



NEWCASTLE·UNDER·LYME
BOROUGH COUNCIL

ANNUAL GOVERNANCE STATEMENT 2013/14

1.0 Scope of responsibility

- 1.1 Newcastle-under-Lyme Borough 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. Newcastle-under-Lyme Borough 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, Newcastle-under-Lyme Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Newcastle-under-Lyme Borough 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*. A copy of the Code is on the Council's website at <http://www.newcastle-staffs.gov.uk/corporategov> or can be obtained from the Audit Manager. This statement explains how Newcastle-under-Lyme Borough Council complies with the Code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2011 in relation to the publication of a Statement on Internal Control.

2.0 Delivering Good Governance in Local Government: Framework

2.1 The purpose of the governance framework

The governance framework comprises the systems, processes, 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.

- 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 and embedded process designed to identify and prioritise the risks to the achievement of Newcastle-under-Lyme Borough 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 Newcastle-under-Lyme Borough Council for the year ended 31 March 2014 and up to the date of approval of the Statement of Accounts.

3.0 The governance framework

3.1 The Council operates a number of systems, policies and procedures that constitute or contribute to the operation of the internal control environment and support the principles set out in the Code of Corporate Governance as detailed in the tables below:

Core Principle 1	Focusing on the purpose of the Authority and on the outcomes for the community and implementing a vision for the local area.
	<ul style="list-style-type: none"> • Identifying and communicating the authority’s vision of its purpose and intended outcomes for citizens and service users • Reviewing the authority’s vision and its implications for the authority’s governance arrangements • Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority’s objectives and for ensuring that they represent the best use of resources <p>The Council Plan sets out the vision for the council and includes the four corporate priorities in order to inform the overall business planning process for the organisation in terms of resource allocation and performance management. These corporate priorities were originally drawn from the borough’s Sustainable Community Strategy (SCS), produced under the auspices of the Newcastle Partnership. The Strategy is in the final stages of being reviewed and focuses on the Partnership’s two priorities of enhancing economic growth and tackling vulnerability.</p> <p>The Borough Council has refreshed its Council Plan to take account of these developments, and has also developed a number of supporting strategies focused on Economic Development, Stronger and Safer Communities and Health and Well-Being. This strategic framework is supplemented by the Co-operative Strategy, which builds on the new corporate priority of “becoming a co-operative council which delivers high-quality, community-driven services”.</p> <p>The Council has developed targets against which progress is monitored throughout the year through the performance management framework. This framework focuses on outcomes which are important to the well-being of the borough. Targets and indicators have been matched to these outcomes and the Council Plan is focused and organised around these outcomes.</p> <p>Individual service plans are completed as part of the corporate planning process - they demonstrate how each service contributes to the overall delivery of the Council’s vision and corporate priorities, as well as being focused on outcomes. Service Plans are translated and communicated to employees via the Appraisal Process, Team Briefings and the Core Brief via Heads of Service and Business Managers. This process and the overall governance arrangements for the Authority are undertaken annually. The Council also communicates via the website and the Reporter Newspaper for the wider community.</p> <p>Service quality, and being able to demonstrate that services are providing the best value for money are key requirements of the Service Plans and value for money is a key outcome for the council. Managers are required to evidence clearly that the service they provide is making best use of available resources. Benchmarking exercises are undertaken by service areas and also corporately as a means of demonstrating value for money; but the organisation needs to continue to learn more from best practice examples found elsewhere and also needs to understand and reflect customer needs more effectively.</p> <p>The Council continues to monitor the delivery of its services, including ensuring that resources follow priorities (see above) and that customers are satisfied with services being delivered.</p> <p>In addition to engagement and consultation work, the council and its partners across all sectors seek to work together against the key partnership priorities as part of the Newcastle Partnership. A number of projects have been developed, framed by key strategic areas for the Borough Council and its partners. Partners have continued to develop service delivery approaches which are in line</p>

Core Principle 1	Focusing on the purpose of the Authority and on the outcomes for the community and implementing a vision for the local area.
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with citizen requirements and which meet the expectations of citizens. Positive engagement with communities is at the heart of how the Council and its partners work and is a key factor in the Borough Council's drive to become a co-operative council. Locality Action Partnerships continue to be reviewed in order to ensure that they are fit for purpose in delivering positive change for their communities.

A programme of changes to the way consultation is carried out by the organisation has been devised and is in the process of being implemented. Moving away from 'paper and post' surveys, the focus of consultation is shifting towards community based engagement and an emphasis on the role of members as champions for their areas.

The Corporate Complaints Compliments and Comments policy ensures continuous improvement in the services that we deliver by responding and reflecting on the challenges raised by our customers. As part of the Council's continued commitment to improving its services for the customer a Customer Standards Access Strategy ensures a quality assurance process customer needs are met through a variety of access channels in respect of the frontline services that we deliver and a Customer Charter ensures quality assurance and consistency in our interactions with customers. A Customer Case Management Policy enables the Council to deal with customers who display unreasonable behaviour and actions, in a fair and consistent way through adhering to industry guidelines and best practice.

Technology is in place that measures customer demand and preferences and this is used to identify avoidable contact that can be used to enhance our services.

The Council is putting in place a programme of 'channel choice' to increase access to its services by providing greater choice in the ways that customers can contact us, linked to customer preferences and needs

The Council has achieved the Customer Service Excellence award in Customer Services for the third consecutive year

The Third Sector Commissioning Framework continues to demonstrate the Council's commitment to collaborative working. The Council is also a part of the countywide Public Sector Commissioning in Partnership process (the only district or borough council in Staffordshire to do so) and is now examining further ways to commissioning jointly with partners in order to deliver positive outcomes for the borough as a whole.

The Council's Constitution commits the organisation to working in partnership with others to assist with the delivery of its priorities. Before entering into any partnership a full assessment of the aims, objectives, and risks to the Authority of entering into that Partnership is completed. To assist with this process a toolkit is available. All of the Council's significant partnerships have been assessed against the toolkit and all future proposals for partnership working will also be assessed in the same way.

There are four Scrutiny Committees that reflect each of the Council's Corporate Priorities. The Scrutiny Process is internally and externally reviewed to ensure it continues to challenge policy development and decision making in a robust, constructive and purposeful way while developing a partnership with external agencies and authorities to reflect the concerns of the public and communities and impacts on the delivery of public services.

Core Principle 2	Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
<ul style="list-style-type: none"> • 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. <p>The Council's Constitution and Scheme of Delegation set out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to the local people. Further detail is provided via the Council's Financial Regulations. These documents are kept under review by Officers and Members.</p> <p>The issue of how Members and Officers work together is a key one for the organisation, in terms of having the right capacity and achieving maximum levels of performance. Work has progressed in terms of developing scrutiny in the Council, including liaison with chairs of Scrutiny Committees to ensure that the proper leadership is provided when it comes to identifying areas for scrutiny and pursuing lines of investigation. In addition, Members are encouraged to play a greater role in scrutiny and to recognise the positive impact of the scrutiny process on policy development and holding the executive to account. A number of areas of work have shown this to have developed well, including the Council's scrutiny of the HS2 issue and also greater scrutiny of the budget setting process. A number of areas, including those relating to health, have shown a willingness on the part of Members to work across party lines. There is now a much greater incidence of pre-decision scrutiny in a range of key areas of policy development, including work around the Asset Management Strategy. These changes have been reflected in significant developments constitutionally, a process which is ongoing and is now likely to include greater public access at meetings. Finally, Members have shown considerable interest in using more examples of technology to aid their role, including enhanced use of the 'modern gov' software and also the ongoing pilot around the use of iPads in order to access agenda items and other information.</p>	

Core Principle 3	Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
<ul style="list-style-type: none"> • Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff • Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks <p>The Authority's Codes of Conduct for Employees and Members are regularly reviewed and updated. Both Officers and Members are reminded annually of their need to ensure compliance with these codes, and the need to declare any outside interests, private work or the receipt of any gift or acceptance of hospitality. Any instances of non compliance are dealt with under the Council's disciplinary process in respect of Employees and through the Monitoring Officer and the Standards Committee in respect of Members.</p> <p>Members receive training on an annual basis in respect of Ethical Standards. Specific training has been provided to officers in relation to contract management, which covered the principles, set out in the Council's Standing Orders and Financial Regulations and also incorporated the principles of the Bribery Act. AAs part of the Workforce Development Plan a formal training programme for employees will be put in place.</p> <p>The Council's Standing Orders, Financial Regulations and Scheme of Delegation are all reviewed annually and approved as part of the Council's Constitution.</p> <p>A regular programme of work is completed by Internal Audit which reviews the compliance with established procedures.</p>	

Core Principle 3	Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
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All new employees go through a corporate induction process to ensure they are informed of all corporate policies and procedures. In addition regular reminders are given to all employees via the Appraisal Process, Team Briefings and Executive Bulletins. A copy of all Council policies and procedures are available on the internet and intranet sites.

Risk Management continues to be embedded throughout the organisation. Risk Champions work at both operational and strategic levels within all Directorates. All operational risks are aligned to business objectives, whilst at a strategic level risks are linked to the Council's corporate priorities. Risk assessments are in place for all of the Council's significant partnerships and in addition a formal risk assessment is required to be completed for all major projects which are being undertaken within the Council. All reports to members contain a section on risk implications. In addition, the Risk Management Strategy is reviewed annually, including changes to the risk rating process and also the way risks are escalated in the organisation.

Work has continued during 2013/14 to raise the awareness and profile of Information Security. A programme of mandatory training in respect of Data Protection was rolled out via the Council's e-learning facility STeP and all staff have attended Information Security Briefings. The information Security Policies have been communicated to all staff via the 'core brief' from Executive Management Team. In addition all employees are encouraged to report any concerns they have, such concerns or security incidents can be logged via an on-line form on the council's intranet. Members have also undertaken information security briefings to ensure they are aware of and practice the principles of the Data Protection Act. The Council has introduced Policy Management software as a means of communicating and informing staff of its core policies on a regular basis to ensure continued awareness and compliance. The Council has also introduced software in compliance with the Government's Protective Marking Scheme (GPMS).

Core Principle 4	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
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- Undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities*
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful
- Whistle-blowing and for receiving and investigating complaints from the public

The terms of reference for the Audit and Risk Committee are in accordance with the CIPFA model. A self assessment to ensure compliance with the CIPFA model has been completed by the Audit Manager in consultation with the Chair of the Audit and Risk Committee. This self assessment concluded that the Audit and Risk Committee is effective and can be relied upon when considering this Annual Governance Statement.

The Audit Manager has the statutory role of Monitoring Officer to ensure that relevant laws and regulations are complied with and performs this role in conjunction with the Head of Business Improvement, Central Services and Partnerships who has responsibility for the Council's Legal Service. The Executive Director (Resources and Support Services) has the statutory responsibility under Section 151 of Local Government Act to ensure the proper administration of the Council's financial affairs. A Statutory Officers Group which comprises, the Monitoring Officer, Section 151 Officer and the Head of Paid Service meets regularly to monitor the key Corporate Governance issues.

The suggested improvements from the independent health & safety audit have been implemented and a further internal audit of the corporate health and safety function has been undertaken, identifying this service as being 'adequately controlled'. The recommendations arising from this review have in the main now been adopted.

In addition, the Health & Safety policy has been updated. Further training on the use of Target 100 the corporate Health & Safety IT system has been undertaken and the use of the system has been

Core Principle 4	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
<p>extended to include accident and near miss reporting, risk assessments and action planning for Departments. Toolbox talks detailed in Target 100 are also being used to train staff in Health & Safety and safe working practices. A monthly audit monitoring report is created and reviewed at Corporate Health & Safety committee on the use of the system.</p> <p>The Authority continues to review and monitor its arrangements in respect of Information Security to ensure continued compliance to the Government security standards and has recently obtained Government's Public Sector Network Code of Connection (GCSx/PSN) compliance. and to enable the smooth transition to the Public Sector Network (PSN) code of connection</p> <p>The Council has formalised and consolidated its complaints procedures to reflect best practice from the Local Government Ombudsman, which is under the corporate remit of the Customer Relations Officer.</p> <p>The Council's Anti Fraud and Anti Corruption Framework, together with its Fraud Response plan are reviewed and updated annually to ensure that they remain fit purpose. During the course of 2013/14 the Council ran a fraud awareness campaign utilising the National Fraud Authority Toolkit which included a poster campaign and the use of the Councils intranet to deliver daily messages on issues of fraud during the week of the campaign. Work will continue in 2014/15 with a staff survey again designed to assess the level of awareness within the organisation. The results from the survey will then be used to tailor future training and awareness programmes</p> <p>The Authority's Whistleblowing Policy actively promotes officers, members, contractors and the public to report any concerns they may have in respect of any potential wrong doing. A helpline number is included amongst the A-Z list of Council Services. The policy is also available on the Council's website, in addition to this the Authority subscribes to Public Concern at Work, an independent charity set up to deal with any concerns that the Public may have in respect of any potential fraud, corruption or wrong doing. During 2013-14 the Council has received and dealt with 4 whistleblowing allegations.</p>	

Core Principle 5	Developing capacity and capability of members and officers to be effective
<ul style="list-style-type: none"> • Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training <p>A robust recruitment process is followed up by induction training and ongoing training identified as part of the employee appraisal process ensuring that staff are appropriately qualified and trained to undertake the role for which they are employed and to aid succession planning. A Management Development Strategy is in place that incorporates a Competency Framework for senior officers. Senior managers are trained in specific management competencies.</p> <p>All elected members receive induction training. Specific training is provided for members in relation to Financial Management and the Budget Process, as well as more detailed training for members of Audit and Risk Committee, Scrutiny Committees, Planning Committee and Licensing Committee in relation to their roles for that particular committee.</p> <p>A Member Development Programme is now in place and Charter Status has been achieved. Work continues in this area towards the next level of Charter Status. A Member Development Panel ensures that Members receive guidance and support in their work as a councillor, including ICT.</p>	

Core Principle 6	Engaging with local people and other stakeholders to ensure robust public accountability
<ul style="list-style-type: none"> • Establishing clear channels of communication with all sections of the community and other 	

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stakeholders, ensuring accountability and encouraging open consultation

- Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships and reflecting these in the authority's overall governance arrangements.

All meetings of the Authority are held in public, unless the Part II requirements of the Local Authorities (Executive Arrangements) (Access to Information) Regulations 2000, are met in terms of confidentiality. Copies of all the minutes and agendas for these meetings are available on the Council's website.

There are a number of ways of ensuring that the Authority communicates with all sections of the community, including the website, an E-panel, face-to-face engagement and the Reporter newspaper. In addition the Council has a 'Compact' in place to guide the ways in which it engages with third sector organisations. Also the Council's Statement of Community Involvement helps to support its statutory Local Development Scheme.

The Council has carried out a number of significant consultation exercises during the year which have included a public consultation on the budget. This process involved a series of public meetings led by Cabinet members; face to face "come and meet" consultations at locations throughout the borough; turning part of the Civic Offices into a living room for a public drop in coffee morning; the council's website; e-Panel, councillors distributing "mini" budget Reporter and questionnaire in their wards; press and media coverage and use of social media channels.

Consultation on Community Centre provision continued from 2012-13 as well as an extensive consultation with Taxi Drivers regarding disabled access provision for Taxi's that operated within the Borough. In addition consultations also took place in relation to the Cotswold Avenue Play Area in Knutton, play facilities at the Whammy and Dog Control Orders.

Feedback on the outcomes from these consultations was provided by the Councils Website, the Reporter as well as reports to Cabinet and the relevant Scrutiny Committees.

The Council's Financial Regulations and Partnership Toolkit ensure that there are sound governance arrangements in place for all of the Council's significant partnerships.

4.0 Review of effectiveness

- 4.1 Newcastle-under-Lyme Borough 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 the executive directors within the authority who have responsibility for the development and maintenance of the governance and internal control environment, and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 The Code of Corporate Governance adopted by Newcastle-under-Lyme Borough Council demonstrates the Council is committed to ensuring that the principles of good governance flow from a shared ethos or culture, as well as from sound management systems, structures, and processes that are transparent to all its stakeholders. By making explicit the high standards of self-governance the Council aims to provide a lead to potential partners, to the public, private or voluntary sectors and to all citizens.
- 4.3 The Audit and Risk Committee effectively monitors the system of internal control, this has been demonstrated through the completion of a self assessment against CIPFA's checklist on 'Measuring the Effectiveness of the Audit Committee'. The Committee receives regular reports on both the Audit and Risk issues and has demonstrated effective challenge to senior officers in instances of non-compliance; it can therefore be relied upon when considering the Annual Governance Statement for 2013/14.

- 4.4 The Scrutiny function continues to ensure effective monitoring and challenge. There are four Scrutiny Committees that reflect each of the Council's Corporate Priorities. The terms of reference for each of these committees set out to ensure that performance is effectively monitored and challenged
- 4.5 Internal Audit is responsible for monitoring the quality and effectiveness of the systems of internal control. A risk model is used to formulate a twelve month plan which is approved by the Audit and Risk Committee, and from which the annual workload is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Executive Director. The report includes recommendations for improvements that are included within an action plan and require agreement, or challenge, by Directors. The process includes follow ups on a monthly basis, the results of which are reported quarterly to the Audit and Risk Committee in terms of fundamental recommendations and the level of assurance that can be given for that directorate based on the implementation of their recommendations. Internal Audit has continued to receive very positive feedback from External Audit with regards to the coverage of their work and high professional standards.
- 4.6 Internal Audit can provide a level of assurance that the Council's systems of internal control are operating adequately, from their work in 2013/14. Whilst the Internal Audit Service has identified some material deficiencies in controls, the service is satisfied that based upon assurances from Management, action is now being taken to address the issues raised.
- 4.7 A self assessment on the effectiveness of the system of internal control has been completed in respect of the financial year 2013/14. The internal review showed that the system of internal control can be relied upon when considering the Governance Statement for 2013/14. This was informed by the completion of a self-assessment against the checklist for compliance with the Public Sector Internal Audit Standards and Local Government Application Note.
- 4.8 An assessment of the role of the Chief Finance Officer (CFO) has been completed in accordance with the 'CIPFA Statement on the role of the Chief Financial Officer in public service organisations'. The statement produced by CIPFA seeks to strengthen governance and financial management throughout the public sector, in addition it sets out the core responsibilities, personal skills and professional standards that are crucial to the role. It requires that the CFO is professionally qualified, reports directly to the Chief Executive and is a member of the Leadership team. Having undertaken the assessment of the role of the CFO within the Council it can be confirmed that the Authority complies with this statement.
- 4.9 The role of the Head of Internal Audit has been reviewed in accordance with 'CIPFA Statement on the role of the Head of Internal Audit'. The role of the Head of Internal Audit occupies a critical position within any organisation helping it to achieve its objectives by giving assurance on its internal control arrangements and playing a key role on promoting good corporate governance. The main aim of the CIPFA statement is to promote and raise the profile of the Head of Internal Audit within public service organisations.
- 4.10 The Monitoring Officer and Head of Business Improvement, Central Services and Partnerships have a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council keeps the Constitution under review throughout the year, with a report setting out changes taken to Council on an annual basis.
- 4.11 Managers Assurance Statements are produced annually by both Executive Directors and Heads of Service. These statements provide a level of assurance with regards to the adequacy of internal controls within their own Directorate and Service areas.
- 4.12 There are various specialist working groups, i.e. Capital Programme Review Group, Corporate Governance, Information Security, Procurement, and Corporate Health and Safety, that agree, oversee and review the various disciplines giving assurance that the Council complies with statute, identifies and manages its risks.

- 4.13 The External Auditors, Grant Thornton gave an unqualified opinion on the 2012/13 accounts, in their Governance Report. In addition their review of the Council's arrangements for securing financial resilience concluded that the Council had robust financial systems and processes in place to manage its financial risks and opportunities and to secure a stable financial position that enabled it to continue to operate for the foreseeable future.
- 4.14 The Council has a zero tolerance to Fraud and Corruption, the Anti Fraud and Corruption Framework, Fraud Response Plan and Whistleblowing Policy are in place to help deliver our commitment to protecting public funds and ensuring that all Council activities are carried out in accordance with the principles of openness, honesty and integrity. The commitment to deterring fraud and corruption is actively promoted throughout the organisation. Anyone who has any concerns about any aspect of the Council's work are encouraged to come forward and voice those concerns.

5.0 Significant governance issues

We have been advised on the results of the review of the effectiveness of the governance framework as set out in Section 3 of this Statement and a plan to address weaknesses and ensure continuous improvement is in place. The following issues have been identified as issues that need to be addressed in order to further improve the Council's overall governance arrangements;

- To ensure that the Council continues to deliver services that meet the needs of our customers and respond to any issues our customers may have with the current level of service provision. Working with our partners we will ensure that we can deliver effectively and co-operatively against citizen/customer requirements.
- To ensure that our services demonstrate value for money we will continue to review all service areas against best practice and implement actions outlined in Service Plans, in addition we will seek to improve efficiencies across all council services and ensure that the savings identified from this process can be realised.
- To continue to raise the profile and status of Information Security and Governance throughout the Council.
- To continue to raise the profile and increase the awareness among both Officers and Members in relation to Fraud.
- To continue to develop the capability and capacity of officers through the application of the Workforce Development Strategy.

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.

Signed _____ **Councillor Mike Stubbs, Leader of the Council**

Signed _____ **John Sellgren, Chief Executive**

Dated _____