

TENDRING DISTRICT COUNCIL

ANNUAL GOVERNANCE STATEMENT 2010-11

1. SCOPE OF RESPONSIBILITY

Tendring 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. 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, and which includes arrangements for the management of risk.

The 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*. This statement explains how the Council has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit Regulations 2011 in relation to the publication of a statement on internal control. A copy of the code can be obtained from Legal Services, and is also available to be viewed or downloaded from the Council's website.

2. 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 the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively and economically.

The governance framework has been in place in the Council for the year ended 31 March 2011 and up to the date of approval of the statement of accounts and includes improvements and developments implemented during the year.

3. THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's governance arrangements as set out in the Code of Corporate Governance are:

- The Corporate Plan which sets out the Council's vision and priorities.
- The Financial Strategy, Capital Strategy and Asset Management Plan, and Treasury Strategy links financial planning to enable the Council to balance the delivery of quality services along with its priorities and aspirations and maximise the effectiveness of its assets.
- A Performance Management Framework which incorporates regular reporting against financial and non-financial targets and outcomes.
- A Risk Strategy and Strategic Risk Register which sets out the risk management framework and identifies and manages risks faced by the Council.
- The Council's Constitution which covers roles and responsibilities, delegated powers, along with key areas such as financial and contract procedure rules.
- An Audit Committee that provides scrutiny of the governance framework.
- A whistleblowing and complaints procedure that provides individuals with opportunities to report issues with the Council.
- Business Continuity Plans to ensure the Council can maintain an appropriate level of service.
- Clear Codes of Conduct which set behavioural expectations for all individuals representing the Council.
- A Human Resources Framework that covers a range of practices and policies.
- Overview and Scrutiny Committees which carry out an annual programme of work to review and scrutinise Council functions and consider any matter affecting the District.
- Statutory Officers such as the Chief Executive, S151 Officer and Monitoring Officer.
- Robust governance arrangements for working and engaging with our partners to deliver services.
- The Communication and Engagement Strategy and consultation programme which is reviewed annually.

The Council's key governance processes are subject to internal audit on a cyclical / risk based approach. This work forms part of the Head of Internal Audit's annual opinion on the Council's systems of internal control covered in more detail later on in this statement.

4. REVIEW OF EFFECTIVENESS

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

In practice, the review of effectiveness is an on-going process throughout the year and includes the activities and mechanisms set out below:

- Overall performance, incorporating financial and non-financial information, is reported to Management Team, Cabinet and Corporate Management Committee on a quarterly basis.

- The Council's Constitution is reviewed on an annual basis with changes made where appropriate to reflect operational experience and changes in legislation, with all Heads of Service and Management Team contributing to this review. The scheme of delegated powers forms part of this review. The outcomes from the most recent annual review were approved by Full Council on 8 February 2011.
- The three Overview and Scrutiny committees, Corporate Management, Service Development and Delivery, and Community Leadership and Partnerships met in total on 24 occasions during 2010/11.
- The Audit Committee met on five occasions during 2010/11 to enable them to fulfil their statutory, regulatory and governance responsibilities including the monitoring of Internal and External Audit recommendations, annual review of the Risk Strategy and Register and the Statement of Accounts.
- Service plans are reviewed and updated on an annual basis and incorporate plans to support key priorities, workforce planning and operational risks.

A number of activities and actions were also undertaken during the year in reviewing and strengthening the Council's Governance Framework. These are set out below against the six core governance principles included in the Council's Code of Corporate Governance.

Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area

- Improvements were made to both financial and performance monitoring to enable individuals to better understand how the Council is performing.

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

- An updated protocol, Planning Matters: Local Protocol for Councillors, was approved by the Standards Committee to provide guidance on the role of Members and officers in the planning system.

Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

- [The Sub-Committees of the Standards Committee considered eleven complaints against Councillors of alleged breaches of the Members' Code of Conduct. Six of these complaints related to alleged breaches by District Councillors and the other five complaints related to Parish Members. 'No action' was taken in respect of six allegations. Five complaints were referred to the Monitoring Officer for 'other action' by way of training. One completed investigation was considered by the Hearing Sub-Committee, whose finding of "breach" concurred with that of the Investigator. The Respondent was instructed to make a formal, written, apology to his Town Council, which he duly did.](#)

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

- The Council has embraced the transparency agenda by including salary information and details of all transactions over £500 on the Council's website on a monthly basis.

Developing the capacity and capability of Members and officers to be effective

- The Council continues to hold [Investors in People accreditation](#).
- [We are continuing to deliver our Councillor development programme and sharing our approach across the region and have a cross party group working on Councillor Induction](#).
- Our approach to Member development has been externally assessed as meeting the requirements of the Member Development Charter.

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

- A new and interactive budget consultation tool was used to obtain the views of the public on where the Council spends its money. This information was considered by Members during the setting of the 2011/12 budget.
- The Service Development and Delivery Committee reviewed the current process for town and parish councils referring an application to the Planning Committee and the current policy in respect of attendance of planning officers at meetings of town and parish councils.
- Town and parish councils were invited to attend a Standards Seminar to discuss the work of the Standards Committee.

The Council also draws assurance on its governance arrangements from independent sources, in particular:

Internal Audit

The Internal Audit Service undertakes a risk based programme of audits each year to provide the Council with assurance on the adequacy of its system of internal control.

A summary of the outcomes from each audit completed during 2010/11 was included in periodic reports presented to the Audit Commission and their attention was drawn to any issues considered significant and where the audit opinion was scored other than satisfactory.

The audit of two key financial systems remained in progress at 31 March 2011 and these have continued in early 2011/12. Two investigations were undertaken during the year and in neither case was the issue in question of a level or nature that requires any qualification to be made to the opinion.

Taking into account the issues identified during the year and reviews by other assurance providers, it has been possible to provide a qualified reasonable assurance that the systems of internal control were generally operating adequately and effectively.

In terms of providing the qualified reasonable assurance, this is due to the concerns raised by the Audit Commission in relation to Ethical Governance and Regeneration. The Council's responses to issues raised by the Audit Commission are referred to below.

External Audit

The Council is subject to an annual programme of external audit work associated with the Council's Statement of Accounts and value for money arrangements.

Each year the auditor's overall findings are brought together in an Annual Audit and Inspection Letter which is available on the Council's website. The Council's responses to any significant issues identified are included in the next section.

5. SIGNIFICANT GOVERNANCE ISSUES

To support the Council in addressing some of the key issues and improvements that have emerged from the annual review of effectiveness, including those identified as part of the work of the External Auditor, the following actions have been identified.

Governance Issue	Action
Ethical Governance	<ul style="list-style-type: none"> • The Audit Committee, Cabinet and the Standards Committee have considered the outcomes from the review which included a project plan agreed in consultation with the Audit Commission. • The project plan remains on-going with monitoring undertaken by the Standards Committee
Planning Service Improvements	<ul style="list-style-type: none"> • The Service continues its ongoing journey of improvements and move to a more proactive and engaging service for residents; inward investors and developers. • The Council has considered where the focus of improvements should be and agreed a list of actions for implementation which will continue into 2011/12.
Financial Resilience – The Council's ability to balance the books set against the backdrop of major reduction in government spending. Savings of £4.4million must be identified over the period to 2014.	<ul style="list-style-type: none"> • In readiness for a tough financial settlement from 2011/12 onwards a Financial Strategy timetable and actions within an austerity plan were considered by Cabinet in 2010. A number of strands of work were agreed including a Tending Spending Review Delivery Plan. This was approved in November 2010 which set out the key actions that will be undertaken to address the forecasted budget gap. • A transformational agenda forms a key strand of the spending review which includes a senior management reorganisation and fundamental service reviews which will also be informed by the outcomes from the revised budget

	<p>consultation approach in 2010.</p> <ul style="list-style-type: none"> • The Council is also currently working with the Government to deliver against the Big Society initiative which is backed by a £500,000 budget in 2011/12.
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The above activity along with further opportunities for improvement within the Council will be considered and incorporated into the Council's overall performance, policy and business planning framework and monitored by the Cabinet and/or relevant Committee during 2011/12.

We are satisfied that these steps will address the need for improvements that have been identified and will monitor their implementation and operation during the year and as part of our next annual review.

Ian Davidson
Chief Executive

Neil Stock
Leader of the Council

Date

Date