

AUDIT AND RISK COMMITTEE

19 July 2016

ANNUAL GOVERNANCE STATEMENT

Report of the Director for Resources

Strategic Aim:	All	
Exempt Information	No	
Cabinet Member(s) Responsible:	Mr T C King, Leader and Portfolio Holder for Finance and Development	
Contact Officer(s):	Debbie Mogg, Director for Resources	01572 758358 dmogg@rutland.gov.uk
	Diane Baker, Head of Corporate Governance	01572 720941 dbaker@rutland.gov.uk
Ward Councillors	Not applicable	

DECISION RECOMMENDATIONS

1. That the Committee considers whether the Annual Governance Statement (AGS) fairly represents the governance framework in place at the Council and advises on whether there are any issues it would wish to see addressed or expanded upon in the Annual Governance Statement.

1 PURPOSE OF THE REPORT

- 1.1 To meet the statutory requirement for the Council to approve an AGS for inclusion in its published Statement of Accounts (SoA) for 2015/16. In advance of formal approval in September, the Committee is invited to consider an early draft.

2 BACKGROUND AND MAIN CONSIDERATIONS

- 2.1 When publishing its SoA, the Council is required by regulation 4(3) of the Accounts and Audit Regulations 2011 to consider and approve an AGS. The function is delegated to this Committee. The Chartered Institute of Public Finance and Accountancy (CIPFA) guidance suggests that the Committee considers a version of the Statement in advance.
- 2.2 The AGS, which is attached as Appendix A, sets out the Council's responsibilities, the purpose of the governance framework, a description of the governance framework itself, illustrated by examples, and its effectiveness.

- 2.3 The governance framework is designed to facilitate the achievement of the Council's aims and objectives and policies, identifying and managing any risks to a reasonable level. The framework is embedded in the Constitution and the policies, procedures, operations and systems in place.
- 2.4 The review of the effectiveness of the governance environment is informed by a number of methods, including internal and external audit reviews, consideration by Council, Cabinet and Scrutiny Panels of various matters including corporate performance, and assurance statements given by service managers in respect of their areas of responsibility. As part of the review of effectiveness, the Council must disclose the actions of any significant governance issues in relation to the Council achieving its vision.
- 2.5 Whilst it is for individual authorities to judge whether a matter is significant, the following tests might indicate a significant issue:
- Might the issues seriously prejudice or prevent achievement of a corporate target?
 - Could the issue have a material impact on the accounts?
 - Could the issue divert resources from another important aspect of the business?
 - Does the Audit and Risk Committee advise it is significant?
 - Does Internal or External Audit regard it as significant?
 - Could the issue, or its impact, attract significant public interest, or seriously damage the reputation of the organisation?
- 2.6 Whilst Internal Audit and other reviewers have indicated that there are areas where internal controls must be improved, there are no significant areas of weakness identified that fall into any of the above categories. This is reflected by the overall Internal Auditor's positive opinion on the internal control framework. The Committee should therefore consider, based on its knowledge, whether it agrees with this assessment.
- 2.7 The AGS was published in draft and submitted to the External Auditors, along with the SoA, at the end of June and has been scheduled for further consideration by this Committee on 20 September. The AGS and SoA must be approved before 30 September 2016. The Section 151 Officer is responsible for preparing the SoA for submission, but the AGS is signed by the Leader and the Chief Executive following the review of this Committee. The External Auditor will check the format of the AGS and whether its content is consistent with his understanding of the authority.
- 2.8 Should any issues come to light before the date of sign off, the AGS will be amended accordingly.

3 CONSULTATION

- 3.1 The AGS has been reviewed by the Strategic Management Team and the

Governance Group. Other officers have also contributed to this Statement.

4 ALTERNATIVE OPTIONS

- 4.1 The Committee is being asked to comment on a draft submission therefore at this stage, other options are not appropriate. The Council has a statutory duty to submit the AGS as part of the SoA.

5 FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report.

6 LEGAL AND GOVERNANCE CONSIDERATIONS

- 6.1 The Audit and Risk Committee is responsible for reviewing the AGS.

Regulation 6 (Part 2) of the Accounts and Audit Regulations 2015 requires the Council to conduct an annual review of its system of internal control and following the review, the Council must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.

7 EQUALITY IMPACT ASSESSMENT

- 7.1 An Equality Impact Assessment (EqIA) has been completed and there were no issues arising. A full impact assessment has not been carried out.

8 COMMUNITY SAFETY IMPLICATIONS

- 8.1 There are no community safety implications.

9 HEALTH AND WELLBEING IMPLICATIONS

- 9.1 There are no health and wellbeing implications.

10 CONCLUSION AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

- 10.1 The Committee plays an important role in the oversight of the corporate governance framework. Its review of the Annual Governance Statement on behalf of the Council provides an independent assurance to the Chief Executive and Leader.

11 BACKGROUND PAPERS

- 11.1 None

12 APPENDICES

- 12.1 Appendix A – draft Annual Governance Statement

A Large Print or Braille Version of this Report is available upon request – Contact 01572 722577.

Appendix A – Annual Governance Statement

1. Scope of Responsibility

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.

In discharging this 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.

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(3) of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an Annual Governance Statement.

2. The Purpose of the Governance Framework

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

The governance framework has been in place at Rutland County Council for the year ended 31 March 2016 and up to the date of approval of the statement of accounts.

3. The Governance Framework

Vision, Aims and Objectives

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 new Corporate Plan is currently being developed which will include a revised set of strategic aims and objectives. The financial implications of implementing agreed priorities were incorporated in the Medium Term Financial Plan (MTFP) approved in February 2013 and then kept under review. The MTFP was updated as part of the budget setting process for 2016/17. Appropriate provision for continuing to implement the Council's priorities has been included in the budget for 2016/17.

The key priorities for 2015/16 included:

- Medium Term Financial Plan and the Real Gap
 - Deliver 15/16 Savings
 - Develop savings beyond 15/16
 - Directorate reviews – Places
- Developing the Corporate vision
 - Peer review
 - 20 year vision
 - Corporate Plan
- Leadership transition
- Growth
- Managing Performance

These priorities have been addressed against a backdrop of other significant changes affecting the Council and the county.

Political and Constitutional Arrangements

On 6th May 2015 the Council held local elections to fill County and Town/Parish seats in accordance with its four year election cycle. Although the administration of the Council remained with the Conservative Group, ten new Councillors commenced a first term of office. Two new political groups were also formed; six independent members joined to form the Independent Group and two Liberal Democratic members joined to form the Liberal Democrat Group. This move enabled the creation of the Group Leaders forum, under the Chairmanship of the Chief Executive. In order to assist Members in achieving their community roles, a programme of training and development was provided; this complimented the Member Induction programme, which was held at the start of the municipal year and attended by every new Member.

As the year progressed, the Council was notified of the resignation of the Liberal Democrat Councillor for Whissendine as a result of poor health; as a consequence the Liberal Democrat group was unable to continue. A by-election was held in Whissendine resulting in a Liberal Democrat Councillor being elected and subsequently joining forces with the other Liberal Democrat member to resurrect the Liberal Democrat group.

In February 2016, the Council's Leader, Councillor Roger Begy, passed away following a short illness. Councillor Begy's Greatham seat remained vacant for some time pending a by-election and was eventually filled by Councillor Nick Begy as a result of an uncontested election. Councillor Terry King, the former Deputy Leader of the Council, was elected as the new Leader of the Council and Councillor Tony Mathias was appointed to the role of Deputy Leader.

The Council's 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 June 2015

and again in May 2016. The exercising of delegated powers is regulated by Financial Procedure Rules, Contract Procedure Rules and other policies and procedures.

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 2015/16 the work included:

- Scoping the review of the Scheme of Delegation;
- Agreeing that licensing policies should go to relevant Scrutiny Panels as well as Licensing Act Committees;
- Approval of new Financial Procedure Rules;
- Approving the Terms of Reference, timetable and consultation strategy for Council approval for the Community Governance Review of Barleythorpe and Oakham North West; and
- Revising Procedure Rule 346 of the Constitution, which refers to disciplinary action in respect of post holders of statutory roles such as the Head of Paid Service, Monitoring Officer and Chief Finance Officer.

The Community Governance Review of the parishes of Barleythorpe and Oakham is to consider whether the parishes should be altered by adjusting their common boundary and to consider the most effective and convenient form of community governance for residents in the parish of Barleythorpe whilst maintaining the identities and interests of the community. This matter went out to consultation in January 2016 and is expected to conclude in January 2017, with an order coming into effect in April 2017.

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 Council to act as those charged with governance on behalf of the Council.

Decision Making Arrangements

The officer structure of the Council operates with a Chief Executive and three Directorates, entitled People, Places and Resources.

Matters which require a decision to be made by members are considered by the relevant Directorate Management Team (DMT), who will make a recommendation to the Strategic Management Team (SMT), which comprises the Chief Executive, Directors and Deputy/Assistant Directors. If approved, the matter is reported, with a recommendation to the Cabinet or other appropriate body.

The Director for Resources 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 Assistant Director Legal and Governance (under a shared service arrangement with Peterborough City Council) before they are submitted. This is to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful.

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.

Governance

In 2014/15, the Council established Governance Group, which works under the broad direction of SMT and comprises officers from across the Council, to provide a forum for to discuss and develop a coordinated approach to:

1. Risk management;
2. Corporate governance;
3. Statutory and constitutional compliance;
4. Decision-making and accountability;
5. Audit, inspection and control systems; and
6. Corporate policy and procedures

During 2015/16 the Group made good progress in addressing some of the Council's key governance issues with the formation of sub-groups who worked on a 'task and finish' basis:

- A corporate data protection privacy notice was developed for all forms used to collect customer data; the Council now has a consistent approach in this area;
- Business continuity arrangements have been scrutinised and tested; this work is still in progress;
- Solutions to the Council's data retention and disposal arrangements are currently under consideration; results are due to be reported to Cabinet in the autumn.

The Group has also taken the lead on reviewing the Council's Fraud Risk register to ensure emerging trends are captured and reflected in the document.

Performance Management

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 DMT's and SMT 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 Council, down to an individual employee level. All officers have a Performance Development Review (PDR) with their manager during each year. This process includes reviewing progress against objectives and targets and setting new objectives and targets for the forthcoming year. Training and develop needs are also identified during this process.

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

In 2015, the Council also launched a new Compliments, Comments and Complaints Policy; this change, which is now firmly embedded, has improved the way the Council manages feedback about its services. Compliance with the Policy is reported via the performance management framework and an annual report is taken to Resources Scrutiny Panel for Member consideration.

Financial Management

The Assistant Director (Finance) 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 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.

The Assistant Director (Finance) is a member the Council's SMT and is actively involved in the key business decisions of the Council. The post holder 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. It is therefore confirmed that the Council is fully compliant with the requirements set out in the CIPFA statement.

The Council's Medium Term Financial Plan (MTFP) covers a five year period. Such an approach to financial planning provides the platform on which the Council can look to deliver public services in accordance with local priorities. Moreover, through horizon-scanning 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.

The MTFP was updated throughout 2015/16 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 22 February 2016 as part of the budget setting process for 2015/16. Members have up-to-date financial information about not only the current but also the medium term outlook for decision making purposes.

In their Annual Governance report issued in September 2015, the external auditors concluded that the Council had improved the quality of the accounts and working papers and had good processes in place and on this basis; an unqualified audit opinion on the Authority's financial statements was issued.

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 have been reviewed and the Financial Procedure Rules were reviewed, updated and implemented from 1 April 2015. To support the new rules and financial governance in general, the Council arranged training sessions and developed an e-learning module for those involved in financial management.

Risk Management

Risk Management is embedded in the Council through the Risk Management Strategy. During 2015/16, working with a consultant from the Council's Insurers Zurich Municipal, the Risk Strategy and Policy was reviewed and endorsed by the Audit and Risk Committee. A revised version was presented to Cabinet for approval in the first quarter of 2016/17. Following this, training will be provided to the Council's Senior Managers.

The Council maintains a Strategic Risk Register, and each risk is assigned a member of SMT as risk owner. As part of the review of the strategy and policy a complete refresh of the risk register took place during the year. The register has been redesigned and a workshop was held with SMT to discuss strategic risks the council is facing. This has led to a smaller, more focussed strategic risk register.

The Leader is the lead member for risk management. SMT is responsible for maintaining the register and monitoring the actions taken to mitigate the strategic risks. The Audit and Risk Committee receives regular reports on risk management, with the ability to refer particular risks to Scrutiny Panels if there is a need to look at them in more detail.

Risk management is an integral part of the Council's decision-making processes. All Council papers include reference to risk to ensure that members and officers understand the impact of decision-making. Following the implementation of a new report template, which requires more

explicit reference and commentary in relation to how specific risk issues relate to decisions, it can be seen that this area is now being addressed as part of the standard reporting writing process.

The development of a new fraud risk register (in 2014) has continued to help the Council set out a list of potential fraud risks and details of how the Council seeks to mitigate them. This has been reviewed and is now a standing agenda item for the Governance Group and is reported periodically to the Audit and Risk Committee.

Standards of Conduct

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.

The Council adopted a Code of Conduct and local arrangements which came into effect on 1 July 2012 and a Conduct Committee has been in place ever since. The Code of Conduct was reviewed by the Conduct Committee in late 2014 and the amended version approved by Full Council in March 2015. 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, particularly when changes are made to the membership of the Committee.

During 2015/16 the Monitoring Officer received 41 complaints of alleged Councillor Misconduct within the County. A large percentage of the complaints related to Oakham Town Council; these were forwarded to an external company to carry out an independent investigation into the three main themes. Otherwise, no other matter required investigation or referral to the Conduct Committee.

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 declarable interests as appropriate. Following the local elections in May 2015, a concerted effort was made to record registrations from new Parish Council members, in addition to County Councillors; all registrations are now properly recorded and a separate log of Parish Councillors has also been maintained.

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, attend an induction training session and enrol in an e-learning induction programme.

Information Governance

The Council continues to introduce safeguards to ensure the appropriate use of information it holds. A Data Retention and Disposal Policy was approved by Cabinet in February 2016; work is now in progress under the umbrella of the Governance Group, to develop corporate solutions to retention and disposal. A matrix has also been developed to quality assure data sharing agreements. In addition, work is in progress to self-assess against the Information Governance toolkit; compliance with this framework allows the Council to share and access health data.

Counter-fraud, Whistleblowing and Complaints

The Council has arrangements in place for receiving allegations of fraud or misconduct through its whistle-blowing policy. The Policy was reviewed, and subsequently endorsed by Cabinet in February 2016, to incorporate changes in legislation and reporting procedures within the Council.

An external reporting mechanism was also included in the new version. Members of staff are made aware of the changes through Policy briefings and internal communication updates. Members of the public are also advised of the changes. No whistle blowing allegations were registered during 2015-16.

The Council launched a new fraud reporting mechanism this year; the Rutland Reporting App was developed for mobile telephone users, who might wish to report concerns via this route. All concerns are directed to the fraud@rutland.gov.uk email account, which is monitored by the Head of Corporate Governance. No reports were made during 2015-16.

Matches generated by the National Fraud Initiative exercise were progressed during 2015-16 with no issues or concerns.

The Council recognises the importance of customer feedback and welcomes complaints as a valuable form of feedback about its services. There is a formal compliment, comments and complaints procedure which enables the Council to respond to feedback but also to use the information it receives effectively, to help drive forward improvements. To this end, a new process came into effect on 1st January 2015 and is now embedded within the Council. The process incorporates a protocol for dealing with vexatious complainants. Two customers were formally registered as vexatious during 2015-16. This status was lifted in February 2016 following a review of their conduct during a six-month monitoring period.

Developing Effectiveness

The Council has a Performance Development Review (PDR) scheme, which provides an annual discussion between line manager and employee to ensure the employee is clear of their expectations and objectives and receives feedback on their contribution. Learning and development needs are also identified at these meetings. The process was reviewed in 2015 and resulted in the introduction of a streamlined template.

In October 2015, the Council approved a Workforce Development Strategy to provide clear focus on organisation development and continuous improvement.

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 and are notified of such via regular updates from the Corporate Support Team.

In 2015-16 Member training was provided on:

- Induction to the Council (which included conduct and data governance)
- New role of a Councillor
- Development Control
- Finance
- Key Policy Issues for Local Government
- Windfarm Planning Issues and general Planning
- Scrutiny and Effective Challenge
- Major Incidents
- Fraud Awareness
- Chairing and Facilitation Skills

Budget provision is made for training and development of members and officers; this was increased during 2015-16 to accommodate new Councillors and their training requirements.

Service Delivery

The Council uses a variety of service delivery models. It has a number of key services such as refuse collection and highways which are outsourced. It is also part of many successful partnerships with, for example, Leicester City Council, Leicestershire County Council and the three Clinical Commissioning Groups covering Rutland and Leicestershire 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 Council) and joint Procurement Unit. Further shared services arrangements are still in place, covering public protection services and legal services. 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.

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; the Local Government Association is also surveying the type of shared service models operated by Councils; this data will provide an opportunity to benchmark and assess future delivery options.

Community Engagement, Partnership working and Reporting

Rutland Together

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.

The Partnership has gone through radical changes since its beginning; this is due to political changes over the years which have 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.

During 2015/16, Partners from the LSP have supported the process of developing the Corporate Plan, which is due to be approved in September 2016.

Better Care Together and the Better Care Fund

Better Care Together (BCT) is a significant programme of work which will transform the health and social care system in Leicester, Leicestershire and Rutland (LLR) by 2019. BCT brings together partners in Health and Local Government, including the Council, to ensure that services change to meet the needs of local people. The programme is also working closely with public and patient involvement (PPI) representatives to develop plans for change.

Two of the key issues being addressed relate to the ever increasing demand on social and health care services and the fact that too many people find themselves in hospital and residential care. This is often because we have not done enough to keep them well and supported in the community before hospital and/or residential care becomes the only option.

The BCT vision is for a local health and social care system that supports our community through every stage of life. More information can be found at:

<http://www.bettercareleicester.nhs.uk/EasysiteWeb/getresource.axd?AssetID=32078>

During 2015-16, implementation of the Rutland Better Care Fund progressed well, with the programme on track against most key metrics, including meeting its pay for performance target relating to reducing emergency admissions across the year. The programme was subject to in-house evaluation in November 2015 as part of developing the 2016-17 plan. This concluded that the programme had created strong foundations for health and social care integration locally,

including valuable preventative activities and improved responses to urgent care needs, reablement and discharge management. Going forward, the focus will be on unified prevention and using case management approaches to support long term condition management, intervening at an earlier stage to reduce demand on acute hospital services.

Other engagement

The Council undertakes public engagement and consultation on a range of matters. In 2015/16 this included:

- Draft Supplementary Planning Document
- Cottesmore Neighbourhood Plan and the Langham Neighbourhood plan
- Identifying possible areas for new development - Local Plan Review: Call for sites
- Housing Allocations Policy
- Issues and Options document as part of Local Plan Review
- The Community Governance Review: Barley Thorpe and Oakham North West
- Consultation on the Annual Budget
- Annual Business Summit with Local Enterprise Partnership
- Adult Social Care Charging
- Barleythorpe Neighbourhood Forum and Neighbourhood Area
- Oakham Neighbourhood Area
- Rutland Travel Survey

Reporting

All formal meetings are held in public, and the reports and minutes of those meetings are published in accordance with the principles of openness and transparency, 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.

The Council publishes information relating to all of its expenditure on its website and also complies fully with the Local Government Transparency Code 2015 which sets out the minimum data that local authorities should be publishing and the frequency it should be published and how it should be published. The information published can be found here.

http://www.rutland.gov.uk/council_and_democracy/transparency_code_2014-15.aspx

4. Review of Effectiveness

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 Council 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

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 Assistant Director (Finance). The Internal Audit service operates in accordance with best practice professional standards and guidelines. The service 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.

The Internal Audit service continues to be provided by the Welland Internal Audit Consortium.

During 2015/16, sufficient assurance was given by the Head of Internal Audit that there is generally a sound system of internal control, designed to meet the organisations objectives and that controls are generally being applied consistently. During this period, the Council had three limited assurance outcomes as a result of Internal Audit reviews; actions have already been addressed and are in the process of being finalised. The Audit and Risk Committee is rigorous in following up issues and will be monitoring that all actions have been completed.

Notwithstanding this, the level of assurance, therefore, remains at a consistent level. Controls relating to key financial systems for payroll, debtors, creditors and local taxation were reviewed during the year and found to be at a level of Substantial Assurance. The overall proportion of audit reports giving Limited Assurance remained consistent with 2014/15; however, the proportion of Substantial Assurance reports is higher than in 2014/15. The implementation of audit recommendations during the year has been strong, with 92% of those actions from 2015/16 audit reports, which were agreed and due for implementation, being completed during the year.

Members receive an annual report of Internal Audit activity and approve the Audit Plan for the forthcoming year.

Scrutiny

During 2015/16 the Scrutiny Panels have considered a number of issues of particular concern to assess whether there are robust governance arrangements in place as far as the Council's own services are concerned.

Areas reviewed include:

- Performance and Financial Management
- Strategic Aims and Objectives
- Rutland Local Plan Local Development Scheme
- Sport and Recreation Facilities Strategy
- Draft Housing Allocation Policy
- Street Lighting Policy
- Parking Review
- Local Transport Plan
- Review of Child Health
- Review of Learning and Skills Strategy
- Fostering Annual Report
- Early Help Strategy
- Provision of School Places
- Senior Officer Pay Review
- Compliments, Comments and Complaints Report
- Overview of IT services and Resources Directorate
- Treasury Management Strategy

The Scrutiny Commission continues to provide a platform for Chairs of each Panel to meet and share best practice.

Performance

Quarterly reports on Performance Management are presented to Cabinet. The Council's overall performance shows 90% of indicators were on or above target at the end of 2015/16.

Business Continuity

Specific recovery plans are in place for the five key threats listed below.

- loss of key staff (skills/knowledge);
- loss of telephone system;
- loss of buildings;
- loss of ICT; and
- loss of utilities.

Current controls include the following:

- A Business Impact Assessment (BIA) has been carried out to determine which services are critical, how quickly they must be restored and the minimum resources required.
- A Major Incident Plan has been prepared which defines a structure to confirm the nature and extent of any incident, take control of the situation, contain the incident and communicate with stakeholders.
- Business Continuity documents have been uploaded to a secure website (Resilience Direct) to ensure they can be accessed from any site in the event of an incident
- Contract Procedure Rules include the requirement for contract managers to consider the impact of contractor failure and mitigate the risks appropriately

An exercise was carried out with SMT to test business continuity arrangements. The recovery plans are being reviewed and updated to take account of the issues identified during the exercise.

Management Assurance

Senior managers make annual individual written assurance statements relating to any internal control weaknesses they have identified. During 2015/16 the Council received notification of two applications to Judicially Review decisions within the People (Children's) Directorate; these cases are progressing with a conclusion expected within 2016/17. Otherwise, there are no issues of significance.

External Audit, Inspections and Reviews

External Audit

The Audit and Risk Committee has received and formally debated the Annual Audit Letter and External Audit Annual Plan. KPMG in their Annual Governance Report for 2014/15 gave the Council a qualified conclusion on the authority's arrangements to secure value for money for 2014/5. This was in respect of the Oakham North Development planning application. No concerns were reported regarding the Council's arrangements for securing financial resilience.

Peer Challenge Review – Children's

Peer reviews are part of an approach called "sector led improvement" established in 2011 by the coalition government. Rutland's Children's Services received a recent peer review on 27 and 28 January 2016 and was led by the Director of Children's Services in Lincolnshire. They were supported by a team comprised of senior staff from Lincolnshire and Nottinghamshire County Councils and from the School Development Support Agency (SDSA).

The key notable findings were evidence of:

- a discernible journey of improvement
- a sustainable leadership and focus on workforce development was commended
- an embedded quality assurance framework

- active member involvement, resulting in improved collaboration and better joint working with partners
- an ambitious authority for looked after children with a well-integrated care planning process.

The review team also found a wide range of early help services with excellent staff and political commitment to these services in the face of financial challenges. They praised Rutland's involvement in the child sexual exploitation hub, which was also praised by OFSTED and they commended our staff, some of whom were highly motivated and child focussed. Also noted were the outstanding relationships with housing, leading to outstanding outcomes for care leavers.

The team made recommendations to support the Council's readiness for inspection and to support further improvements and 12 week action plan was developed in response to the review's findings.

Data Incidents

Between April 2015 and March 2016 22 reports of potential data breaches were made. All were investigated to satisfactory conclusion with no outstanding risks identified. Incidents were minor and no referrals were made to the Information Commissioner's Office. The Governance Team continue to raise awareness of data management and best practice and it is now mandatory for temporary staff to undertake data protection training before they are allowed access to the Council's IT system. In addition, a report, outlining all incidents registered under the data incident policy, will be considered by SMT.

Public Services Network compliance

The Council must demonstrate compliance with the Public Services Network (PSN) on an annual basis. The PSN is an information assurance mechanism to support the connection of the Council's network to other PSN accredited networks, without increasing or substantially changing the risks to the already accredited network. The Council undertakes an IT Security Health-Check annually (carried out by an accredited third party) to identify any compliance issues. Once these have been addressed, the Council completes a PSN renewal submission. The Council is now fully compliant until April 2017.

Neighbourhood Plans

Following the residents' acceptance of the Uppingham Neighbourhood Plan, Larkfleet Homes Ltd applied to the High Court of Justice during 2014. Their appeal, which was based on the Council's failure to comply with statutory processes, was dismissed the same year. The developer subsequently appealed this decision to the Court of Appeal; this was also dismissed in June 2015. A further application was made to the Supreme Court and in November 2015, the Supreme Court ordered that permission to appeal be refused. As all avenues of appeal were exhausted, the Council was able to proceed and the Uppingham Neighbourhood Plan was 'made' in January 2016.

Local Government Ombudsman (LGO)

The Ombudsman's report for the year ending 31 March 2015 showed that 14 complaints (compared to 18 in 2013/14) had been made during the year, with one complaints being upheld by the Local Government Ombudsman and one still in progress (therefore the outcome will be carried forward to the next reporting year).

Decisions Made:

Upheld	Not Upheld	Advice Given	Closed after Initial Enquiry	Incomplete or Invalid	Referred back for local resolution	Total
1	1	1	2	1	7	13

Summary

This statement has been considered by the Audit and Risk Committee, who were satisfied that it is an accurate reflection of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. There has been one significant governance issue arising. Whilst action has been taken to address this issue, full disclosure of the issue, impact and Council's response is given below.

5. Significant Governance Issues

There are no significant issues to report. In 2014/15, the Council reported one significant governance issue in relation to the administration of s.106 agreements for planning applications. All actions identified have been completed in relation to this matter.

Certification

As Leader and Chief Executive, we have been advised on the implications of the results of the review of effectiveness of the Council's governance framework, by the Audit Committee and Cabinet.

Our overall assessment is that the Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within Rutland County Council to ensure effective internal control is maintained. We are also satisfied that there are appropriate plans in place to address any significant governance issues and in particular that changes made to planning procedures should minimise the risk of a similar problem reoccurring.

Signed:

Signed:

Helen Briggs, Chief Executive

Terry King, Leader of the Council

Date:

Date:
