East Northamptonshire Council

Standards Board – 6 April 2011

Annual Governance Statement – Initial draft

Purpose of report

The purpose of this report is to present the outline draft Annual Governance Statement (AGS) for 2010/11, and to obtain input from the committee regarding evidence to support the six principles of good governance.

Attachment(s)

Appendix 1: Initial draft AGS

1.0 Background

1.1 The AGS was introduced in 2007/08 and replaced the Statement on Internal Control. It is included as part of the annual accounts and therefore final draft should be available by 30 June to coincide with the council's approval of the draft statement of accounts. The finalised AGS should be available for inclusion in the published and audited accounts at the end of September.

1.2 The AGS should be used to provide evidence of how the council has demonstrated good governance during the year and refers to specific evidence that supports the six principles of good governance as identified in the CIPFA/SOLACE guidance.

1) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
2) Members and officers working together to achieve a common purpose with clearly defined functions and roles;
3) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
4) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
5) Developing the capacity and capability of members and officers to be effective; and
6) Engaging with local people and other stakeholders to ensure robust public accountability.

2.0 Evidence gathering

2.1 The structure and content of the AGS was developed in 2008. Each year the AGS is updated with current evidence to support each principle of good governance. Some of the information remains relatively static, but the whole statement is reviewed and updated to reflect the environment during the year.

2.2 The initial draft statement is presented to the Standards Board as a draft discussion document where evidence known to members that supports the principles can be noted for inclusion in the draft AGS to be completed in the next two months.

2.3 At this stage of the year, there are a number of sections that still require updating to reflect changes and it should be noted that the appendix is a work in progress. Any areas where highlighting or the symbol # appears, indicates that changes are likely to be required.

3.0 Important issues to consider

3.1 The AGS is updated based on evidence supplied to the Finance Manager. Both

members and officers should be involved in this process.

3.2 The Monitoring Officer and the Finance Manager intend to do a thorough review of the style of the AGS in 2011/12 following both the significant changes in the management structure and also the likely changes to committee structures as a result of the Localism Bill and other recent/forthcoming legislation.

4.0 Equality and Diversity Implications

4.1 There are no equality and diversity implications arising from the discussion of this document.

5.0 Legal Implications

5.1 There are no legal implications arising from the development of this document. However, the AGS is a document that is required to be produced by all councils as part of the financial reporting process and must be included in the published audited accounts in accordance with the Accounts and Audit Regulations.

6.0 Risk Management

6.1 There are no significant risks arising from the discussion and development of this document.

7.0 Financial Implications

7.1 There are no financial implications arising.

8.0 Corporate Outcomes

8.1 The AGS links to the following corporate outcomes:

- Good Value for Money
- Effective Partnership Working
- Effective Management
- Good Reputation
- High Quality Service Delivery
- Strong Community Leadership
- Knowledge of Customers and Communities
- Employees and Members with the Right Knowledge, Skills and Behaviours

9.0 Recommendation

9.1 The committee is recommended to comment and provide input or evidence to further populate the AGS for 2010/11.

(Reason - consistency with previous years and best practice guidance to involve members in evidence gathering.)

Legal	Power: The Accounts and Audit (Amendment) (England) Regulations 2006; Local Government Act 2000.				
	Other considerations: CIPFA/SOLACE Good Governance Framework 2007.				
Background Papers:					
Person Originating Report: Rosanne Fleming – Finance Manager					
Date: 22/3/2011					
CFO		**MO**		**CX**	

EAST NORTHAMPTONSHIRE COUNCIL
ANNUAL GOVERNANCE STATEMENT 2010/11

1. Scope of responsibility

East Northamptonshire Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk. The corporate governance framework devised in 2007/08 has been used to produce the Annual Governance Statement. A local code of governance was adopted in 2009.

This Annual Governance Statement explains how the Council currently complies with the good practice guidance provided by CIPFA/SOLACE and also how we meet 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, processes, culture and values by which the Council is directed and controlled. It also comprises the activities through which the Council accounts to, engages with and leads the community. The governance framework enables the Council to monitor the achievement of its strategic outcomes and to consider whether they have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and outcomes 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 outcomes; 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 described below has been in place at the Council for the year ended 31 March 2011 and up to the date of approval of the statement of accounts.

3. The Governance Framework

The CIPFA/SOLACE guidance makes it clear that the governance framework should include six core principles identified in the 2004 publication "The Good Governance Standard for Public Services" produced by the Independent Commission on Good Governance in Public Services – a commission set up by the Chartered Institute Of Public Finance and Accountancy (CIPFA), and the Office for Public Management. The Commission utilised work done by, amongst others, Cadbury (1992), Nolan (1995) and CIPFA/SOLACE (2001). These principles were adapted for application to local authorities and published by CIPFA in 2007. The six core principles are:

1) Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;

2) Members and officers working together to achieve a common purpose with clearly defined functions and roles;

3) Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;

4) Taking informed and transparent decisions which are subject to effective scrutiny and managing risk;

5) Developing the capacity and capability of members and officers to be effective; and

6) Engaging with local people and other stakeholders to ensure robust public accountability.

The documented governance framework and local code of governance was put in place during 2008 and 2009. In addition, there is sound evidence of activities to support the six core principles identified in the CIPFA/SOLACE framework guidance. The evidence supporting each principle is outlined in the table below.

Principle 1:
Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area

	In order to deliver Principle 1 the Council should:	Evidence to support principle	Responsibility for monitoring and reviewing *(where applicable)*	Timescales	Areas for Improvement
1	Develop and promote the Council's purpose and vision.	**##The Council has developed a draft Corporate Plan (as at March 2011) for the period 2011-14. ##**	Chief Executive and Directors Full Council	Corporate Plan adoption early 2011/12, review in 2013	
2	Review on a regular basis the Council's vision for the local area and its impact on the Council's governance arrangements.	**As noted above, ##The Council has developed a draft Corporate Plan (as at March 2011) for the period 2011-14. ##** **A local Governance Code was produced in March 2009 and remains in place.**	Full Council & Strategic Management Team. Executive Director (MO) Standards Board	Code to be reviewed bi-annually; was due March 2011 but impact of Localism Bill has delayed a review.	A review of governance arrangements will take place as a result of the impact of the Localism Bill
3	Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties.	**The Council's Partnership Protocol identifies the vision for each partnership which are linked to the outcomes identified in the Corporate Plan. This will be used by the Policy Officer to review the effectiveness of the Council's 8 key Partnerships.**	Executive Director (CFO)		
4	Publish an annual report on a timely basis to communicate the Council's activities and achievements, its financial position and performance.	**The Council produced its annual financial statements for 2009/10 on time and with an unqualified opinion.** **Recent activities and achievements of the Council are included in the Nene Valley News fortnightly (NVN), and on the Council's website.** **Performance statistics for the National Indicators are published on the website and are in the Council Tax information leaflet sent to all households.**	Executive Director (CFO)	Accounts completed by 30 June.	
5	Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.	**The Corporate Plan and the Medium Term Financial Strategy include information about how the Council measures performance.** **The Performance Management Framework is represented in diagram in Appendix 1. The Corporate Plan identifies high quality service delivery as a key corporate outcome. The Performance Panel has been removed as a separate committee, and a new performance reporting mechanism has been devised and implemented. Quarterly performance clinics are**	Chief Executive and Leader		

Principle 1: Focusing on the purpose of the Council and on outcomes for the community and creating and implementing a vision for the local area					
	In order to deliver Principle 1 the Council should:	**Evidence to support principle**	**Responsibility for monitoring and reviewing** *(where applicable)*	**Timescales**	**Areas for Improvement**
		taking place and the outcomes are reported to Scrutiny Committee. **##A number of projects have been undertaken, led by the Business Analyst under the Continuous Service Improvement banner##** **The Council has also undertaken a major project 'Self-Serve' to improve the access to council services and information via the internet.**			
6	Put in place effective arrangements to identify and deal with failure in service delivery.	**The Council has a policy on handling complaints, comments and compliments Significant work was done during 2009/10 collecting data for NI 14 regarding 'avoidable contact' and data collected was used to inform better service delivery where the data identifies problem areas.** **The Council has approved Customer Service Standards that are monitored through the performance framework.** **The Council uses its CRM system to record complaints, comments and compliments and makes use of GovMetrics data.**	SMT; Head of Customer Services Scrutiny Committee reviews performance data quarterly following performance clinics		
7	Decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Measure the environmental impact of policies, plans and decisions.	**All Service Plans are linked to the priority outcomes identified in the Corporate Plan. Value for money is identified as a specific outcome. The Council continues to look for opportunities to reduce cost and improve flexibility and resilience through exploring shared service delivery. The Council has shared services for Internal Audit, Procurement, Licensing, Financial Services and ICT Services. The Council continues to explore other partnerships that offer value for money.** **There are no specific environmental impact measures identified in the Service Plans.**	Strategic Management Team and Heads of Service	Annual review of service plans.	

Principle 2:
Members and Officers working together to achieve a common purpose with clearly defined functions and roles

	In order to deliver Principle 2 the Council should:	Evidence to support principle	Responsibility for monitoring and reviewing *(where applicable)*	Timescales	Areas for Improvement
1	Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the Council's approach towards putting this into practice. Set out a clear statement of the respective roles and responsibilities of other Council members, members generally and senior officers.	**The Constitution identifies the roles and responsibilities of each committee and includes an extensive scheme of delegated powers that is reviewed regularly (part 3.2).** **The Constitution clearly defines the roles and responsibilities including relationships of the Strategic Management Team, Members and Council Officers and the codes and protocols under which they should operate.** **Records of decisions are available on the Council website.** **All officers of the Council have a comprehensive job description.** **The Constitution Review Group has been revising and updating the Constitution during 2009/10. The Group consists of five Members, supported by the Monitoring Officer, the Solicitor to the Council and the Democratic Services Manager.** **The Committee structure is outlined at Appendix 2**	Executive Director (MO); And as necessary in response to legislative changes	The scheme of delegation is maintained under review by the Executive Director (MO) and Democratic Services Manager Latest review was March 2010.	
2	Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council, taking account of relevant legislation, and ensure that it is monitored and updated when required.	**The Council's Scheme of Delegation identifies those who have powers to make decision on behalf of the Council.**	See 1 above	See 1 above	
3	Make a chief executive or equivalent responsible and accountable to the Council for all aspects of operational management.	**The Chief Executive is designated as the Head of Paid Service. The Constitution clearly documents the role and responsibilities of this post and is supplemented by an up to date job description.**			
4	Develop protocols to ensure that the leader and chief executive (or equivalent) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.	**The Chief Executive meets the Leader and Deputy Leader of the Council weekly. A recent internal audit review of leadership concluded that good levels of communication between the Chief Executive and lead Members existed.**	Chief Executive and Leader	At change of Leader or Chief Executive	

Principle 2: Members and Officers working together to achieve a common purpose with clearly defined functions and roles					
	In order to deliver Principle 2 the Council should:	**Evidence to support principle**	**Responsibility for monitoring and reviewing** *(where applicable)*	**Timescales**	**Areas for Improvement**
5	Make a senior officer (the S151 officer) responsible to the Council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.	**One Executive Director acts as the Chief Finance Officer (CFO) and is the Council's Section 151 Officer. This officer has a statutory responsibility to ensure the Council's financial affairs are properly undertaken and suitably safeguarded from loss. All reports to committees are scrutinised and signed by the CFO before being presented to the appropriate committee.**			
6	Make a senior officer (usually the monitoring officer) responsible to the Council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with.	**One Executive Director is the Council's Monitoring Officer (MO). This officer has a statutory responsibility to ensure the legality of transactions, activities and arrangements the Council enters into. All reports to committees are scrutinised and signed by the MO before being presented.**			
7	Develop protocols to ensure effective communication between Members and Officers in their respective roles.	**The Constitution defines the protocols that operate between Members and Officers.** **Officer / Member groups and working parties exist to promote good communication on major projects.** **A lead Member has been assigned to each Head of Service to develop closer relationships between officers and Members.** **Members have been involved in the development of the Knowledge, Skills and Behaviours (KSB) framework for Members.** **The KSB framework for staff adopted in 2008 recognises the significance of the relationship between Members and staff.**			
8	Set out the terms and conditions for remuneration of Members and officers and an effective structure for managing the process, including an effective	**The Council has a range of pay and conditions policies and practices such as car allowance scheme, maternity and paternity policies, flexible working,**			

Principle 2: Members and Officers working together to achieve a common purpose with clearly defined functions and roles					
	In order to deliver Principle 2 the Council should:	**Evidence to support principle**	**Responsibility for monitoring and reviewing** *(where applicable)*	**Timescales**	**Areas for Improvement**
	remuneration panel (if applicable). Ensure that effective mechanisms exist to monitor service delivery.	**equal pay, training and development.** **Service delivery performance is monitored quarterly by officers through the performance clinic framework, and by Members through the Scrutiny Panel.** **Member allowances have been reviewed in 2010 and a decision not to increase them for 2010/11 was made.**		Members' Allowances are due for review in 2010/11	
9	Ensure that the Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.	**The Council's Corporate Plan links the corporate outcomes and vision to Service Plans. All staff have individual performance objectives which are linked to those service plans, and their performance is monitored through the appraisal process. See Appendix 1.** **The appraisal process (Performance & Development Review) and the Learning Needs Analysis is used to capture learning needs and disseminate information.**			
10	When working in partnership ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the Council. When working in partnership: - ensure that there is clarity about the legal status of the partnership - ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.	**The Partnership Protocol includes a checklist to ensure that any new partnership arrangements include:** **- a clear statement of the partnership principles and objectives** **- clarity of each partner's role within the partnership** **- definition of roles of partnership board members** **- line management responsibilities for staff who support the partnership** **- a statement of funding sources for joint projects and clear accountability for proper financial administration** **- a protocol for dispute resolution within the partnership**	Executive Director (CFO)	Partnership Protocol	

Principle 3:
Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

	In order to deliver Principle 3 the Council should:	Evidence to support principle	Responsibility for monitoring and reviewing *(where applicable)*	Timescales	Areas for Improvement
1	Ensure that the Council's leadership sets a tone for the organisation by creating a climate of openness, support and respect.	**The Internal Audit reviews in 2008 of arrangements for Counter-fraud and Corporate Governance concluded that the Council demonstrated a culture of high standards and conduct of behaviour through its policies and procedures.** **Creation of Standards Board and Audit & Risk Management Committees demonstrate compliance and themselves monitor the organisation's arrangements on an on-going basis.**	Audit & Risk Mgt Committee; Standards Board; Internal Audit Manager	Next review due March 2011	
2	Ensure that standards of conduct and personal behaviour expected of Members and Officers, and of work between Members and officers and the Council, its partners and the community are defined and communicated through codes of conduct and protocols.	**The Constitution is available to all staff through the intranet and to the public through the Council's Internet site. The Constitution contains clear Codes of Conduct for both Members and Officers and a Protocol for Member/Officer relations. These cover a whole range of responsibilities, including those relating to conduct, standards, communication and declarations of interest, and Staff and Members' Registers of Gifts and Hospitality. The KSB framework clearly covers conduct and behaviour of officers.**	Executive Director (MO) Standards Board		
3	Put in place arrangements to ensure that members and employees of the Council are not influenced by prejudice, bias or conflicts or interest in dealing with different stakeholder and put in place appropriate processes to ensure that they continue to operate in practice.	**The Council's Constitution includes Codes of Conduct, Financial Regulations and Standing Orders to ensure that Officers and Members are aware of their responsibilities. Internal audit reviews test the awareness of and compliance with these processes and make recommendations for improvement where required.**	Executive Director (MO) Standards Board		
4	Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners	**The Codes of Conduct for Members and Officers are properly communicated to all through awareness training on induction and are available on the Council's intranet.**	Executive Director (MO) Democratic Services Manager		
5	Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical	**The Knowledge, Skills and Behaviours framework was launched during 2008 and all staff attended facilitated training workshops to ensure they understood how the Framework**	Head of Resources & O D	KSB review date June 2010	

Principle 3:
Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour

	In order to deliver Principle 3 the Council should:	Evidence to support principle	Responsibility for monitoring and reviewing *(where applicable)*	Timescales	Areas for Improvement
	standards, and monitor their continuing effectiveness in practice.	**should be used. The Framework includes reference to corporate governance matters. The KSB Framework for Members was completed during 2009/10.**			
6	Develop and maintain an effective Standards Committee.	**The Council has a Standards Board made up of 4 independent members 4 East Northamptonshire Councillors and 4 Town & Parish Councillors. The Board reviews all issues regarding standards and conduct and has operated best practice of being chaired by an independent member since its inception, before independent chairmanship was mandated in the Local Government and Public Involvement in Health (LGPIH) Act. The Board publishes an Annual Report and its minutes and reports are available on both the Council's intranet and Internet sites.**	Executive Director (MO)		
7	Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the Council.	**The Council's Constitution sets out clearly how decisions have to be made and approved by the Council. All Council meetings are open to the public and all reports are available to them, unless they are deemed to contain confidential information that meets the exemption criteria set out in the Local Government Act 1972.** **The Council has developed and implemented the Knowledge, Skills and Behaviours' Frameworks for staff and Members.**	Executive Director (MO) Democratic Services Manager		
8	In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.	**Refer to section 10 under Principle 2, The Partnership Protocol Checklist identifies the decision making process. The KSB Framework includes reference to behaviour of staff in all aspects of their jobs, including working with partners.**			

Principle 4:
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

	In order to deliver Principle 4 the Council should:	Evidence to support principle	Responsibility for monitoring and reviewing *(where applicable)*	Timescales	Areas for Improvement
1	Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall and that of any organisation for which it is responsible.	**The Council has adopted the 'Fourth Option' Committee structure for decision making, in accordance with the Local Government Act 2000.** **The Council's Constitution is available to all Members, officers and the public and clearly shows how decisions at the Council have to be made. The Constitution also clearly defines the roles and responsibilities of the Scrutiny Committee.** **The Council has a number of committees that carry out regulatory or scrutiny roles to ensure decisions are made in a transparent way.** **See Appendix 2 for Committee Structure.**	Executive Director (MO) Policy & Resources Cttee Full Council		
2	Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.	**The Council uses a standard committee report template that contains a checklist to identify clearly to Members how the report links to the Council's corporate outcomes. It also provides for reference to relevant risk management, financial, legal and other matters. All agendas, reports and minutes are available on the Council's intranet and Internet sites. Council meetings are open to the public unless their content (or part thereof) meets the criteria for exemption under Part 1 of Schedule 12A of the Local Government Act 1972. Members of the public will then only be excluded for the exempt items.** **Standards Board reviewed a number of reports that had been submitted as exemptions to ensure that the papers met the criteria. Appropriate records are maintained by the Democratic Services Manager of all exempt reports, the reasons for the exemptions and any comments. During 2010/11, XX items were considered by the various panels and committees. Exclusions were applied for XX items.** **There is ample evidence of the effective and accurate recording of decisions e.g. Licensing and Taxi Panels and all minutes of decisions are easy to find on the Council's website.**	Democratic Services Manager		
3	Put in place arrangements to safeguard members and employees	**All Members of the Council are required to sign a standard declaration of interest at the start of their term of office and must**	Executive Director (MO)	Ongoing for staff and	

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk					
	In order to deliver Principle 4 the Council should:	**Evidence to support principle**	**Responsibility for monitoring and reviewing** *(where applicable)*	**Timescales**	**Areas for Improvement**
	against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.	**notify the Monitoring Officer of any material changes within 28 days of their occurrence. All Members received training on the Code of Conduct, which clearly defines what a personal interest is and how it must be declared.** **##The three members of SMT have completed standard declarations of interest in accordance with the Constitution and the Employee Code of Conduct. A number of other staff such as the Benefits Team and the Internal Audit Team also completed standard declaration of interest forms to demonstrate their objectivity and independence##.**		Members, but always following election of new Members and at induction of new employees.	
4	Develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee.	**The Audit & Risk Management Committee was removed during 2010/11 as part of the efficiency review of the committee structure. The council is a 'fourth option' council and therefore does not have an executive. The roles and responsibilities of the audit committee were split between the Scrutiny Committee and the Policy & Resources Committee.**	Monitoring Officer Leader of the Council		
5	Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.	**As for Principle 1 – section 6, Customer Service Standards were revised and published in December 2009.** **##The Local Government Ombudsman (LGO) annual letter confirms that there were no LGO complaints upheld against the Council or findings of maladministration during the year. Seven complaints were submitted and four were investigated by the Ombudsman. The rulings on three cases were completed. One case was ruled as 'no or insufficient evidence of maladministration'; one case was ruled as 'outside jurisdiction'. One further case was settled locally and related to a minor misunderstanding on the part of a Duty Planning Officer.##** **As required by the LGIPH Act, the processes for handling complaints against Members were reviewed. The Council has successfully introduced the new local filter arrangements for handling such complaints.**	Head of Customer and Community Services for complaints about services Executive Director (MO) and Democratic Services Manager for complaints about Members.		2009/10 Ombudsman Report in file (2010/11 not on website yet)
6	Ensure that those making decisions whether for the authority or the	**A comprehensive Member Induction programme was undertaken after the May 2007 election. Members received training in the law**	Democratic Services Manager and Executive	Following election in	

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk					
	In order to deliver Principle 4 the Council should:	**Evidence to support principle**	**Responsibility for monitoring and reviewing** *(where applicable)*	**Timescales**	**Areas for Improvement**
	partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.	**and procedures relating to local government, the principles of sound decision making, and on the different Committees of the Council. Note a Member induction programme is being developed for implementation post election in May 2011**	Director (MO)	2011	
7	Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately.	**All committee reports use a standard template that identifies the legal and financial implications of any decision. The Monitoring Officer and Chief Finance Officer review and sign each report (along with the Head of The Paid Service) before it is presented to the relevant committee.**	Executive Director (MO) Executive Director (CFO)		
8	Ensure that risk management is embedded to the culture of the Council, with Members and managers at all levels recognising that risk management is part of their jobs.	**The Council has an established risk management framework, including a system to record risks, controls and assurance (4Risk), which forms a comprehensive Risk Register. Risks are reviewed on a quarterly basis through the performance clinic framework. The Finance Manager leads the risk management process and has reviewed the content and categorisation of risks. The Enterprise Risk Management audit for 2009/10 concluded that the Council was "Risk Managed" (fourth highest level on a scale of 5) which means that consistent and effective application of appropriate Risk Management techniques across the entire organisation are in place. The conclusion indicates that there has been no marked changed in how well Risk Management is embedded.**	Head of Resources & OD		
9	Ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access.	**The Council reviewed its Whistle-blowing Policy in December 2008 and conducted a publicity exercise on its re-launch that included the Monitoring Officer attending team meetings to explain the Policy and encourage questions. A staff questionnaire was also used to assess the level of understanding after the training had taken place, over 100 staff completed (passed) the online test to demonstrate their understanding of the Policy.**	Executive Director (MO)	Review in 2011	
10	Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities.	**The Constitution provides for joint arrangements for obtaining efficient, effective and economic service delivery. Clear examples exist such as Finance (EnCor), Internal Audit (Welland), the Licensing Unit, and IT (joint arrangement with Wellingborough).** **All Councillors have training as part of Member induction about**	Executive Director (MO) Democratic Services Manager		

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk					
	In order to deliver Principle 4 the Council should:	**Evidence to support principle**	**Responsibility for monitoring and reviewing** *(where applicable)*	**Timescales**	**Areas for Improvement**
		the law relating to Councils and covers the ultra vires issue. **The committee report template requires the Executive Directors to sign off to cover Financial Regulations and legal issues and all draft reports are subject to review by the Solicitor to the Council and the Finance Manager for advice on these sections of the report.**			
11	Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law.	**As above**			
12	Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into their procedures and decision-making processes.	**Additional legal advice is obtained where needed, and a budget exists for this. ##Examples exist of Counsel advice sought during the year##** **Protocols exist for licensing panels to ensure actions are legal.**	Executive Director (MO)		

Principle 5: Developing the capacity and capability of Members and Officers to be effective

	In order to deliver Principle 5 the Council should:	Evidence to support principle	Responsibility for monitoring and reviewing *(where applicable)*	Timescales	Areas for Improvement
1	Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.	**The Members' Induction Programme offered a wide range of training sessions varying from how the Council and its Committees work, through to IT, the internet and general skills such as speed reading and effective chairmanship of meetings. The induction programme is being revised in readiness to follow the election in May 2011.** **##The induction programme for staff was reviewed and updated with input from staff during ##.**	Executive Director (MO) and Democratic Services Manager; Head of Resources & OD		
2	Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority.	**The job descriptions for the Strategic Management Team identify their role and responsibilities.** **The Constitution identifies their specific roles and responsibilities.** **The CFO is CIPFA qualified and maintains CPD; both Executive Directors attend necessary CPD events annually ##.**			
3	Assess the skills required by officers and make a commitment to develop those skills to enable roles to be carried out effectively.	**The Council's Knowledge, Skills & Behaviours Framework was introduced in 2008 and helps the Council to identify skills gaps. The appraisal process is used alongside the Learning Management System to deliver appropriate training.** **The Council's Development and Training Policy for staff supports a wide range of different types of training and continuing professional development to provide better services.** **The appraisal process (Performance & Development Review) and a Council wide Learning Needs Assessment has been used to identify the learning needs across the organisation and feed into staff training programmes.**			
4	Develop members' skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.	**Refer to Section 1 of this Principle**			

Principle 5: Developing the capacity and capability of Members and Officers to be effective

	In order to deliver Principle 5 the Council should:	Evidence to support principle	Responsibility for monitoring and reviewing *(where applicable)*	Timescales	Areas for Improvement
5	Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan which might, for example, aim to address any training or development needs.	**Members were actively involved in developing their own KSB framework which includes a self appraisal element. ##**			
6	Ensure that effective arrangements designed encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council.	**The Communications Strategy and the Sustainable Communities Strategy identify how the Council engages with sections of the community. Members are involved in various joint working groups across the District. A Residents' Panel made up of 900 volunteers across the District, takes part in the consultation process to give feedback on Council services. In 2009/10, the Residents' Panel were consulted on the satisfaction with council/council services, information on services, influencing decisions and feeling safe in the district.**	Head of Customer and Community Services	SCS published for 2008-2015 in January 2009. Action Plan refreshed annually	
7	Ensure that career structures are in place for members and officers to encourage participation and development.	**Succession planning is not considered relevant for Members. The Leader of the Council has however, recognised that he has a responsibility and this is reflected in the Leader's KSBs.** **The Council is using the KSB Framework to help identify services where succession planning could be better utilised to provide more resilience and reduce staff turnover. Although it is recognised that in a small council there may be limited opportunities for measurable success.**			

Principle 6:
Engaging with local people and other stakeholders to ensure robust public accountability

	In order to deliver Principle 6 the Council should:	Evidence to support principle	Responsibility for monitoring and reviewing *(where applicable)*	Timescales	Areas for Improvement
1	Make clear to themselves, all staff and the community to whom they are accountable and for what. Consider those institutional stakeholders to whom the Council is accountable and assess the effectiveness of the relationships and any changes required.	**The Sustainable Communities Strategy sets out the following:** **Where do we want to be? *- our long-term vision and the outcomes we want to achieve*** **Where are we now? *- a profile of East Northamptonshire and its local communities, the strengths we have and the challenges we face*** **How will we get there? *– links to other plans & strategies , the priorities of Enable and making sure it happens*** **The Strategy is available on the Council's website.**	ENable Partnership Board		
2	Produce an annual report on the activity of the scrutiny function.	**The Scrutiny Committee produces an annual report, which is available, as with all other reports, on the Council's intranet and Internet site.** **The work of the Scrutiny Committee in 2010 included:** • ##	Chair of Scrutiny Committee	Annual Report produced covering calendar year	
3	Ensure that clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements to ensure that they operate effectively. Hold meetings in public unless there are good reasons for confidentiality. Ensure that arrangements are in place to enable the Council to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands.	**The Council uses various media to communicate with its stakeholders, such as:** **Nene Valley News; local media; revised Council Tax leaflet; corporate leaflets; Council website; community portals; consultation; reports and other public documents; displays, exhibitions and roadshows; and the 'In House' newsletter.** **The Council also operates a Youth Council, where young people from local communities are elected to represent the views of their peers. This relates mostly to the issuing of grant money to youth organisations. They are also consulted on wider issues that affect young people in the area and are introduced to the workings of Local Government to help them better understand the various tiers of responsibility.**	Communications Manager		

Principle 6:
Engaging with local people and other stakeholders to ensure robust public accountability

	In order to deliver Principle 6 the Council should:	Evidence to support principle	Responsibility for monitoring and reviewing *(where applicable)*	Timescales	Areas for Improvement
4	Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users about including a feedback mechanism for those consultees to demonstrate what has changed as a result.	**The Communications Strategy and Public consultation Strategy identify how the Council can engage with its stakeholders. The Residents Panel consultation reports give useful information on how their views are translated into Council Policy. In 2010/11 the Residents' Panel was surveyed on the following topics:** • **##** • **##** **The feedback was mainly positive and is used to inform the focus for service improvements.##** **Mosaic data continues to be used to help the Council better understand its customers' needs.**	Head of Customer and Community Services		
5	On an annual basis, publish a performance plan giving information on the Council's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.	**The Council publishes its annual report and annual financial statements within the statutory requirements. Outcomes and achievements are publicised in Nene Valley News. The Residents' Panel survey results are also publicised which clearly show the level of customer satisfaction in the chosen areas. The Council publishes a calendar of its annual programme of meetings with the Parish and Town Councils and minutes of those meetings are produced.**			
6	Ensure that the Council as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.	**The Council's Constitution includes details of citizens' rights, the ways citizens can get involved in the Council's work and ways to contact the Council. The Constitution also states that Council meetings, agendas, reports and minutes are all open to and available to the public except if there are areas deemed to be exempt. Refer to Principle 3 section 7 and Principle 4 section 2 for the occurrence of exemptions.** **Details of Council meetings and Councillors' surgeries are published in Nene Valley News.** **The Council has a published petitions scheme to reflect statute.**	Executive Director (MO) Democratic Services Manager		
7	Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making.	**Xchange is the Council's new employee communication and consultation group. It replaces the Joint Consultative Forum (JCF) and Staff Forum.**	Head of Resources & O D		

Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability					
	In order to deliver Principle 6 the Council should:	**Evidence to support principle**	**Responsibility for monitoring and reviewing** *(where applicable)*	**Timescales**	**Areas for Improvement**
		The group keeps staff informed and gives them the opportunity to exchange views and ideas to influence decisions on issues such as: • **the development and revision of policies and procedures affecting employees;** • **changes to terms and conditions of employment;** • **issues that will have an impact on Council employees e.g. significant change to the Council's organisational structure.** **Evidence of the results of consultation is available to staff on EUNICE.** **The Council encourages staff to bring for ideas through its Bright Ideas scheme.**			

4. Review of Effectiveness

The Council is responsible for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the managers within the Council who have responsibility for the development and maintenance of the governance environment by the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The main processes that have been relied upon by the Council in reviewing and maintaining the effectiveness of the system of internal control are identified in this section of the Annual Governance Statement.

The Council's Corporate Management Team (CMT)

CMT consists of the Chief Executive, the two Executive Directors and the five Heads of Service. This was introduced following the management restructure in April 2010. They meet weekly and provide a forum for overall planning, performance monitoring and decision making in connection with Council services. CMT is therefore providing a management core to enable direction and control. All significant business proposals are brought to CMT for consideration and approval, and service plans are scrutinised individually to ensure they contribute to the delivery of the corporate outcomes. A formal project approval process exists where all significant projects are recorded and progress is regularly reported.
The Annual Governance Statement and, in particular, any recommendations arising through its preparation and review, are considered and endorsed by CMT therefore assisting with the continued improvement in the Council's internal control, risk management and governance arrangements.
CMT is assigned responsibility for the planning and delivery of specific services in accordance with the Council's business priorities. In doing so they have a responsibility to ensure that services provide good value for money and Council resources are safeguarded from loss and damage.

The Council's constitution places much of the responsibility for internal control on its Directors, though in practice this is largely delegated to the Heads of Service. Therefore, annually the Heads of Service are required to certify a 'Statement of Corporate Responsibilities'. This statement requires explicit confirmation that, as the senior managers within the Council responsible for the delivery of services, they have done so in accordance with the Council's policies, procedures and practices that underpin the internal control framework. Where exceptions exist there is a requirement to disclose these so that consideration can be given to the overall effect these may have on the effectiveness of the Council's internal control environment and the preparation of the Annual Governance Statement. Heads of Service are also required to review and identify any emerging risks that may threaten service delivery.

##All Heads of Service ##completed a signed declaration to demonstrate their understanding of their responsibilities in relation to the internal control framework, risk management and overall good governance of the Council.

The Audit & Risk Management Committee

The Audit & Risk Management Committee was discontinued after September 2010 following an efficiency review of the committee structure. Up to that point in the year the Committee received reports in relation to countering Benefit fraud, monitoring of the risks categorised on the risk register, progress with internal audit delivery.
The Committee received and approved the reports from External Audit, including the annual statement of accounts and the annual report on the Use of Resources.

The Scrutiny Committee

The role of the Scrutiny Committee is to review and scrutinise decisions taken in the discharge of any of the Council's functions and to make reports and recommendations to the full Council and to the Policy & Resources Committee. The Committee receives the performance reporting from the new performance clinic framework and receives reports from internal audit.It refers any matters for concern to full Council or P& R Committee as appropriate.
The Scrutiny Committee helps to develop Council policy through in-depth investigations of local issues and may:
• consider any matter affecting the area or its inhabitants; and
• exercise the right to 'call in' decisions made but not yet implemented.

The Council's Scrutiny Committee met five times in 2010/11 (April, June, September, October and December 2010). An annual report was produced summarising the activities of the Scrutiny Committee for the year to December 2010 and setting out the Committee's programme of work for the forthcoming year. (#report to be located for updating this section##) The issues considered during 2010 are noted under Principle 6 section 2.
The Scrutiny Committee's work plan for 2010 will focus around areas such as: ## The work programme will be structured in a way that ensures priority is given to reviewing progress made towards achieving the Council's Priority Outcomes as set out in the Corporate Plan.

The Standards Committee (East Northamptonshire Standards Board)

The Council has established the East Northamptonshire Standards Board to discharge the functions conferred by Part III of the Local Government Act 2000.

The key role and function of the Board is to promote and maintain high standards of conduct of Members, ensuring they observe the Member Code of Conduct, to provide training on the application of the code and to deal with any reports from the Monitoring Officer. The Board has responsibilities for the corporate governance of the 51 Town and Parish Councils in the District and for providing advice and training to their Councillors. The Board can also grant dispensation to Members to take part in Council business in certain circumstances where the Code of Conduct would otherwise prevent this.

The Board is also responsible for:
- Reviewing the arrangements for handling complaints against the Council;
- Reviewing the outcome of Ombudsman investigations;
- Promoting and maintaining the Member / Officer Protocol;
- Overseeing the operation of the whistle-blowing policy; and
- The maintenance of professional standards

The Board's remit also includes updating codes and protocols in line with guidance from the Standards Board for England.

During 2009, the Board established three sub-committees: Assessment, Review, and Hearing. This reflected the new complaints handling procedure adopted in the previous year.
One complaint in relation to a decision made by a Town Council was assessed under the new arrangements and has been concluded. No findings of fact were made but other action resulting included training for Town Councillors on the Code of Conduct. There were no cases

of maladministration reported. A work plan for 2010 was approved by the Board at its meeting on 3rd February 2010 and an Annual Report published.

Internal Audit

Internal Audit is responsible for objectively reviewing the Council's internal systems of control with a view to reporting on and making recommendations to Council management with regard to their effectiveness for managing business risk. Internal Audit reviews are completed in accordance with the approved annual internal audit plan. This is a programme of reviews designed to assess the effectiveness of the internal controls on which the Council relies for managing risk.

In 2010/11, the Welland Internal Audit Consortium delivered ### days of planned audit work and provided ## days of advice and assistance to CMT as requested. Based on the work carried out by the Consortium in line with the approved audit plan, and additional information provided by relevant managers on their responses to audit recommendations, the audit opinion was that the Council's overall internal control arrangements provide a **#### Level of Assurance**. This represents the highest of the five levels of assurance within the model adopted by Consortium. A "**Good**" assurance rating indicates that the control environment can be relied upon. This level of assurance is the same as the opinion for 2009/10.

During the fourth year of service delivery, the Consortium has continued to make a positive contribution to the Council's control framework and has provided a robust challenge to the internal control framework and corporate governance arrangements of the Council. The Consortium has operated in compliance with the CIPFA Code of Practice and has delivered a high level of customer satisfaction. On that basis the Consortium was judged to be operating effectively.

External Audit

External Audit is responsible for providing an opinion in connection with the Council's financial statements. For the year ended 31 March 2010 an unqualified (or satisfactory) opinion was issued in September 2010 and presented to the Audit & Risk Committee for approval.
The Council's External Auditors are the Audit Commission. ##The Annual Governance Report was presented to the ## committee on the ##. This document included reference to all the work carried out by the Audit Commission, including the scoring for the Use of Resources (level 2), the Comprehensive Area Assessment results for managing performance, managing finances, governing the business and managing resources. The Annual Governance Report also confirmed that the Audit Commission did not identify any significant weaknesses in the Council's internal control arrangements.## to be updated ##

Section 151 Officer and Monitoring Officer

One Executive Director (the Chief Finance Officer) is the Council's Section 151 Officer. The other Executive Director is the Council's Monitoring Officer (MO). Each officer also provides on-going advice in connection with both the financial and legal standing of Council business, and advice to Councillors on their responsibilities. Refer to sections 5 and 6 under Principle 2 of the tabulated framework where their roles and responsibilities have been identified.

Both Executive Directors acknowledge their responsibilities for the governance arrangements.

Other Mechanisms or Sources of Assurance

A number of other external sources of assurance exist that demonstrate good management and support the overall good governance of the Council.

- The Revenues & Benefits Service maintained its accreditation to the Quality Standard ISO 9000
- The Council's IT systems are subject to external interrogation by an accredited organisation at least quarterly to confirm their resilience and security
- The Council has received quarterly reports in connection with its abilities to meet health and safety at work requirements and where necessary acted on these

5 Declaration

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

Significant Governance Issues

The Council has considered the outcomes of the risk management and assurance processes referred to in this Governance Statement. Where considered appropriate, action plans have been developed to address weaknesses. ##No new significant issues were identified in 2009/10 following the annual assessment of the review of effectiveness and therefore no new action plan has been developed.
Table 2 indicates the progress against recommendations included in the previous two Annual Governance Statements.##

Previous Recommendations - Table 2

	Previous Recommendation	**Responsible Officer**	**Implementation due date**	***Status* and Progress of action in 2010/11**
1	Complete a review of the Audit & Risk Committee to measure its effectiveness and how this can be further improved	Executive Director (Chief Finance Officer)	30 July 2009 ***Revised to 31st October 2010***	***Implemented*** Committees were restructured in October 2010 as part of an efficiency review and the Audit & Risk Committee was discontinued. The Localism Bill is likely to drive further changes to the committee structures in 2011/12
2	Although evidence exists to support the conclusion that the Council is well managed with an effective internal control framework and good governance arrangements, the Council does not have a fully developed and formally documented framework in keeping with the CIPFA/SOLACE guidance. The Council should develop and document the Governance framework to reflect the guidance, including roles, responsibilities, sources of evidence and a timetable for collecting and documenting the evidence to support the production of the AGS.	Executive Directors - Chief Finance Officer and Executive Director (MO)	December 2008 ***Revised to 31st December 2011***	***Partly Implemented*** The Framework has been incorporated into the format of the AGS to include the roles and responsibilities for producing the AGS. An officer group or arrangements to co-ordinate the gathering of evidence has not been formalised. Once the restructure is complete this will be examined again and will be designated to an appropriate officer. The framework will be developed in 2011/12 in response to the changes that will flow from the Localism Bill.

We propose over the coming year to take steps to address the above matters to further enhance our corporate governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

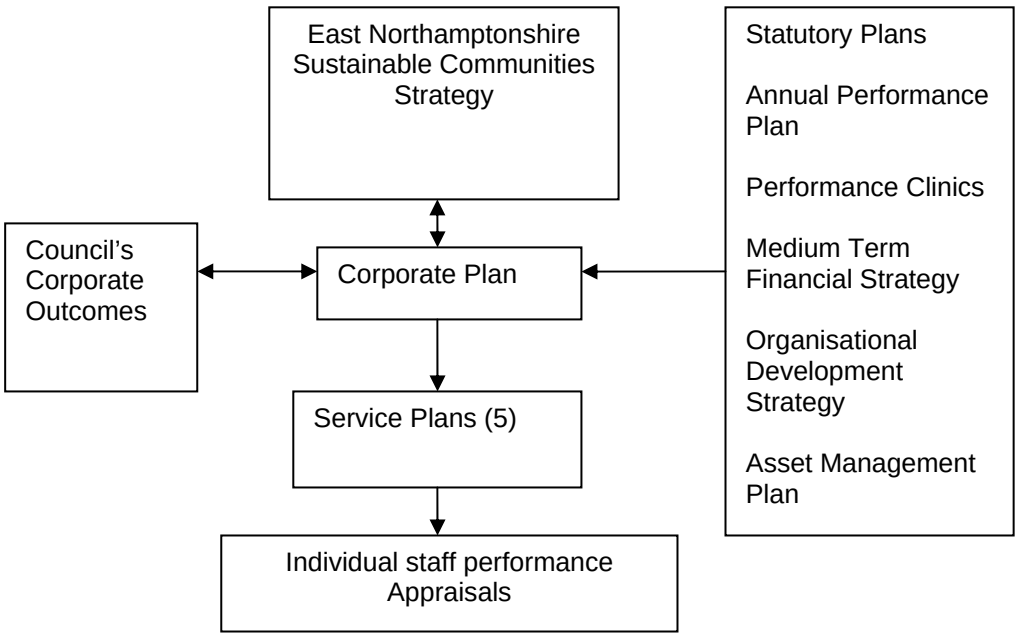
Signed: Signed:

Date: Date:

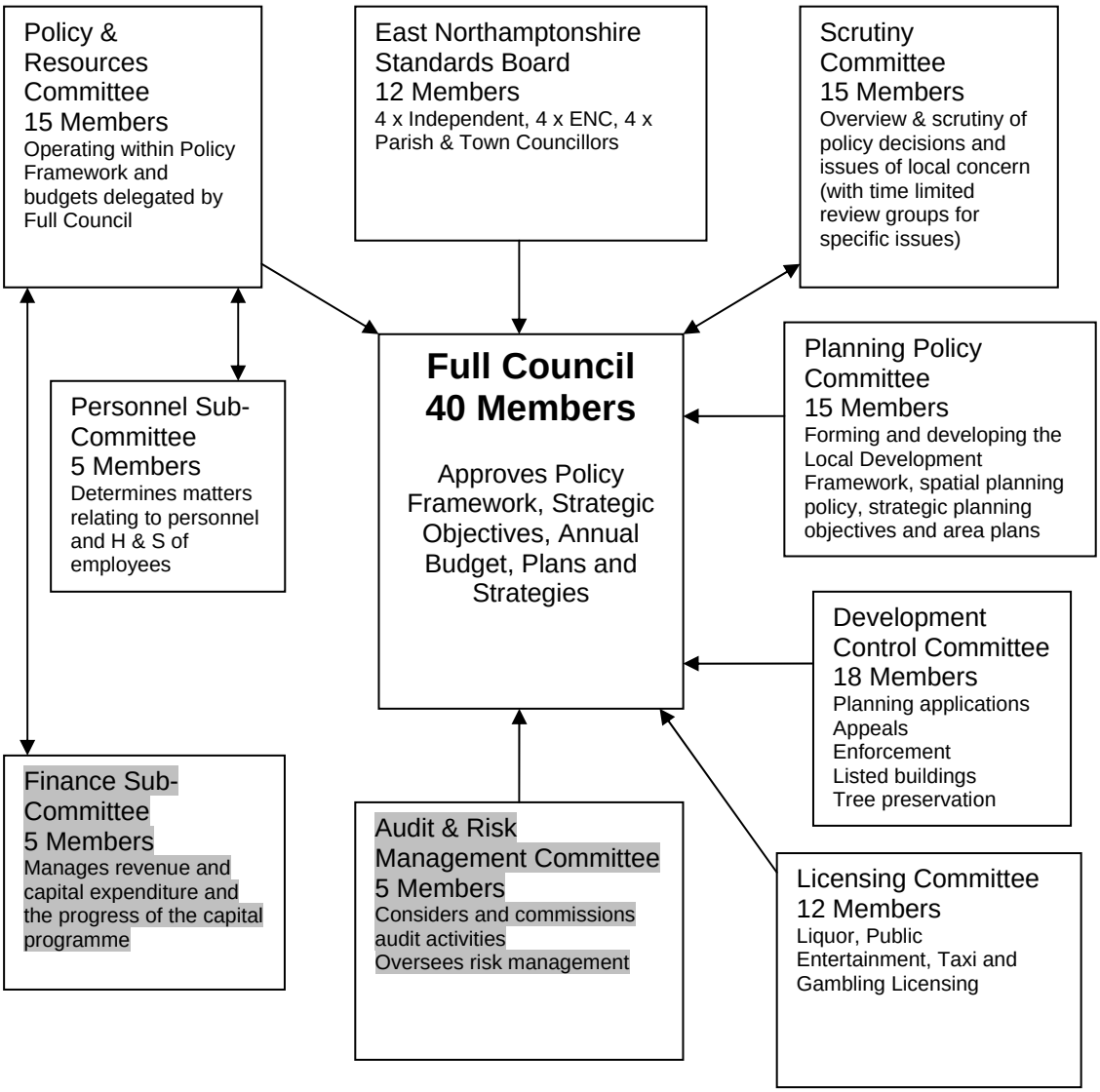
David Oliver
Chief Executive

Cllr. Steven North
Leader of the Council

APPENDIX 1 - The Performance Management Framework



APPENDIX 2 - Committee Structure



Finance Sub committee became the Finance Working Party in September 2011
Audit & Risk Management Committee ceased in September 2011