Council, Committees and Scrutiny Panels.

3.40 The Council undertakes public consultation on a range of matters. In 2012/13 public consultation has been undertaken in respect of the new local council tax benefit scheme, the local development framework, the location of the sustainable transport interchange and the budget.

3.41 In respect of the budget, public consultation took place through the council website, was promoted through Twitter, and a small display at Rutland libraries. Presentations were also made to local businesses, the Parish Council Forum and Uppingham First.

3.42 The Council publishes information relating to all of its expenditure on its website and also publishes a pay policy statement, detailing the remuneration of senior officers.

4. Review of Effectiveness

4.1 The 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.

Internal and Management assurance

Internal Audit

4.2 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.

4.3 TO FOLLOW: For the year 2012/13 the Head of Internal Audit has concluded that the Council's overall internal control arrangements provide a XXXX Level of Assurance.

4.4 Notwithstanding the overall opinion, the Council has a significant control issues in relation to payroll which it is addressing. An internal audit report on the payroll function concluded in 2012/13 and made recommendations to improve the segregation of duties of relevant officers, the arrangements for processing expenses claims and the maintaining establishment information. In the course of implementing the recommendations the Council has identified some payroll anomalies which it is currently investigating. These anomalies, which primarily relate to increments, overtime and other enhancements, have arisen because of internal control weaknesses in relation to the understanding of contractual terms, recording of contractual information on the payroll system and payment of overtime. The weaknesses have resulted in some staff being either under or over paid over the last few years. Whilst the amounts involved are not material, the Council has undertaken a 100% check on all staff payments and is in the process of correcting any errors and putting in place additional controls to prevent a recurrence.

4.5 Work on the Counter-fraud strategy highlighted 14 action points for implementation, including producing an annual report on the effectiveness of the strategy, delivering employee briefings on counter-fraud issues and further publicising of whistleblowing arrangements. Progress on implementation will be reported to the Audit and Risk Committee.

Scrutiny

4.6 During 2012/13 the Scrutiny Panels have considered a number of issues of particular concern to satisfy members that there are robust governance arrangements in place as far as the Council's own services are concerned. These include: child and vulnerable adult protection (including Ofsted reports), housing allocations scheme, tenancy strategy, adoption arrangements, planning obligations and preparations for the Community Infrastructure Levy, the Local Sustainable Transport funding bid, and the local Council Tax Support Scheme which will take effect on 1 April 2013. Other considerations have included: the work of the Shadow Health and Wellbeing Board and the transition of public health functions to local authorities which is to take effect in April 2013, the reorganisation of the regional ambulance service, hospital development proposals, education funding reform, Ofsted reports on schools, and the work of the Youth Council, including a proposal to ask the Council to co-opt two members of the Youth Council to serve on the People (Children) Scrutiny Panel.

Performance

4.7 TO FOLLOW: The end of year report was presented to Cabinet on X June 2013. In summary, the report states that:

- X% of KPI targets were achieved;
- The level of sickness absence was reported at X;

- To be added

Management Assurance

- 4.8 TO BE UPDATED: Senior managers make individual written assurance statements relating to any internal control weaknesses they have identified. The outcome of this work....

External Audit, Inspections and Reviews

External Audit

- 4.9 The Audit and Risk Committee has received and formally debated the Annual Audit and Inspection Letter and External Audit Annual Plan. The Audit Commission in their Annual Governance Report for 2011/12 gave the Council an unqualified audit opinion on the financial statements and value for money conclusion.

Ofsted – Child Protection

- 4.10 An unannounced Ofsted inspection took place between 7 and 16 January 2013. The inspection of the arrangements for the protection of children considered key aspects of a child's journey through the child protection system, focusing on the experiences of the child or young person, and the effectiveness of the help and protection that they are offered. Such inspections do not include any inspection of looked after children. This inspection was part of the national programme which commenced in June 2012.
- 4.11 Inspectors scrutinised case files, observed practice and discussed the help and protection given to these children and young people with social workers, managers, elected members and other professionals, including the Chair of the Local Safeguarding Children Board. The inspection team also analysed data, reports and management information. The inspection makes judgements under 4 headings:
- The effectiveness of the help and protection provided to children, young people, families and carers;
 - The quality of practice;
 - Leadership and governance;
 - Overall effectiveness.
- 4.12 There are four possible judgements: outstanding, good, adequate and inadequate. The report was published on 15 February 2013 and Ofsted's judgement across all four categories was "adequate". This means that the Council is meeting the required standards. Feedback from the inspectors indicated that whilst the overall judgements were "adequate", the authority met many of the "good" grade descriptors and the tenor of the report reflects this view. There are a number of actions for improvement, to be completed immediately, within three months and within six months.

Safeguarding assurance visit

- 4.13 The Safeguarding assurance visit (SAV) is an integral component of the East Midlands Sector-Led Improvement Programme for Children's Services. These are unannounced visits that take place every 18 months to provide support and challenge to each local authority in the leadership and management of their

safeguarding practice. Rutland's SAV was a one day visit completed on 14 December 2012. No children were identified as being left at risk.

Ofsted - Visions community and Children's Centre

- 4.14 An unannounced inspection took place on 7 and 8 November 2012. The focus was the centre's contribution to:
- Facilitating access to early childhood services by parents, prospective parents and young children;
 - Maximising the benefit of those services to parents, prospective parents and young children; and
 - Improving the well-being of young children.

Based on four possible grades, the inspectors decided that the Overall Effectiveness was Satisfactory, as was the Capacity for Sustained Improvement. The three recommendations are now being progressed.

Care Quality Commission - REACH Domiciliary Care Service

- 4.15 A review of compliance took place in August 2012. Five standards were considered during the review and the service was found to be compliant in all five standards. The five standards are:
- Respecting and involving people who use the service;
 - Care and welfare of people who use the service;
 - Safeguarding people who use services from abuse;
 - Staffing; and
 - Assessing and monitoring the quality of service provision.

Care Quality Commission - Community Support Services, Brightways

- 4.16 An unannounced inspection took place in November 2012. Six standards were considered during the inspection. The service was found to be compliant with four of the standards and requiring action in two standards. Where action was required the impact on service users was at a minor level. The four compliant standards were:
- Care and welfare of people who use the service;
 - Safeguarding people who use the services from abuse;
 - Requirements relating to workers; and
 - Assessing and monitoring the quality of service provision.

Electoral Commission

- 4.17 The Electoral Commission's assessment of the Electoral Registration Officer's Performance for 2012 was that the Council had performed above the standard in five of the 10 performance measures and had met the standard in the other five. This was the highest assessment received by the Council to date.

Local Government Ombudsman

- 4.18 The Ombudsman's report for the year ended 31 March 2012 showed that seven enquiries had been made to her, three of which led to investigations. The outcomes were that one was categorised as "not enough evidence of fault", one

as “no or minor injustice or other” and the third as “injustice remedied during investigation”.

4.19 **Duplicate Payments Audit**

Whilst its internal control systems are designed to mitigate the risk of fraud, the Council also undertakes proactive fraud work. In 2012/13 it commissioned an external company to undertake a review of payments to identify whether any duplicate payments had been made. The final report is being awaited but the audit did not reveal any losses.

Summary

- 4.20 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Risk committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.

5. Significant Governance Issues

- 5.1 The Council is satisfied that the governance framework provides a reasonable assurance of effectiveness. Any action plans contained in audit reports will be implemented and monitored during 2013/14. There is one significant governance issue highlighted below which is being resolved:
- 5.2 17 members of the Council comprise a majority Conservative political group, three are members of a Rutland Anti-Corruption group, and six members are not part of a political group. The proper operation of the Council has been affected adversely by the activity of the minority group. In particular, senior officers have had significant energy diverted from the leadership and management of the work to deliver the Council's priorities. On 10 January 2013 the Council authorised legal action to seek an injunction to prevent harassment of officers by the Anti-Corruption Group and its members.

Signed:

Helen Briggs
Chief Executive

Signed:

Roger Begy
Leader of the Council

Date

Date
