



ANNUAL GOVERNANCE STATEMENT 2012/13

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 2013 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 Corporate Plan (due to become the Council Plan from 2013/14 onwards) sets out the vision for the council and the associated corporate priorities inform the overall business planning process for the organisation in terms of resource allocation and performance management. These priorities were originally drawn from the Borough's Sustainable Community Strategy, produced under the auspices of the Newcastle Partnership. The Strategy is still in place, but the Partnership's priorities have now changed to focus on encouraging economic growth and tackling vulnerability. 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 developing Co-operative Strategy of the Council, 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 has been reviewed and, from April 2013, will focus more clearly on outcomes. Targets and indicators have been matched to 18 outcomes and the Plan is focused and organised on and around outcomes.</p>	
<p>Individual service plans are still 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 learn more from best practice examples found elsewhere and also needs to understand and reflect customer needs more effectively. This process has been taken forward as part of the budget setting process for 2013/14, where functions were prioritised based on a range of different criteria including budget and customer feedback.</p>	
<p>The Council continues to monitor the delivery of its services, including ensuring that resources</p>	

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<p>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 the Council's key strategic areas. Partners have also continued to develop service delivery approaches which are in line with citizen requirements and which meet the expectations of citizens. The review of the Partnership's Community Engagement Strategy is ongoing and is being further developed against a background of the Government's localism agenda and the Council's desire to become a co-operative organisation. Locality Action Partnerships continue to be reviewed in order to ensure that they are fit for purpose in delivering positive change for their communities.</p> <p>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.</p> <p>The Corporate Complaints Compliments and Comments policy ensure 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 Strategy ensures a quality assurance process in respect of the frontline services that we deliver and a Customer Charter ensures consistency in our interactions with customers. 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.</p> <p>The Council is putting in place a programme of 'channel choice' to increase access to it services by providing greater choice in the ways that customers can contact us, linked to customer preferences and needs</p> <p>The Council has achieved the Customer Service Excellence award in Customer Services for the third consecutive year</p> <p>The Third Sector Commissioning Framework continues to demonstrate the Council's commitment to collaborative working, and is being supplemented by a local review of grant based funding. 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).</p> <p>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 has been developed. 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.</p> <p>There are four Overview and Scrutiny Committees that reflect each of the Council's Corporate Priorities. The Scrutiny Process is reviewed (including external review) to ensure it challenges policy development and decision making in a robust, constructive and purposeful way while developing a partnership with external agencies and authorities, it reflects the voice and concerns of the public and its communities and makes an impact on the delivery of public services.</p>	

Core Principle 2	Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
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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 was one of the main areas of focus for the Local Government Association (LGA) Corporate Peer Challenge team. The team visited the Council in October 2012 to undertake a 'health check' of the council in order to provide reassurance that the Council can deliver its future plans through having the right levels of capacity and achieving the maximum levels of performance. In addressing the issue of Member/Officer relationships and working, the Peer Challenge team identified the areas of leadership, governance, decision-making and capacity as key to achieving successful outcomes as covered by this Core Principle. In leadership terms, the team advocated greater visibility for Members and enhanced levels of engagement for all Members of the Council through more effective scrutiny and greater levels of cross-party input into policy development. In addition, the Peer Challenge team argued that the Council should build on good Member/Officer relationships and the ongoing review of the Council's Constitution to develop enhanced levels of pre-decision scrutiny and improved processes at Full Council meetings. Finally, Member development and support was seen as crucial by the Peer Challenge team in terms of developing the 'modern councillor' – one who is able to be an advocate for their community and who uses technology to deal with issues in a timely manner. These identified issues have been collected into an action plan for the Council and significant improvements in the conduct of meetings, together with a greater role for scrutiny in terms of decision making and policy development are beginning to be seen in key areas such as the development of the Co-operative Council.</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 was delivered to officers in relation to Procurement, which covered the principles set out in the Council's Standing Orders and Financial Regulations and also incorporated the principles of the Bribery Act. It has however, been acknowledged that a formal training programme for employees needs to be put in place and this will form part of the Workforce Development Plan</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>	

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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A regular programme of work is completed by Internal Audit which reviews the compliance with established procedures.

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 2012/13 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. 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. 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.

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 Head of Central Services has the statutory role of Monitoring Officer to ensure that the relevant laws and regulations are complied with, whilst 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.

Core Principle 4	Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
<p>In addition, the health & safety policy has been updated. Further training on the use of Target 100 the corporate H&S IT system has been undertaken and the use of the system has been 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's Code of Connection (GCSx) 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 Office, 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 2012/13 these were reviewed against the National Fraud Strategy and the National Fraud Authority Toolkit is being utilised to plan an awareness raising campaign in the forthcoming year.</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 2012-13 the Council has received and dealt with 5 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 Committee, 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.</p>	

Core Principle 6	Engaging with local people and other stakeholders to ensure robust public accountability
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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 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. <p>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.</p> <p>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.</p> <p>The council carried out a number of significant consultation exercises during the year including the first public consultation on the budget for almost a decade. This 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 a "mini" budget Reporter and questionnaire in their wards; press and media coverage; social media channels.</p> <p>A consultation also began on community centre provision in the borough (this is still continuing); an extensive consultation on Site Allocations: Issues and Options and year-round consultation takes place through Service Level Agreements negotiated between the Research Officer and key services including customer services; recycling and waste; Streetscene.</p> <p>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.</p>	

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 2012/13.

- 4.4 The Overview and Scrutiny function continues to ensure effective monitoring and challenge. There are four Overview and 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 2012/13. 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 2012/13. The internal review showed that the system of internal control can be relied upon when considering the Governance Statement for 2012/13. This was informed by the completion of the CIPFA checklist on 'Code of Practice for Internal Audit in Local Government 2006'
- 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 has 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.
- 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, Health and Safety, Staffing Committee and Employee's Consultative Committee that agree, oversee and review the various disciplines giving assurance that the Council complies with statute, identifies and manages its risks.

- 4.13 The Annual Audit and Inspection letter from the Audit Commission gave an unqualified opinion on the 2011/12 accounts. Internal Audit work was relied upon by the Audit Commission. The Letter contained some recommendations which will inform future plans. It recognised improvements and emphasised the need to continue with these.
- 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 throughout the Council.
- To continue to raise awareness among both Officers and Members in relation to Fraud in line with the new national strategy for 'Fighting Fraud Locally'. The National Fraud Authority toolkit will be used to deliver a 'fraud awareness' campaign across the Council.
- 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 Gareth Snell, Leader of the Council**

Signed _____ **John Sellgren, Chief Executive**

Dated _____