

## **GOVERNANCE STATEMENT 2007/08**

### **1. Scope of responsibility**

Cumbria County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, 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 functions are exercised, having full regard to value for money. The Council is responsible for putting in place proper arrangements for the governance of its affairs, including arrangements for managing 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. A copy of the code is attached, together with a diagram showing how the code has been applied (Annex 1A and 1B).

The Governance Statement explains how the Council has complied with the code. It 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**

The governance framework comprises the systems, processes, cultures and values by which the Council directs and controls its policies and activities. The framework also shows how the Council leads and engages communities throughout Cumbria and enables those communities to hold the Council to account. Our governance framework enables us to monitor the achievement of our strategic objectives and to consider whether those objectives have led to the delivery of cost-effective services.

The system of internal control is a significant part of that framework, including the need to manage risk. Internal control systems cannot eliminate all risk of failure to achieve policies, aims and objectives and can only provide reasonable (not absolute) assurance of effectiveness. Rather, control systems help prioritise risks that require particular management. We evaluate the likelihood of those risks occurring and their impact should they materialise, to enable us to manage them effectively. Information on how the system of control is reviewed is included in our annual Use of Resources assessment.

The governance framework has been in place at Cumbria County Council for the year ended March 2008 and up to the date of approval of the Statement of Accounts.

### **3. The Governance Framework**

The key elements of the systems and processes that comprise the Council's governance arrangements include:

#### **3.1 Communicating the Vision and intended outcomes for service users**

The Council, through the Cumbria Strategic Partnership, leads the development of the Community Strategy, the County's 20 year plan. The Community Strategy will be delivered, by the Council and its partners, in part by the Local Area Agreement which is

a three year improvement plan. The Council Plan flows from these two documents as well as deliver the Council's statutory duties and political aspirations. This is supported by clear outcomes for citizens and service users under each theme of the Council Vision, with clearly identified actions. Cumbria's regeneration strategy provides an example of how the public sector bodies, including the Council, Cumbria Vision and the North West Development Agency, are working together to ensure that resources are fully integrated and decision making speeded up, with the Council as the accountable body.

### **3.2 Reviewing the Vision**

The latest draft of the Community Strategy was reviewed by the Cumbria Strategic Partnership Executive on 8 April 2008. The three year rolling Council Plan is reviewed annually by various themed workshops in consultation with Members, Corporate Directors, partners and stakeholders. This ensures that the Council's resources and those of its partners are used in the most effective, co-ordinated way to deliver the Council Vision and prevent duplication and waste.

### **3.3. Effective Partnership Working**

The County Council was recently awarded Beacon Council Status for the work undertaken by partners on the 14 to 19 agenda (Better Brighter Futures theme). One of the reasons why we were successful in the bid was the strength and quality of partnership working. The 14 to 19 Strategic Partnership was described by assessors as "outstanding", playing an important role in joining up local government with public sector partnerships.

We conduct an annual review of the effectiveness of partnerships, including their ongoing relevance and any problem areas. Our significant partnerships include Capita, Amey, Agilisys, Cumbria Strategic Waste partnership etc. During the year, internal and external audit reviewed accountable body arrangements.

The Audit Commission in March 2008 concluded that the Council had taken action to strengthen its accountable body arrangements. Monitoring arrangements in respect of a Council owned company needed to improve to avoid clawback of grant funds. Follow up work by Management Audit concluded that monitoring did improve during the year, and this was further evidenced by CLG Government Office concluding that 'substantial assurance' was gained on the eligibility of third party expenditure on the European Development Fund.

Internal Audit carried out a major review of the first year of Cumbria's Local Area Agreement, focusing on the delivery of stretch targets. The report concluded that there were well established governance procedures in place, and performance and finance data were being collected, with actions for further improvement reported to the Cumbria Strategic Partnership.

In 2007-08 Scrutiny panels undertook 29 reviews in which work of a partnership was a main feature. Some of these involved joint reviews with District Councils, and examples included Waste Management and Street Parking.

Our financial procedures rules set out the principles of effective management of resources when working in partnership, including the setting of clear objectives and management of financial and delivery risks. Governance, finance and performance

protocols have specifically been written for the Local Area Agreement. The Council is committed to improving the effectiveness of partnership working and recognises there is still work for further development, particularly in respect of corporate resources for accountable body and non commercial partnership management.

All our significant partnerships have processes to manage partnership risks and are underpinned by governance and performance management frameworks. The Council's self-assessment process encourages all partnerships to review effectiveness under a number of headings, including governance, risk and financial management.

### **3.4 Effective Service Delivery**

The Annual Audit and inspection letter dated March 2008, concluded that there is a continuing trend of improvement within the Council's services and its contribution to wider community benefits. Services for children and younger people have shown strong improvement. The annual performance assessment of social care services reported by the Commission for Social Care Inspection concluded that overall adequate outcomes were being achieved and the capacity to improve was promising. It was also reported that the Fire and Rescue Authority was making a noticeable contribution to the safety of communities in Cumbria. For the Council to meet its ambition of excellence, the pace of improvement needs to quicken in terms of more consistent delivery, achieving tangible results that make a difference to the lives of residents, and overall value for money for the Council to improve relative to other counties.

The Council has made progress in setting a clear strategy for customer services, with a strong vision, aims and detailed action plan. An Audit Commission review published in November 2007 concluded that the Council was consistently involving users in design and delivery of services through mechanisms such as citizens' panels, user panels and quality of life surveys. The report considered that further progress in improving access to services is needed by Cumbrian local authorities. In particular opportunities for joint working and the potential for efficiency and quality improvements have not been fully explored. This has now been rectified and the County Council and its District Partners and other appropriate partners (Police, Health, Job Centre) are now working together to deliver 28 face to face Council centres around the County, 12 of which will be open during 2008-09.

Our service planning processes ensure that services are developed in accordance with the Council Plan and that there is a clear link between our vision and the articulated outcomes for our services and activities. We measure the effectiveness of our service delivery through the performance management framework. This is supported by a data quality strategy which ensures that Council decisions are based on relevant, up to date and accurate information. Performance and Scrutiny Groups monitored service performance and challenged aspects of service delivery during the year.

The Corporate Contingency Planning Group continues to maintain a focus on both business continuity and emergency planning. Business continuity plans are in place in all service areas and are currently being refreshed in line with the Cabinet Office Business Continuity Management toolkit. Zurich Municipal have facilitated directorate and service sessions to identify critical services. Plan testing, training and exercising is in place. The emergency planning unit is currently being restructured as the Resilience Unit to encompass the broader role of business continuity planning and disaster recovery with a new Head of Service due to take up appointment later in 2008.

The Council has worked in partnership with colleagues in the District Councils to develop a shared customer charter and set of service standards to ensure that the customer experience of Cumbria residents is of a high quality and is consistent. Work is well underway looking at the possibility of shared telephone contact.

The Council has continued to develop good joint scrutiny arrangements with the District Councils, with a particular focus on integrating the scrutiny process into local, area-based governance arrangements.

The Council has a clear and well publicised complaints procedure. Regular complaints reports are produced and communicated to Corporate Directors and thematic performance groups to ensure that issues are identified and acted upon. With the new performance arrangements, there will be regular reports to the Corporate performance Group and the quarterly performance aspects of Directorate Management Teams.

The Council has promoted value for money and has ensured resources are used with full regard to economy, efficiency and effectiveness, securing continuous improvement in the way in which services are delivered and its functions are exercised through:

- Approval of a value for money strategy by Cabinet in May 2007. This sets out the Council's vfm achievements and approach to value for money, bringing together in one document the Council's processes for ensuring value for money. It includes how the Council is embedding value for money in its organisational culture through its financial procures and working arrangements, its reporting to Cabinet and other committees, and how comparisons and benchmarking form an integral part of service reviews and planning
- Service and financial planning to ensure resources are targeted at the Council's priorities
- A programme of efficiency reviews which has achieved the Gershon £20 million savings targets over the three years 2005/6 to 2007/8
- Service reviews as part of the 2007/8 budget delivering savings of £9 million a year, and further savings in 2008/9 and 2009/10
- Use of comparative information and benchmarking to challenge costs and performance
- Challenge and scrutiny through Scrutiny Panels and Audit and Assurance Committee to ensure continuous improvement
- Sound commissioning and procurement based on a corporate procurement strategy
- Effective working with strategic partners and maximising trading opportunities
- A sound track record of attracting external investment, including European and NWDA funding
- Prudential borrowing for capital investment linked to Council priorities

### **3.5 Clarity of roles, responsibilities and required behaviours**

Cumbria's values are articulated in the Council Plan's mission and are described under the headings:

- people and places
- performance
- partnership

Where possible County Council values link to national values, for example, the national Fire service strategy.

Dignity, respect and diversity play a part in all aspects of the Council's daily business. The Council has a detailed action plan for achieving Level 3 of the Equality Standard in 2008/9.

The Council's Constitution contains clearly documented roles and responsibilities for the Council and its committees, supported by procedures, codes and protocols. There are both Members' and Officers' codes of conduct in place. For example, The Anti Fraud Strategy and Response Plan and Ethics Codes have been rewritten, approved by the County Council on 24 April 2008 and promoted through internal publications and training events.

There is an extensive internal and external communications network for both members and officers which includes regular briefings. These are aimed at raising awareness amongst the organisation's work and current issues.

### **3.6 Effective Financial and Risk Management**

The system of financial management includes:

- Financial and Contract Procedures rules, all of which were updated and approved by the County Council during the year
- Comprehensive budgeting systems
- The preparation and regular review of periodic and annual financial reports which indicate financial performance against the forecasts
- Monthly financial reports to Corporate Planning Cabinet Working Group, Corporate Management Team and members
- Setting targets to measure financial performance against Corporate themes (objectives).

Following County Council approval a new financial system (E5) was introduced from December 2007 to improve overall financial management and control within the Council. The system was introduced on time and cost and includes a range of new and improved reporting facilities. The Corporate Planning Cabinet Working Group, which is chaired by the Deputy Leader of the County Council, regularly assesses Financial Management arrangements.

The system of risk management includes:

- The Corporate and Service planning process with an annual risk refresh in accordance with the Council's risk management strategy and Cabinet approving corporate risks.
- Reporting on strategic risks in the corporate risk register quarterly to Corporate Performance Group, Performance Group A, Corporate Management Team and the Audit and Assurance Committee. Directorate risk registers are reported regularly to their management teams and to the respective Performance Groups.
- The Risk Management Group meeting quarterly and being at the forefront of the integration of performance and risk reporting.
- Working in conjunction with the Policy Unit to risk assess the Council's priorities set out in the Council Plan as part of the review of the medium term plan.

The Audit and Assurance Committee reviews and oversees the work of the County Council's external and internal auditors and the Council's risk management activities, to

provide independent assurance of the adequacy of the risk management framework and control environment and oversight of the financial reporting process.

### **3.7 Legal and regulatory compliance**

There is a mechanism in place to identify principal statutory obligations. Qualified legal, policy, service and financial staff are employed by the County Council, who keep abreast of statutory changes. The Head of Legal Services produces regular bulletins on current legislation and associated issues. Their duties are outlined in the Constitution.

The Council approved the revised code of conduct for Members and there is strong adherence throughout the Council to ensuring the proper conduct of public business. Registers and declarations of interest and hospitality operate effectively. The Standards Committee, the Audit and Assurance Committee and Internal Audit all provide assurance that high standards are maintained, and in 2007/8 additional training was provided on ethics and counter fraud, with key messages being communicated across the Council through update newsletters.

During 2007/8, the Council revised its Anti-Fraud Strategy and Response Plan and publicised its procedures for whistle-blowing and for investigating complaints from the public. Through this work the Council has implemented more up-to-date and effective procedures in these areas.

### **3.8 Member and Officer development**

The Council has a Member Learning and Development Strategy and a Member Learning and Development programme.

The Council has Investors in People accreditation which was retained in 2007. This is supported by an appraisal and learning and development planning process in all Directorates. The Council was awarded the North West Charter of Member development in November 2007.

### **3.9 Community Engagement**

The Communication strategy outlines how the Council promotes its vision. There are multiple channels of communication with the public which include: Council website; Residents magazine – Your Cumbria; targeted information for particular groups – e.g. parents, school movers, teenagers etc. All communication products are tested and evaluated with the target audience.

The Council's Community Engagement Framework clearly identifies the way in which CSP members will engage with Cumbria's communities. The Council's internal Community Engagement Charter makes firmer commitments. These will be assessed as part of the new "duty to involve". The first audit of this activity will take place in September 2008, prior to the duty coming into force.

The Council can evidence the value of community engagement through a wide range of activities including over 300 public neighbourhood forums each year. These are used for consultation, local place shaping and addressing issues of public concern. The latter issues are identified and tracked. Staff seek resolution internally and with strategic partners. Outcomes are reported to councillors, neighbourhood forums and local committees.

The Council has a Public Participation Scheme which allows the public to ask questions and present petitions at the majority of the Council's decision making committees.

Scrutiny has focused increasingly on community engagement, with 20 reviews in 2007/8 involving consultation with service users or the public. This has been a particular feature of the work of the Health and Well-Being Scrutiny Committee. Other examples have included scrutinising the issue of personal debt and raising public awareness of the work of Citizen's Advice bureaux, Credit Unions and Housing Associations.

Some outreach work is undertaken through the Community Unit to ensure that hard to reach groups engage with the Council.

The Council has responded to inward migration by being one of the first to produce a migrant welcome pack which explains how to access council services in a range of languages.

#### **4. Review of effectiveness of Governance arrangements**

The Council is responsible for conducting, at least annually, a review of the effectiveness of our governance framework including the system of internal control. The review of effectiveness is informed by the work of Corporate Directors and Heads of Service within the authority, who have responsibility for the development and maintenance of the governance environment. Corporate Directors have carried out an annual self assessment against best practice internal and corporate governance controls. In addition a Corporate Governance Group was set up to review the Council's compliance against the CIPFA/SOLACE Governance principles. It is also informed by our Internal Auditor's annual report and by comments from our External Auditor and other review agencies and inspectorates.

#### **5. Processes for maintaining and reviewing the governance framework's effectiveness**

The Constitution sets 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 local people. A key effectiveness review mechanism is a member led Constitution Review Group which keeps the Constitution under regular review, with the last changes being approved by the County Council in April 2008.

The Constitution is supplemented by various procedure rules and protocols, including: Council Procedure Rules; Budget and Policy Framework Procedure Rules; Executive Procedure Rules; Overview and Scrutiny Procedure Rules; Financial Procedure Rules; Contracts Procedure Rules; Members' Code of Conduct and Officers' Code of Conduct.

There is a scheme of delegation which regulates the Council's formal decision-making process. Decisions are made by decision-making bodies on the basis of reports prepared by officers which must follow a set format requiring a range of information to be provided within the report. The Constitution sets out the basis on which decisions are defined as 'key'. All reports state whether the decision is an Executive Decision and whether a decision is a 'key' decision requiring it to be published in the Leader's forward plan. Papers and decisions relating to all the Council's main Executive and Overview and Scrutiny bodies are published on our website – [www.cumbria.gov.uk](http://www.cumbria.gov.uk).

The Council approves the budget and policy framework. It ensures that changes to the policy framework improve or maintain the effectiveness of our governance arrangements.

The Corporate Performance Group and Scrutiny Panels review the Council's performance against key performance indicators and assess key corporate risks to ensure that sufficient mitigating action is taken to manage corporate risk.

The Standards Committee ensures high standards of conduct by Members of the Authority. It advises on the adoption or revisions to the code of conduct for Members. It monitors the effectiveness of the implementation of the code of conduct and makes recommendations in relation to any alleged breach of the code.

The Head of Management Audit reports quarterly to the Audit and Assurance Committee, Performance Group A, Scrutiny Panel A, other Member Groups as directed, and to Corporate Directors. Internal Audit provides synopses of the results of audits, follow up audits, investigation work, and gives an overall, independent opinion on the adequacy and effectiveness of the system of internal control. The Head of Management Audit takes an annual report to the Audit and Assurance Committee providing an opinion on the effectiveness of internal controls in the preceding year, receives reports on the arrangements for the production of the governance statement and considers any significant issues. In addition, the Audit and Assurance Committee is kept up to date concerning progress in improving internal and governance controls.

## **6. Significant governance issues**

The significant governance issues to be addressed during 2008/9 include:

- Further strengthening Cumbria area governance arrangements when working in partnership, including the Cumbria Strategic Partnership, the Local Area Agreement and related significant partnerships.
- A review of the effectiveness of the Scrutiny function has been carried out by the Centre for Public Scrutiny. Issues considered include developing Scrutiny's role in performance review and scrutinising issues at a local level.
- In 2008-09 Chief Financial Officer and Chief Legal Officer posts have been created strengthening governance issues.
- Continuing attention to be paid to corporate risks and risk management arrangements.
- Continuing action on income collection and debt management.
- Strengthening of a corporate resource to manage the growing accountable body agenda.
- Improving the Council's arrangements for resilience planning by making this a specialist function managed by a Head of Service under the direction of the Corporate Director Safer and Stronger Communities.

During 2007/8 the Council has monitored actions arising from the 2006-07 Statement of Internal Control, current developments being shown in Annex 1C.

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:** .....

(Leader)

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(Chief Executive)