

Annual Governance Statement 2010/11

Scope of Responsibility

1. Waverley 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 is used economically, efficiently and effectively.
2. In discharging this overall responsibility, Waverley must put in place proper arrangements for the governance of its affairs to help it exercise its functions which includes arrangements for the management of risk. Waverley's Code of Corporate Governance 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.
3. The purpose of this Annual Governance Statement (AGS) is to explain how Waverley has complied with the principles of the Code. It also meets the requirements of Regulation 4 of the Accounts and Audit Regulations 2011 in relation to the publication of an Annual Governance Statement. Where there is scope to improve current arrangements when compared with the Code, the actions have been identified and are contained in the action plan at the end of this Statement.
4. The Annual Governance Statement underpins the Corporate Plan 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 has been prepared with the assistance of the Council's Corporate Management Team (CMT).
5. The evidence for this Statement is drawn from Council, Executive, 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 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 how it achieves 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 it provides reasonable assurance of its effectiveness. The system of internal control is based on a continuing process designed to identify and prioritise the risks to achieving Waverley's policies, aims and objectives.

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. It is important to keep the Council's policies and practices under review, and to that end the action plan was refreshed during 2010/11 and a number of items have been included in the plan that are for completion in 2011/12.

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 Corporate Plan 2008 –11 'Town and Countryside Together' in February 2008. This set the direction of the Council for the 4-year period until the Council elections in 2011. It contained details of the Council's Medium Term Financial Strategy, which covers the period of the Plan. The Corporate Plan was printed and made available to the public, and all staff were given a summary version. It is also available from the Council's website.
10. Individual services support the achievement of the Corporate Plan's priorities. The Council amended its process for preparing service plans in 2009/10 to ensure that there was a much clearer link established between each service and the delivery of the Corporate Plan priorities. The service plans set out the key priorities and targets for each service for the coming year. In January 2011 'Challenge Sessions' were held for each service's draft service plan for 2011/12 including the Portfolio Holders, Leader and Corporate Management Team to ensure that the plans were robust and accurately reflected the Council's priorities. Service heads presented their plans to a joint meeting of all overview and scrutiny committees before they were finally agreed by the Executive in March. Progress against service plan actions is monitored using 'Covalent', Waverley's performance management software.
11. An annual report is produced highlighting progress and achievements against the Corporate Plan targets and reported to the Executive. In March 2011 this report was produced covering the whole period of the Corporate Plan. The report was very positive, 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. The Council has now formally adopted the 'Strong Leader' model for executive arrangements following consultation with the Citizens' Panel on governance.

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

12. The Corporate Plan covered the period 2008-11. The Council agreed which were the key performance indicators, and these were aligned to the Corporate Plan priorities. The list of indicators and future targets for performance are kept under review by the Overview and Scrutiny Committees and the Executive. 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, policies and organisational controls.

13. 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 2010/11, regular review of the progress on capital programme projects was undertaken with the involvement of the Finance Portfolio Holder and the Chief Executive. This has resulted in the early identification of flexibility in the capital budget needed to respond to fluctuations in revenue income. This review process ensures that funds can be quickly re-allocated to high priority projects that meet corporate objectives.
14. The Council continued to report performance information to Corporate Management Team on a monthly basis, with Heads of Service subject to challenge if performance was below target. Quarterly performance results were considered by the Overview and Scrutiny Committees and the Executive. Two of the Overview and Scrutiny Committees had specific 'Performance Sub Committees' which went through the reports in detail with officers and reported their findings, concerns and recommendations back to the main Committees.

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

15. Waverley's Citizens' Panel was refreshed in 2009/10. An external consultant was appointed to recruit to the new panel to ensure that it was as representative of Waverley's demographics as possible. The first consultations took place with the new panel in the summer of 2010 and a further consultation took place in March 2011. The Tenants' Panel is charged with the development and implementation of an action plan to improve the housing and related services.
16. Internal consultations also take place as appropriate with staff. 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 Council 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 'Connectors' middle management meetings. A review of the 'Connectors' meetings was taken by a staff group during 2010/11 to make it a more effective and useful forum.
17. Waverley continues to work with local businesses and their representative bodies such as the Chamber of Commerce and Federation of Small Businesses and held its key seminar in January 2011. Outcomes that have arisen from this consultation included revising the way that the Council contracts for goods, works and services to provide greater opportunity for local businesses to bid for its contracts and implementing its 10-day payment target for local businesses to help their cashflow.

18. In February 2010 the Council agreed to incorporate a range of measures in its budget arising from a comprehensive budget consultation exercise that was undertaken with a large representative sample of Waverley's residents. Town and Parish councils also participated as did a sample of Waverley's housing tenants.
19. Waverley made significant changes over the past few years to the way that equalities and diversity issues are managed and reflected across its wide range of services. This work includes training for all staff, improved Equality Impact Assessments and strengthened joint working with partners and stakeholders. Waverley independently inspected through a Peer Inspection in March 2010 and Waverley was assessed as being at 'achieving' level, which was a significant improvement on the previous year's position. Staff were required to complete a short distance-learning course provided by a local college that led to award of a certificate to all those who successfully completed the course work – more than 380 have been completed.
20. Waverley has several forums in place which ensure on-going communication and consultation with different groups in the Community, such as the Waverley Disability Forum, the Waverley Faith Forum, the Top Youth Council and the Tenants Panel. Waverley also participates in the Waverley Health and Social Inclusion Group – bringing a variety of public sector and community partners together.

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

21. 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.
22. The Constitution also sets out the requirements by which overview and scrutiny committees 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, and the Council reviewed its overview and scrutiny arrangements and streamlined these from three to two committees. The Audit Committee has reviewed and refocused its key role in overseeing production of financial and other performance data and reports.
23. 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 and upgraded the system. 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

The Constitution and Scheme of Delegation were reviewed during 2010/11 as part of the Strong Leader review and changes made as appropriate.

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

24. 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. Any changes to this and associated policies are discussed with the Council's Staffside committee before adoption, thus helping to ensure there is universal acceptance.
25. 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.
26. The Council agreed a comprehensive Induction Programme under the South-East Employers Member Development Charter, and subsequently a monthly training session for members takes place, covering a wide range of topics. Training on the new Planning Code of Conduct was provided as part of this programme. The Council had its mid-term review of its Charter accreditation and passed this.
27. The Council continues to review and develop its employment policies. In September 2010 'MyHR' was launched on Backstage (Waverley's Staff Intranet) which is a comprehensive portal for staff and managers to access all of Waverley's HR policies, procedures and templates, and also includes toolkits for managers on various issues and important information for new starters at Waverley.
28. The annual appraisals for staff are an important element in the process for identifying training needs. The 2010 appraisals included every member of staff being assessed against Waverley's competency framework. This framework was devised in consultation with staff and is designed to assess staff against the competencies that the Council requires for each role. This was an important improvement and helped align training and development plans more towards corporate objectives.
29. Waverley reviewed and revised its arrangements for reporting and managing sickness absences. It was considered that existing arrangements were open to local discretion, which in turn led to variances in the approach. After a tendering exercise, an external service provider was appointed in December 2009 to receive reports of sickness, and to provide standard reports that serve as a prompt for consistent management action. Average sickness in 2010/11 was under 5 days per employee, which is very low compared to national

averages. A major benefit of the new system has been the information relating to sickness levels, patterns and reasons which has been invaluable to management in addressing absence issues.

30. The Standards Committee issued an annual report in the summer of 2010. It covered the period from April 2009, and outlined the work that it had undertaken since. The report also detailed the training given in respect of the Code of Conduct and its input to wider governance issues. In March 2010 it agreed a series of actions to be undertaken in 2010/11, which are aimed at raising awareness of standards issues. The Council is preparing to respond to any changes in the ethical framework once the Localism Bill is enacted.

Whistleblowing and receiving and investigating complaints from the public

31. The report fraud and corruption web page was reviewed in the year when the Council migrated to the new website. This website includes appropriate links to other web pages on the Council's website. A new on-line reporting facility was also developed and a link from the web page was provided. When this was launched, a series of articles in the Council's own newsletter, Making Waves, and local newspapers was published. These articles explained how Waverley was committed to preventing and detecting fraud in its activities, and advertised reporting arrangements. This included advertising the new on-line reporting facility.
32. The Standards Committee continued to consider and resolve complaints about member conduct. There were no formal investigations, but the Monitoring Officer advised on five issues involving Parish Council members that did not lead to formal complaints, and one involving a Waverley member that was not pursued by the complainant, a member of the public.
33. The revised system for dealing with and responding to complaints about service delivery was refined during the year. The results of complaints investigations are analysed and reported to the Executive on an annual basis. The Council 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. The Council continued to achieve its new response times and 93% of complaints were responded to within the target time of 10 days. Regular reports on results are taken to the overview and scrutiny committees (as part of a report on performance management) and an annual report, including the reports from the Local Government Ombudsman, is taken to the Executive.
34. The Housing Benefit Investigation team continued 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. In the financial year 2010/11 it received 196 referrals, of which 102 were assessed as requiring investigation. Of these, 19 resulted in either a successful prosecution or imposition of a sanction. Total fraudulent overpayments of £64,822 were identified and are to be repaid. In addition, the team worked on several joint operations/investigations with Surrey Police and with the Department of Work and Pensions.
35. Other investigations were referred to the Internal Audit team. The team was involved in a staff disciplinary hearing, gathering and presenting evidence.

36. A wider review of Waverley's arrangements to combat fraud and corruption was undertaken, comparing current activities and priorities with best practice. The findings were that the current key risks were being addressed, although some improvements were identified. A report was taken to the Audit Committee, an action plan agreed and implementation started in 2010/11.

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

37. There is a periodic review (the most recent being January 2010) of the Council's Contract Procedure Rules and Financial Regulations, with interim changes also being made as and when the need arises. The next update will be in the Autumn 2011. The Council's Constitution is also reviewed regularly and amended as considered necessary.

38. The Council seconded a procurement specialist from Surrey County Council during 2010/11 to assist in the improvement of its procurement operations and to improve value for money and service delivery. Waverley also received assistance from efficiency experts at Improvement and Efficiency South East (IESE) in the year at no cost.

39. 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 monitors mitigation actions on the Covalent system.

40. The Audit Committee also monitors specific risk areas that are brought to its attention, often as a result of an internal audit review. The Council had agreed to implement the Government-led standard in IT management known as Information Technology Infrastructure Language (ITIL). Being a key risk, the progress was closely monitored by the Council's Audit Committee, with progress reports being presented to each meeting. A new IT Audit contractor was appointed, which carried out an audit needs analysis and agreed an enhanced audit programme for 2010/11 to implement this. During the year the Council restructured its audit service. It moved from a mixed system of a small audit team supplemented by an IT and general audit contractor, to a structure of a Client Manager commissioning both IT and Audit work from one contractor.

41. There was a thorough review of the Internal Audit Strategy, which was considered by the Audit Committee this year. Corporate governance is underpinned by sound controls, which are reviewed by the Internal Audit team (the assessed risk guiding the frequency and timing of reviews). The process for monitoring the implementation of internal audit recommendations was strengthened, the requirements being set out in the revised Internal Audit Strategy. Reports are taken to each meeting of the Audit Committee and any amendments to target dates and/or actions are explained to the Committee before they are adopted. New quarterly progress reports are submitted setting out progress on implementing the Audit plan.

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

42. 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 revised in 2010/11 following the adoption of a streamlined management structure of Chief Executive, Deputy and one Strategic Director. Senior managers are invited to attend the meetings to discuss their reports. Authors of reports have to ensure that the necessary legal and financial expert input 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.
43. Where considered appropriate, specialist advice is sought from external providers, as was the decision in respect of the project to identify and evaluate the best possible sites for a new leisure centre in Godalming. Expert opinion is obtained from specialist legal or other appropriate professional advisors as and when necessary, to supplement the advice available from the Council's officers, under a Surrey-wide procurement framework for external legal advice.
44. Waverley has 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). There was one change in the year and the position of Monitoring Officer is now held by the Head of Democratic and Legal Services.
45. 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 if necessary. There are regular briefing sessions for members of the Executive, at which current or forthcoming issues are discussed which the relevant portfolio holders will then follow up with officers.
46. To ensure that the responsibilities for Safeguarding of children and vulnerable adults are addressed, Waverley continued to train and make arrangements to support staff members in identifying and reporting suspected cases of abuse of children and vulnerable adults. The 'Safeguarding Children and Vulnerable Adults Group' (which includes all service heads and other relevant officers) met regularly to receive updates in systems and requirements and they cascaded this to their staff as appropriate, taking account of the likelihood that individual staff members would encounter relevant situations.

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

47. The Community and Environment and Leisure Overview and Scrutiny Committees appointed specific sub-committees to regularly review performance. Central to this are the results of the performance indicators that

the Council has adopted as its key indicators. Whilst Waverley's figures are comparatively low, particular scrutiny was given in the year to performance in the management of sickness. The Council implemented a new absence management system in the year, which will help manage and monitor sickness.

48. Waverley's Foresight efficiency programme was developed further during 2010/2011 and a number of reviews of key services were undertaken using the Foresight methodology, including housing benefits and environmental health. The Foresight cost savings identified amounted to more than £1million and helped balance Waverley's 2011/12 budget despite a significant grant reduction in the year. The Improvement and Efficiency South East (IESE) concluded that the Council had good arrangements in place for securing efficiency gains and identified a range of potential areas where further improvements can be made. During the year Waverley was awarded an award by IESE for its efficiency programme.
49. Another aspect of value for money is the level of spending. Budgets were again examined in detail through the "Star Chamber" process, which scrutinises every service and function in detail with officers and Members. A significant level of revenue savings was identified amounting to £1m which have been incorporated into the Council's revenue budget for 2011/12.
50. Waverley's scrutiny of its Treasury Management policy was strengthened in the year with the Corporate Overview and Scrutiny Committee reviewing its operation.

Council Committee Structure

51. The responsibilities of the updated Strong Leader of the Council's Executive and various committees are defined within their terms of reference, which form part of the Council's Constitution. Committees 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.
52. The 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 that 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.
53. 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, and conducted a detailed review of the Constitution in conjunction with the Strong Leader model changes. 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.

54. 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 is required, by statute, to exclude members of the Executive, and these committees were chaired by opposition councillors during 2010/11. The O&S committees have a role to challenge policy and examine/review implementation of policies and the effectiveness and development of policies. Waverley has also excluded members of the Executive from Audit Committee membership.
55. 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. The normal period of appointment is 4 years. Membership will be reviewed when the position on the Localism Bill is clearer.
56. 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.
57. 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.

Progress against improvement actions contained in the 2009/10 Annual Governance Statement

58. The actions identified in the previous AGS from 2009/10 have been progressed during the year and more detail has been included in the preceding paragraphs. In summary, positive action has been taken on all as follows:
- Foresight programme fully embedded and delivered first year savings >£1m. Delivered 11 projects without the need for expensive consultants
 - Further review of employment policies including the working week, pay and grading structure and the redundancy payment policy.
 - Implemented the majority of actions arising from the IDeA review of Waverley's Equality and Diversity arrangements which is monitored by the Corporate Equalities Group
 - Strengthen compliance with the code of Governance – the Audit Committee received a report on improvement of compliance and agreed future actions to further enhance compliance;
 - Continue the improvement in data quality – further work was undertaken by the Internal Audit Section and the affected heads of service to improve data quality. Fewer matters of concern were noted, but the situation was not satisfactory and therefore a new action plan was devised and is being progressed by the Deputy Chief Executive;

- Improve project management – a new standard model was devised by the recently appointed Strategic Director and has been adopted, with its first application being the Foresight programme;
- Procurement – a new post of Procurement Officer was created. No appointment was made following the recruitment exercise, and an officer from Surrey County Council was seconded on a part-time basis for a six month period to identify and lead on improvements aimed at securing better value for money through the Council's contracting exercises;
- Combating fraud and corruption – a new on-line reporting facility was launched and a publicity campaign was undertaken. A review of Waverley's arrangements compared with current guidance was undertaken and a new action plan was endorsed by the Audit Committee.
- Alternative Governance arrangements- Introduced the Strong Leader changes

Future improvements

59. The actions identified in 2010 to implement the Council's Code of Corporate Governance, as identified in the 2009/2010 Annual Governance Statement, have largely been addressed. However, as the review of Waverley's arrangements becomes even more challenging, officers continue to identify scope for further improvement in future. The key areas identified are as follows:

Action Plan for Improvements Identified

Action	Responsible	Target date
Review Financial Regulations and Contract Procedure Rules	Head of Finance	October 2011 Council
Review key business risks in the light of the revised Corporate Plan	Heads of Service	November Audit Committee
Revise and publish Corporate Plan for new Council term and align performance management framework	Head of Organisational Development	March 2012
Review internal audit contract in partnership with other East Surrey authorities	Head of Democratic and Legal Services	December 2011
Review of support to the voluntary sector	Head of Community Services	December 2011
Induction and training for all new councilors and those existing Members with new responsibilities	Head of Democratic and Legal Services	Underway – completed by October 2011
Review Members' Allowances	Head of Democratic and Legal Services	December 2011
Continue programme of reviewing employment policies	HR Consultant	March 2012
Review anti-fraud and prosecution policies	Head of Finance	December 2011

Level of assurance

60. 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

61. 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.

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

Signed

Leader of the Council

Chief Executive