

Wyre Forest District Council
Annual Governance Statement – 2007/08

Scope of Responsibility

Wyre Forest District 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. Wyre Forest District 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, Wyre Forest District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Wyre Forest District Council has adopted the code of corporate governance, which is consistent with the principles of the CIPFA/SOLCE Framework *Delivering Good Governance in Local Government*, and is now in the process of implementing this framework. A copy of the code is on our website at www.wyreforestdc.gov.uk or can be obtained from main reception Duke House, Kidderminster. This statement explains how Wyre Forest District Council has complied with the code and also meets the requirements 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.

The purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Wyre Forest District 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 effectively, efficiently and economically.

The governance framework has been in place at Wyre Forest District Council for the year ended 31 March 2008 and up to the date of approval of the statement of accounts.

The Governance Framework

This is defined as ‘the systems by which local authorities direct and control their functions and relate to their communities’.

The key elements of the Council’s systems and processes that comprise the authority’s governance arrangements are as follows. These arrangements are being reviewed during the coming year to ensure they result in a robust framework to deliver good governance. This review will be based upon the six core principles of governance approved by the Audit Committee on 17 March 2008.

1. Community Focus and Vision

Focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area. In carrying out its duties and responsibilities, The Council will deliver this through:

- exercising strategic leadership by developing and clearly communicating the authority’s purpose and vision and its intended outcome for citizens and service users
- ensuring that users receive a high quality of service whether directly or in partnership or by commissioning
- ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money

2. Members and Officers Working Together

Members and officers working together to achieve a common purpose with clearly defined functions and roles. The Council will deliver this through:

- ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function
- ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of members and officers are carried out to a high standard
- ensuring relationships between the authority, its partners and the public are clear so that each knows what to expect of the other

3. Standards of Conduct

Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour. The Council will deliver this through:

- ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance
- ensuring that organisational value are put into practice and are effective

4. **Taking informed and transparent decisions which are subject to effective scrutiny and managing risk**

The Council will deliver this through:

- being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny
- Having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs
- Ensuring that an effective risk management system is in place
- Using their legal powers to full benefit of the citizens and communities in their area

5. **Developing the capacity and capability of members and officers to be effective**

The Council will deliver this through:

- making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles
- developing the capability of people with governance responsibilities and evaluating their performance as individuals and as a group
- encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal

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

The Council will deliver this through:

- exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships
- taking an active and planned approach to dialogue with and accountability to the public to ensure effective an appropriate service delivery whether directly by the authority, in partnership or by commissioning

Delivery

The Council will deliver these outcomes through:

- Annually reviewing local procedures and practices, which together create the framework for good corporate governance as described in the CIPFA/SOLACE Framework Corporate Governance in Local Government: A Keystone for Community Governance.
- Nominating a lead officer for each of the six main themes that will be responsible for assessing the Council's effectiveness in practice.
- Producing an Assurance Statement on the extent to which the local code has been adhered to and the actions required where, adherence has not been achieved. Attached at Appendix A is a list of the key polices and procedures that will enable the Council to adopt this approach.

Review of Effectiveness

Wyre Forest District 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 the effectiveness of the system of internal control is informed by the work of the Management Team within the authority, which has responsibility for the development and maintenance of the governance environment, the Financial Service Manager's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The Council process for maintaining and reviewing the effectiveness of the governance framework includes:

- Findings and recommendations of Internal Audit;
- Updates by the managers within the authority who have responsibility for the development and maintenance of the internal control environment;
- Findings and recommendations by the external auditors and other review agencies and inspectorates.

A review undertaken for the 2007/08 statement was carried out by the Corporate Management Team on 5th June 2008. This review took into account:

- the Annual report from the Financial Services Manager – 2007/08 reported to the Corporate Management Team on the 21st May 2008 and considered by the Audit Committee on 23rd June 2008;
- comments of external auditors;
- comments of other review agencies, inspectorates and external bodies;
- the findings and recommendations of the External Audit's Annual Audit & Inspection Letter reported to the Audit Committee on 22nd April 2008;

All Councillors and Officers of the Council adhere to the Constitution and codes of conduct. The duty to ensure compliance is predominantly the responsibility of the Council's three statutory officers:

- Head of the Paid Service (Chief Executive)
- Monitoring Officer
- Chief Financial Officer (Head of Financial Services)

The constitution is under constant review, to ensure that it remains fit for purpose.

The Audit Committee is the member forum that is responsible for reviewing and monitoring Corporate Governance in relation to Risk and Audit matters.

The Council's Head of Financial Services has the overall responsibility to ensure that the internal control environment is effective and adhered to. This is delivered through the Internal Audit service. Internal Audit undertake regular reviews of all of the Council's systems and produce reports containing recommendations for improvement wherever necessary, in line with their 3-year audit plan (2006-09). The Council's Internal Audit operates using the CIPFA Code of Practice Standards 2006.

External audit reports are reviewed and considered by the Audit Committee and the Council's Management Team. In addition to this, the Council is also subject to formal review by other inspectorates, these reviews are considered by the Council's Cabinet. Examples of external scrutiny are:

- Investors in People;
- Food Standards Agency;
- Health and Safety Commission

The authority has been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of systems is shown below.

Significant governance Issues

In the Statement of Internal Control for 2006/07 a number of issues were identified which required improvement during 2007/08, the following progress has been made in these areas:

- The plans for improvement identified from the annual review of the **Corporate Governance Framework** in April 2007 have been actioned;
- The **Risk Management Strategy** has been updated and the process has been embedded in the culture of the Council, together with the compilation of full risk registers both corporately and for each Division, to enable a review of the risk register to be completed;
- The **Procurement Strategy** has been updated and the continued development of procurement arrangements, including e-procurement;
- Developing a Shared Services Strategy, this has now been approved by Council;
- Implementation of the actions contained in the Audit & Inspection Letter (March 2007):
 - Clarify and streamline the Council's priorities when the Corporate Plan is reviewed;
 - Ensure performance management information is meaningful and use it to monitor performance against milestones and unit costs to secure improvements;
 - Continue to identify ways to improve capacity by ensuring partnership working is effective;
 - Ensure that risk management becomes fully embedded;
 - Evaluate outcomes from the capital programme to determine how it has contributed to the Council's corporate objectives, and to clearly identify improvements from capital resources invested;
 - Set challenging targets for income collection, and
 - Monitor progress against planned savings and efficiency gains regularly together with associated action plans.

The main issues, which are being or need to be addressed during the coming year, include:

- Implementation of the new Corporate Plan and along with the prioritisation of resources;
- Implementation of the Single Equality Scheme;

- Continuing to ensure a consistent approach to be followed regarding the identification, recording and review of operational risks;
- Plan for the implementation of the Comprehensive Area Assessment and the revised Use of Resources assessment;
- Implementation of the Data Quality Policy;
- Review of the governance arrangements surrounding partnerships to ensure that they are within the Council's own policy and those of the Local Area Agreement.
- Ensure that the potential risks surrounding shared services are examined and addressed where necessary.
- Implementation of the actions contained in the Audit & Inspection Letter (March 2008):
 - Ensuring that the progress that has been made in relation to Risk Management is maintained;
 - Ensuring that a comprehensive Business Continuity Plan is developed in conjunction with Worcestershire County Council;
 - Ensuring that the results of value for money studies currently being undertaken are benchmarked against similar organisations;
 - Ensuring an action plan to reduce costs whilst maintaining the quality of service provided, based on the exercise to identify external factors impacting on service delivery, is produced and then monitored by Cabinet;
 - Ensuring progress made with the development of an estates-related benchmarking process; and
 - Ensuring that the strategic vision for its cultural services is set out and clear targets to measure the effectiveness of its spending are established.

We propose over the coming year to take steps to address the above matters to further enhance our 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 annual review

Signed

Leader & Chief Executive