

Waverley Borough Council

Annual Governance Statement 2008/09

Scope of Responsibility

1. Waverley is responsible for ensuring that its business is conducted in accordance with the law and the proper standards, and that public money is safeguarded and properly accounted for, and is used economically, efficiently and effectively. Waverley also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
2. In discharging this overall responsibility, Waverley is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk. In 2007/08 Waverley approved and adopted a Code of Corporate Governance, which accords with the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government". This Statement has been prepared in accordance with the proper practices as defined in the Code. A copy of the Code is available on the Council's website. Actions were identified at the time of its adoption to enhance compliance, and the progress was reported to the Audit Committee in November 2008.
3. The purpose of this Statement is to explain how Waverley has complied with the principles of 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 an Annual Governance Statement. It has been prepared in accordance with the guidance set out in the Code. Where there is scope to improve current arrangements when compared with the Code, the actions have been identified and are contained in the attached Annexe.
4. The Annual Governance Statement underpins the Corporate Plan 2008-11 and other key corporate strategies, including the medium term financial strategy, the workforce plan, equalities and diversities action plan and the Council's environmental policies. It also sits alongside the other governance codes and policies. It has been prepared with the assistance of the Council's Corporate Management Team and heads of service. It should be considered in the context of the Statement issued by Waverley in respect of 2007/08, as it builds upon the position as at the 31st March 2008 and outlines the various actions that have been taken since then up to and including May 2009.
5. The evidence for this Statement is drawn from Council, committee, special interest group, Corporate Management Team and Heads of Service Team work. The work of officer specialist working groups (e.g. Risk Management, Corporate Governance) and of internal and external audit and any other review agencies is also taken into account.

The purpose of the governance framework

6. The “governance framework” comprises the systems, processes and controls, and the culture and values by which Waverley is directed and controlled and its activities through which it accounts to, engages with, and leads, the community. It enables Waverley to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
7. The system of internal control is a significant part of that framework and is designed to manage, but not eliminate, risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of its effectiveness. The system of internal control is based on a continuing process designed to identify and prioritise the risks to the achievement of Waverley’s policies, aims and objectives, to evaluate the likelihood of those risks actually occurring and their impact they would have, and to manage them efficiently, effectively and economically.
8. When the Code of Governance was adopted, an action plan was identified that would address areas where the Council’s approach could be strengthened. An interim report was taken to the Audit Committee in the autumn of 2008, which reported on the progress against the action plan. Good progress was reported, although it is important to keep the Council’s policies and practices under review, and to that end the action plan will be refreshed during 2009/10.

The governance framework

Identifying and communicating the authority’s vision of its purpose and intended outcomes for its citizens and service users

9. The Council agreed its new vision and corporate plan in 2007/08. This sets the direction of the Council for the 4-year period until the next elections in 2011. It contains details of the Council’s medium-term financial strategy, which covers the period of the Plan. The Corporate Plan has been printed and made available to the public. It is also available from the Council’s website.
10. It follows that individual services must support achievement of the Corporate Plan’s priorities. The Council amended its process for preparing service plans to ensure that there was a much clearer link established between each service and the Corporate Plan, so that service heads had to identify the actions that were required from them. This required a fresh consideration of the means of service delivery, the means of dealing with and assessing requests from the public; practice adopted some while ago may no longer be appropriate to the Council’s priorities. The Service Plans were considered by the Corporate Management Team to ensure their appropriateness before being presented to the Executive.
11. Mid way through 2008/09 an assessment was made against the achievement of the Council’s priorities. The results were very pleasing, with a very high level of achievement identified. The results were posted on the Council’s website, as well as being made available through the traditional committee papers. Many key targets and milestones had been reached.

12. The Council acknowledged that website development had not kept pace with best practice. Whilst in the early years when websites had been a relatively new facility when Waverley had won several awards, many other websites had since been modernised. Therefore a new website was launched in April 2008 in order to improve the level of information made available to the public and to make it more easy to access. Since then the homepage has been updated daily as necessary, and services have striven to ensure their own pages are updated as often as required. A web editors group has been set up to monitor achievements and identify future improvements.

Reviewing Waverley's vision and its implications for the Council's governance arrangements

13. The Corporate Plan covers the period of the current administration to 2011. The Council has agreed which will be the key performance indicators and has set targets for performance. The annual budget is set to accord with the Corporate Plan and the Council's financial strategy. Operational performance is scrutinised by the Council's Overview and Scrutiny committees, and the Audit Committee reviews financial process and organisational controls.
14. Regular revenue budget monitoring takes place throughout the year, and reports are taken to the Executive that highlight variations and provide information on changes in trends and circumstances. Throughout 2008/09, in order to address historical trends that show the capital programme was often under spent, regular review of the progress on capital programme projects was undertaken with the involvement of the Finance Portfolio Holder and the Chief Executive. The ground is therefore established from which a more proactive approach is being fostered. This resulted in the early identification of slippage and the re-allocation of funds to new high priority projects that meet corporate objectives.
15. The new range of performance indicators required new reporting arrangements, underpinned by sound systems for data gathering and analysis. The Council was disappointed that errors and inconsistencies were identified in its data quality arrangements, particularly in subsidy and grants claims submitted for audit. These problems occurred despite the Council's adoption of a data quality code.
16. Therefore further internal reviews of such claims and performance indicator results were commissioned by management, allowing for resources within the Internal Audit Plan for 2009/10 to undertake such work on a timely basis. An action plan has also been produced that addresses the known concerns of the Audit Commission, the Internal Audit team and service heads.
17. The Council successfully reported the results on a quarterly or other agreed, appropriate basis of its adopted performance indicators. Sub committees of the overview and scrutiny committees consider the results, and individual performance concerns are addressed as part of the service planning process.

Established, clear channels of communication with all sections of our community and other stakeholders, ensuring accountability and encouraging open consultation

18. A Citizens' Panel is consulted on major projects and policy initiatives. A Tenants' Panel has been established and its representatives are members of the panel charged with the development and implementation of an action plan to improve the housing and related services. Businesses are consulted annually regarding the Council's budget at the annual ratepayers' meeting and regularly via the Waverley Business Forum.
19. Internal consultations also take place as appropriate. Service heads liaise with each other as appropriate when preparing policies and/or making changes to operational methodologies. Staffside, a group of staff representatives, is consulted on changes to conditions of employment, matters of staff conduct and pay negotiations. Working groups of officers, membership of which may be extended to members as applicable e.g. the relevant portfolio holder, are formed to steer new initiatives and other key matters, the membership being drawn from all departments thus helping to ensure corporate coordination. Regular briefings of staff are undertaken such as the fortnightly cascade briefing, and there are regular fortnightly Corporate Management Team, Heads of Service Team and Connect For meetings.
20. Arising from the consultation meeting with business ratepayers, the Council commenced consultation with local businesses and their representative bodies such as the Chamber of Commerce and Federation of Small Businesses. The purpose is to amend the ways in which Council contracts for goods, works and services are advertised in order to provide greater clarity and, importantly, greater opportunity for local businesses to bid for those contracts. This work will move forward during 2009/10.
21. A place survey was undertaken during 2008/09. This surveyed a sample of residents/households for the comments and views about the area where they live. The data received from this will be used in the planning of services in future years. The data will be updated each time a repeat survey is undertaken.
22. The Council identified that its performance in the area of equality and diversity should be improved. Within 2008/09 each service was required to undertake an equality and diversity impact assessment, and these were used to inform the preparation of a corporate impact assessment. This was published on the website. To help ensure that service delivery considerations take account of equality and diversity issues, all members of Waverley's staff are embarking upon completion of a certificated qualification in equality and diversity awareness. The Council has established a Faith Forum and Disability Forum to comment on a range of issues.
23. Through a mixture of self-assessment and external verification, the Council achieved level 2 of the Equalities and Diversities framework. This demonstrates the commitment to ensuring that consultation is properly undertaken and the results are analysed with due heed to the relevant considerations in order to shape future service delivery.
24. A review of consultation strategies was commenced. Officers are seeking to link consultation exercises to key services and corporate priorities.

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

25. The Council's Constitution contains many of the documents that guide and regulate the way in which Council business is conducted. It contains definitions of the roles and functions of the various postholders and the committee roles and terms of reference. Committees regularly review their terms of reference and make appropriate recommendations to the Council for amendments thereto.
26. The Council's Constitution sets out the requirements by which overview and scrutiny committee may call-in decisions of the Executive for review, or may undertake reviews of their own. The Constitution also sets out the terms of reference of all committees, including overview and scrutiny committees and the Audit Committee, which oversees production of financial and other performance data and reports.
27. It was reported in 2007/08 that as part of the Council's preparatory work towards achieving the South East Employers' Charter for Member Development, in January 2007 the Council approved role descriptions for the Leader, Mayor, Executive Members, Overview and Scrutiny Committee Chairmen and Regulatory Committee Chairmen. The Council was awarded the Member Development Charter and the Mayor presented the certificate to the Council in March 2009.
28. A forward programme is published that lists forthcoming items of business for the Executive. Meetings are open to the public, and only a very small amount of business is excluded from the press and public for a limited number of prescribed reasons. All key meetings are webcast, to which the Council has reaffirmed its commitment. A "call-in" procedure is open to members of Overview and Scrutiny Committees, giving the opportunity to examine decisions of the Executive before they are implemented. Roles and responsibilities are defined and laid down in a number of Council documents, the key ones being:
- The Constitution *
 - Scheme of Delegation
 - Financial Regulations *
 - Contract Procedure Rules *
 - Codes of Conduct (for both members and staff)
 - Member/officer protocol *
 - Planning Code of Conduct*

Those marked with an asterisk (*) were reviewed during 2008/09. Additionally, a new Monitoring Officer Protocol was adopted; a new Acceptable Use of IT Policy for staff was issued, and work commenced on producing an Acceptable Use of IT policy for Council members.

29. The Council restructured its departments during 2007/08 in order to re-align services and achieve a more streamlined approach to service delivery. This was further refined in the light of developments throughout the year. A formal review of the restructuring was undertaken during 2008, which affirmed that the

new structures were working well with a greater level of delegation to service heads to ensure that service delivery is given a high priority.

Developing, communicating and embedding codes of conduct and defining the standards of behaviour for members and staff

30. Waverley members have signed the national Code of Conduct, thereby undertaking to act in accordance with the standards of behaviour that it extols. The Council also has a Code of Conduct for members of staff, which it intends to review; it is anticipated that this will be completed in 2008/09.
31. Training was provided for staff on the new IT Acceptable Use policy, and training was provided to members of staff of the Planning service on Contract Procedure Rules. The latter was in response to an identified specific need as the service does not let many contracts but had recently been charged with procuring several pieces of specialist research work, and staff knowledge and understanding of the issues that affect tendering and award of contracts. The induction training for new members of staff is kept under review, and contains a session that outlines the importance of the various codes, policies and procedures. The induction course is mandatory for all new members of staff.
32. It is expected that the Council's partners, such as other public authorities and contractors, ensure that they conduct their business according to the same standards with requirements specified in contracts. This was an area of work that heads of service will be required to enhance in 2008/09. The constitution of the Local Strategic Partnership was amended as it was merged with the Safer Waverley Partnership. This makes for a more effective Crime and Disorder Reduction partnership (which sits below the Safer Waverley Partnership). The
33. It has been mentioned that a new Member/Officer Protocol was adopted, and a Monitoring Officer Protocol was introduced during the year. These protocols make clear distinctions between the various roles of members and officers, and give authority to all concerned to underpin their actions or resolve disagreements when necessary.
34. A programme of monthly training sessions for members takes place to support the Member Development Charter, covering a wide range of topics. Training on the new Planning Code of Conduct will be provided as part of this programme.
35. The Council commenced a review of employment policies, some of which have been mentioned. Other policies that have been reviewed include the following:
 - Workforce plan
 - Flexible working
 - Car allowances
 - Special allowances – honoraria, acting-up
 - Union agreement
 - Managing change
 - Carers policy
 - Equal pay
 - Learning and development

- Aggression at work
- Absence
- Terms and conditions of employment
- Maternity/paternity
- Stress (preceded by a stress survey)
- Disciplinary and grievance
- Recruitment and selection
- Managers' and Employees' handbooks.

The consequence of this work is that Waverley's codes and policies are fit for purpose, helping therefore to create an appropriate culture and ethos within which working practices can develop.

36. A leadership skills assessment was commenced in respect of senior staff. A programme of personal development was devised for each of the service heads, and the Human Resources team is preparing a training programme to deliver the specific training requirements identified.
37. The annual appraisals for staff are an important element in the process for identifying training needs. The process was amended in 2008 to include 360° assessments for the Chief Executive and the strategic directors.
38. The Council was reaccredited with the Investors In People standard. In placing staff development at the heart of the Council's activities, the motivation and enthusiasm of members of staff is positively influenced which, in turn, will have a positive effect on service delivery and development.
39. It is pleasing to record that Waverley was ranked 15th in the Sunday Times' Best Councils award. The Council's members of staff were invited to vote, and the results judged which led to the award. Such recognition of the good work undertaken by an external body is a sound endorsement of the Council.

Whistleblowing and receiving and investigating complaints from the public

40. The Council reviewed and revised its anti-fraud and corruption strategy in June 2008. The revisions take account of the growth in partnerships and the reliance upon contractors in service provision, and a key aim is to ensure all the Council's partners support the Council in its endeavours to combat both fraud and corruption in its business dealings.
41. The Standards Committee implemented the revised national framework for receiving and dealing with complaints about member conduct. The Council's Standards Committee received two complaints about member conduct and referred both for investigation by the Monitoring Officer. By the end of the financial year, only one had been completed (in which it was agreed the actions central to the complaint were outside the scope of the Code of Conduct).
42. The system for dealing with and responding to complaints about service delivery was reviewed and revised during the year. The new process contains a three-tier categorisation, which denotes escalation (level 3, for example, is investigated by the Chief Executive). The Council is keen to use the information and lessons learned to improve service delivery on a corporate basis, and the results are analysed and reported to the Executive on an annual

basis. The Council has continued its record of not having any Ombudsman findings of maladministration against it, and has significantly improved its response times to both Ombudsman and internal complaints.

43. The Housing Benefit Investigation team continues to receive and investigate reports of suspicions of abuse of the housing-related benefits scheme. This service has its own strategy and prosecution policy against which reports are assessed and prioritised.
44. Other investigations were referred to the Internal Audit team. These included a mixture of staff disciplinary-related matters, theft of Council monies, application of Contract Procedure Rules and suspected irregularities (in the case of the latter affairs were found to be in order).

Reviewing and updating standing orders, financial regulations, scheme of delegation and procedure notes/manuals that define how decisions are taken and the processes and controls required to manage risks

45. There is an annual review in March/April (the most recent being April 2008) of the Council's Contract Procedure Rules and Financial Regulations, with interim changes also being made as and when the need arises. However, no review was undertaken in April 2009 pending anticipated developments in procurement. These developments have been slow coming forward, and the review is planned to take place by September 2009.
46. The Council's risk management strategy and risk registers were reviewed and revised during the year. It is important to keep these documents under review to reflect changing relative priorities, developments and changes to circumstances. Risks are mapped against the Corporate Plan, and the Risk Management Group will monitor mitigation actions.
47. The Audit Committee also monitors major risks. Following an Internal Audit report in 2006/07, and a high-risk assessment of the Council's IT management arrangements by the Audit Commission, the Committee received regular update reports on the implementation of a Government-led standard in IT management known as Information Technology Infrastructure Language (ITIL). The progress has been good, and as a consequence the Audit Commission is now revising downward its assessment of the risk.
48. The risks to the Council arising from fraud and corruption were assessed during the year. The service heads undertook the assessment, and action plans were devised. These will be progressed during 2009/10, monitored by the Internal Audit service, with reporting to the Audit Committee on progress.

Compliance with relevant laws and regulations, internal policies and procedures, and ensuring that expenditure is lawful

49. The Corporate Management Team (CMT) considers all key reports that are taken to the Council, the Executive or any other of its committees. This Team consists of the Chief Executive and the strategic directors. Its membership was increased in 2008/09 with regular attendance by the Head of Housing, the Head of Finance and Performance and the Head of Democratic and Legal Services. Senior managers are invited to attend the meetings to discuss their reports. There is a requirement placed upon the authors of reports to ensure that the

necessary legal and financial expertise is obtained before a report is signed-off as ready for publication, and the appropriate officers make such guidance available to the authors of reports. Where considered appropriate, specialist advice is sought from external providers, as was the decision in respect of the project to refurbish some of the Council's sport and leisure centres. This included both legal and construction-related advice.

50. There was no change in the three statutory officers who are jointly and severally responsible for ensuring that business is transacted in accordance with the law. These are the Head of Paid Service (a responsibility for overseeing the Council's staffing structure and making recommendations for changes, which is a position filled by the Chief Executive), the S.151 Officer (the responsibility for the financial administration of the Council, which is the Deputy Chief Executive) and the Monitoring Officer (who has a duty to draw to members' attention any proposal that does not comply with the law, the position being held by the Head of Internal Audit).
51. When a significant change in law, that affects the Council's statutory duties, is made then this is reported to the CMT, and will then be cascaded to all staff through the cascade briefing process. There is also a monthly briefing session for senior members of staff that covers current issues, where the opportunity is available to explain in more detail the developments. The attendees are expected to report back to their colleagues with the key messages.
52. Following the Joint Area Review of Surrey County Council's arrangements for safeguarding children, Waverley took steps to ensure its staff members were trained in the matter, including safeguarding vulnerable adults. The service heads received training in the subject, and then proportionate training for other members of staff was provided. It is important that Waverley pays proper attention to such a sensitive and potentially distressing matter and fulfils its duties.

Measuring the quality of services for users, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources

53. The Community and Environment and Leisure overview and scrutiny committees operate a sub-committee to regularly review performance. Central to this are the results of the performance indicators that the Council has adopted as its key indicators. A new performance Management Framework was launched early in the year to ensure that the new national indicators were fully implemented and that a full range of local indicators was developed to reflect Waverley's key service priorities and objectives.
54. Achievement of value for money requires a number of actions. One is to have high performing services, and this is measured through the performance indicator results and comparison with other similar authorities. This is an area in which the Council does not have a standard of approach and commitment, and will be addressed in 2009/10.
55. Waverley's Efficiency Strategy was refreshed in 2008/09 in the light of the Government's new value for money framework. The Council is confident it will build on its success in the Gershon period and continue to achieve high levels of efficiency gains.

56. Another aspect of value for money is the level of spending. Budgets were again examined in detail through the “Star Chamber” process, which was introduced as part of the budget-setting process in 2007/08. A significant level of revenue savings was identified amounting to £1.8m. These savings were incorporated into the Council’s revenue budget for 2009/10.
57. Over the past year there has been turmoil in the financial markets. During this time Waverley amended its operating procedures for managing its cash deposits. No monies have been placed at risk owing to collapse of banks or other investment institutions as a consequence. The Treasury Management policy was revised in response to the market developments.

Council Committee Structure

58. The responsibilities of the Council’s various committees are defined within their terms of reference, which form part of the Council’s Constitution. Committee review their terms of reference, and make recommendations for changes to the Council for consideration and decision. The Executive is responsible for agreeing policy and for taking key operational and strategic decisions.
59. Overview and scrutiny committees consider the applicability and implementation of Council policies and practices; the Audit Committee oversees the systems of internal control and governance (including the maintenance of the financial systems and the production of the Statement of Accounts), the Standards Committee is responsible for ensuring members’ conduct is in accordance with the Code of Conduct, and the licensing and planning committees are responsible for taking decisions on applications received from members of the public.
60. The Council’s Constitution Special Interest Group maintains an objective view on various matters. It monitors the way in which the Council organises and conducts its business and makes recommendations to the Executive. Special interest groups are also a fundamental part of policy and decision-making at Waverley. They are small groups of councillors who look in detail at a specific subject area and inform the relevant Executive portfolio holder.
61. There were no changes to the committee structure during 2008/09, although the Audit and Standards committees reviewed their terms of reference in the light of changes in circumstances and regulatory requirements.
62. During 2007/08 the planning committees were re-organised in response to public, town and parish council and member opinion and area-based committees were re-introduced. The planning committees determine the planning applications that are not delegated to officers. The Development Control Consultative Forum process has been in place since 2005 and has been assisting applicants in providing them with councillor and community feedback before finalising their proposals.
63. Waverley’s committees are structured and populated in such a way as to ensure objectivity in scrutiny, audit and standards matters. The overview and scrutiny (O&S) committees’ membership excludes members of the Executive, as does the Audit Committee’s. The O&S committees have a role to challenge policy and examine/review implementation of policies and the effectiveness and development of policies.

64. The Standards Committee is responsible for setting the standards of conduct and behaviour of Council members, including an overseeing role in respect of town and parish councils. It has three independent members, one of whom chairs the Committee, and two representatives of town and parish councils.
65. The Audit Committee acts as the body “charged with governance”. It receives and approves the annual Statement of Accounts and has opportunity to challenge the Council’s accounting policies and practices. It also receives reports from the Council’s external auditor, and is responsible for ensuring actions agreed in response to recommendations are enacted. It plays a similar role in respect of recommendations made by Internal Audit.
66. There are regulatory functions that are determined by the Licensing and Regulatory Committee and Sub-Committees. These make decisions on applications from members of the public for various licences including gaming, entertainment and sale of liquor.

Future improvements

67. In addition to the actions that have been outlined in the preceding sections of the Statement, and whilst the actions identified in 2008 to implement the Council’s Code of Corporate Governance have been addressed, there is scope for further improvement in future. These are as follows:
- Officers will work with councillors to identify ways of strengthening compliance with the Code of Governance.
 - Continue the improvement in data quality to ensure information systems are robust, have integrity and a full audit trail.
 - Improve project management, with the adoption of a particular standard approach. Project management principles can be applied to a wide range of topics, and will provide benefit to many different services.
 - Procurement activity now needs to move to a higher level of activity, to prepare a new procurement strategy and develop an action plan and further improve value for money.
 - Combating fraud and corruption is an important strand in the Council’s business dealings and greater publicity could be attached to this. A suitable publicity strategy will be prepared.

Level of assurance

68. This Annual Governance Statement demonstrates that the systems and processes that comprise Waverley’s governance arrangements provide a comprehensive and consequently high level of assurance to the Council.

Certification

69. This Governance Statement has been prepared by officers with knowledge of the key governance issues. They have compiled a list of items of evidence to support an assessment against the Council's Code of Corporate Governance and to support the action plan mentioned above. That assessment has been referred to in the preparation of this Governance Statement, which also draws upon the knowledge and understanding of those officers.

70. We therefore commend the Governance Statement to the Council.

Signed

Leader of the Council

Chief Executive

Comms/audit/final ags