

Title of Report:	Annual Governance Statement
Report to be considered by:	Governance and Audit Committee
Date of Meeting:	05 September 2011
Forward Plan Ref:	GA2341

Purpose of Report: To present the Annual Governance Statement for the Council for the year 2010-11.

Recommended Action: To review the Annual Governance Statement.

Reason for decision to be taken: To allow the Chief Executive and Leader of the Council to sign the Annual Governance Statement .

Other options considered: none

Key background documentation: none

The proposals will also help achieve the following Council Plan Themes:

- CPT14 - Effective People**
- CPT16 - Excellent Performance Management**

The proposals contained in this report will help to achieve the above Council Plan Priorities and Themes by:

Helping to ensure that the Council's internal control framework is robust

Portfolio Member Details	
Name & Telephone No.:	Councillor Anthony Stansfeld - Tel (01488) 658238
E-mail Address:	astansfeld@westberks.gov.uk
Date Portfolio Member agreed report:	Emailed 04 August 2011

Contact Officer Details	
Name:	Ian Priestley
Job Title:	Chief Internal Auditor
Tel. No.:	01635 519253
E-mail Address:	ipriestley@westberks.gov.uk

Implications

Policy: none

Financial: none

Personnel: none

Legal/Procurement: none

Property: none

Risk Management: The report provides a summary of the review the Council has carried out in its internal control framework

Equalities Impact Assessment: Stage 1 completed

Corporate Board's Recommendation: Report to include service resilience and increased risk of Judicial Review.

Is this item subject to call-in?	Yes: <input checked="" type="checkbox"/>	No: <input type="checkbox"/>
If not subject to call-in please put a cross in the appropriate box:		
The item is due to be referred to Council for final approval		<input type="checkbox"/>
Delays in implementation could have serious financial implications for the Council		<input type="checkbox"/>
Delays in implementation could compromise the Council's position		<input type="checkbox"/>
Considered or reviewed by Overview and Scrutiny Management Commission or associated Task Groups within preceding six months		<input type="checkbox"/>
Item is Urgent Key Decision		<input type="checkbox"/>

Executive Summary

1. Introduction

- 1.1 This report sets out the Annual Governance Statement of the Council for year 2010-11

2. Proposals

- 2.1 The Annual Governance Statement for 2009-10 outlined two areas where action was required. These were:

- (1) Data Security
- (2) Health and Safety

- 2.2 In both the above cases a number of initiatives have been undertaken in 2010-11 to move these issues forwards. It is now felt that effective improvements have been made to the processes so that these issues no longer require close monitoring.

- 2.3 The Annual Governance Statement for 2010-11 has outlined two areas of concern. These are:

- (1) Service resilience
- (2) Judicial review / legal challenge.

- 2.4 In both cases the Council is putting in place actions to mitigate the risks posed by these issues.

3. Conclusion

- 3.1 Overall the Council's governance arrangements remain robust.

Executive Report

1. Introduction

- 1.1 The purpose of this report is to outline the purpose of the Annual Governance Statement (AGS) and explain how the necessary assurance to support the AGS has been obtained. This will enable the Committee to make an informed judgement as to the effectiveness of the process that the Council has followed in conducting the annual review of the system of internal control within the Council.

2. Purpose of the AGS

- 2.1 The AGS is designed to provide stakeholders of the Council with assurance that the Council has operated within the law and that the Council has met the requirements of the Accounts and Audit Regulations 2003:

“The Council shall conduct a review at least once in a year of the effectiveness of its system of internal control”.

A copy of the AGS for 2010-11 is attached to this report for review, at Appendix B.

- 2.2 The approach taken by the Council to carrying out the review of the system of internal control was set out in the report to Corporate Board in December 2005. This report identified the sources of assurance that underpin the review. These are:

- The Risk Management framework of the Council
- Head of Service Assurance Statements and service risk registers
- The Internal Audit annual report
- The Monitoring Officer’s annual report
- The s151 Officer’s annual report

This evidence provides the assurance that enables the Leader and Chief Executive to sign the AGS with confidence.

- 2.3 The Annual Governance Statement was prepared by the Finance and Governance Group and reviewed by Corporate Board.

3 Role of Governance and Audit Committee re the AGS for 2010-11

- 3.1 A key function of the Governance and Audit Committee is to review and approve the AGS for 10-11 prior to it being signed off by the Chief Executive and Leader of the Council.
- 3.2 In order to be able to review the AGS the Committee needs to examine the evidence, noted in 2.2 above, that supports the AGS.

4. Significant governance issues

- 4.1 A key purpose of the AGS is to identify any significant issues that need to be addressed by the Council in order to ensure that governance arrangements of the Council remain robust.

- 4.2 The Annual Governance Statement for 2009-10 outlined two areas where action was required. These were:
- (1) Data Security
 - (2) Health and Safety
- 4.3 In both the above cases a number of initiatives have been undertaken in 2010-11 to move these issues forwards. It is now felt that effective improvements have been made to the processes so that these issues no longer require close monitoring.
- 4.4 The Annual Governance Statement for 2010-11 has outlined two areas of concern. These are:
- (1) Service resilience – this relates to the impact that the cost reductions, that the Council is having to make, will have on the Council’s key business processes.
 - (2) Judicial review / legal challenge – this relates to the impact that the cost reductions will have on service delivery that may give rise to challenge to the council through judicial review or through the Courts.
- 4.5 In both cases the Council is putting in place actions to mitigate the risks posed by these issues.
- (1) Heads of Service have been asked to give consideration to the impact of cost reductions to ensure that business critical functions are not compromised.
 - (2) The Legal Services team will monitor any such cases considered by the Courts and liaise with relevant services to ensure that any risks posed to this Council by the decisions of the courts are understood and managed.

Appendices

Appendix A – EIA

Appendix B – Annual Governance Statement

Consultees

Local Stakeholders: Not consulted

Officers Consulted: Finance and Governance Group, Corporate Board

Trade Union: Not consulted

APPENDIX A

Equality Impact Assessment – Stage One

Name of item being assessed:	Annual governance Statement
Version and release date of item (if applicable):	
Owner of item being assessed:	Ian Priestley
Name of assessor:	Ian Priestley
Date of assessment:	18.7.11

1. What are the main aims of the item?
Results of a review of the Council's internal control framework

2. Note which groups may be affected by the item, consider how they may be affected and what sources of information have been used to determine this. (Please demonstrate consideration of all strands – Age, Disability, Gender, Race, Religion or Belief and Sexual Orientation.)		
Group Affected	What might be the effect?	Information to support this.
none		
Further comments relating to the item:		

3. Result (please tick by double-clicking on relevant box and click on 'checked')	
<input type="checkbox"/>	High Relevance - This needs to undergo a Stage 2 Equality Impact Assessment
<input type="checkbox"/>	Medium Relevance - This needs to undergo a Stage 2 Equality Impact Assessment
<input type="checkbox"/>	Low Relevance - This needs to undergo a Stage 2 Equality Impact Assessment
x	No Relevance - This does not need to undergo a Stage 2 Equality Impact Assessment

For items requiring a Stage 2 equality impact assessment, begin the planning of this now, referring to the equality impact assessment guidance and Stage 2 template.

4. Identify next steps as appropriate:

Stage Two required	
Owner of Stage Two assessment:	
Timescale for Stage Two assessment:	
Stage Two not required:	

Name: Ian Priestley

Date:

Annual Governance Statement for the year 2010-2011

1 Scope of responsibility

- 1.1 West Berkshire 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. West Berkshire 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.
- 1.2 In discharging this overall responsibility, West Berkshire Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 West Berkshire Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.
- 1.4 This statement explains how West Berkshire Council has complied with the code and also meets 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

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which West Berkshire Council is directed and controlled and its activities through which it engages with, leads and accounts to the community. It enables West Berkshire 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.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of West Berkshire 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.
- 2.3 The governance framework has been in place at West Berkshire Council for the year ended 31 March 2011 and up to the date of approval of the annual report and statement of accounts.

3 The governance framework

3.1 The key elements of the systems and processes that comprise West Berkshire Council's governance arrangements are set out below and include arrangements for:

- identifying and communicating West Berkshire Council's vision of its purpose and intended outcomes for citizens and service users
- reviewing West Berkshire Council's vision and its implications for West Berkshire Council's governance arrangements
- measuring the quality of services for users, ensuring they are delivered in accordance with West Berkshire Council's objectives and ensuring that they represent the best use of resources
- defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication
- developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff
- reviewing and updating the Constitution including Contracts Rules of Procedure and Financial Rules of Procedure, the scheme of delegation, which clearly define how decisions are taken and the processes and controls required to manage risks
- the Governance and Audit Committee which performs the core functions of an audit committee, as identified in CIPFA's Audit Committees – Practical Guidance for Local Authorities
- the Finance and Governance Group which helps to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful
- conducting an annual review of the effectiveness of Internal Audit
- whistle-blowing and for receiving and investigating complaints from the public
- identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training
- establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

4 Review of effectiveness

4.1 West Berkshire 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 effectiveness is informed by the work of all managers within West Berkshire Council who have responsibility for the development and maintenance of the governance environment.

4.2 The following process has been applied in maintaining and reviewing the effectiveness of the governance framework, and includes

- The work of the Finance and Governance Group
- The work of the Risk Strategy Group and the Risk Management framework.
- The annual assurance statements produced by all Heads of Service
- The work of the Governance and Audit Committee
- The work of the Standards Committee
- The work of Internal Audit
- The work of the Overview and Scrutiny Commission.

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

5 Significant governance issues identified in the AGS for 2009-10

5.1 The following is an outline of the significant governance issues that were identified in the 2009-10 AGS.

- Further work remains to be done on the governance of Health and Safety.
- Work needs to be done to tighten the management of sensitive information

5.2 The following measures were implemented during 2010-11:

- The Health and Safety Strategy was updated and monitoring system introduced to support the “Responsible Person” for each Council building, known as FLASH (covering Fire, Legionella, Asbestos and general Safety and Health). Better accident investigation and risk assessment processes have been put in place.
- The Council introduced mandatory training for all staff on data security and published advice and guidance. In addition a quarterly report on security issues was made to Corporate Board to ensure effective monitoring of progress.

6 Significant Governance Issues identified in 2010-11

6.1 The following is an outline of the significant governance issues that have been identified in preparing the 2010-11 AGS.

- Service resilience – may lead to failures in critical systems
- Judicial review / legal challenge

6.2 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 next annual review.

- Ensure that as part of ongoing service reductions that a risk assessment is carried out to ensure that business critical functions and processes are not threatened.
- Review Court judgements in order to minimise the risk of similar challenge to the Council..

Signed:

Nick Carter – Chief Executive

Graham Jones – Leader of the Council