AUDIT COMMITTEE
25 JUNE 2013

CORPORATE GOVERNANCE REPORT & ANNUAL GOVERNANCE STATEMENT 2012/13

REPORT OF CORPORATE GOVERNANCE GROUP

Contact Officer: Stephen Whetnall   Tel No: 01962 848 220 email: swhetnall@winchester.gov.uk

RECENT REFERENCES:

AUD031 – Corporate Governance report and Annual Governance Statement 2012/13 – 26 June 2012

AUD043 – Annual Financial Report 2011/12 – 25 September 2012

AUD045 – Annual Governance Statement and Corporate Risk Monitoring Update – 4 December 2012

AUD052 – Annual Governance Statement and Corporate Risk Monitoring Update – 12 March 2013

EXECUTIVE SUMMARY:

This report presents the results of the work conducted by the officer Corporate Governance Group including: the proposed Annual Governance Statement for 2012/13; the Local Code of Governance, and the Council's self assessment against the core principles of the CIPFA/SOLACE Governance Framework.

There is a Statutory requirement for a Committee of the Council, in this case the Audit Committee, to approve and publish an Annual Governance Statement each year, which will then be signed by the Leader of the Council and the Chief Executive, and included in the Annual Financial Report for 2012/13. It is appropriate for Audit Committee to consider whether the draft statement covers risk issues adequately.

The Corporate Governance Group has reviewed all of the evidence relating to the governance and control systems in operation during the financial year and for the period to date. The regulations require that any items arising up to the date on which the Financial Statements is signed must also be reported, and this will be kept under

review and reported to Committee as appropriate. The proposed future actions are identified in Section 5 of Appendix A.

RECOMMENDATIONS:

1   That the Audit Committee approves the Annual Governance Statement for 2012/13 as set out in Appendix A.

2   That the issues arising and proposed actions identified in Section 5 of Appendix A be noted, and that a monitoring report will be brought back to the Audit Committee in six months time.

AUDIT COMMITTEE

 25 JUNE 2013

CORPORATE GOVERNANCE REPORT & ANNUAL GOVERNANCE STATEMENT 2012/13

REPORT OF CORPORATE GOVERNANCE GROUP

1   Introduction

1.1   As set out in CAB2132, the role of the Audit Committee with respect of the Annual Governance Statement is:

        To oversee the production of the Authority's Annual Governance Statement and to recommend its adoption.

2   Report

2.1   The Corporate Governance Group has undertaken the various governance tasks that were planned and prepared the following documents for review:

        a)   The Annual Governance Statement for the year 2012/13;

        b)   The Local Code of Governance, and

        c)   A self assessment against the six core principles of corporate governance in the CIPFA/SOLACE Governance framework (2012 Edition), which has been reviewed by Internal Audit as part of the 2013/14 Annual Audit Plan.

2.2   These are appended (Appendices A - C). The content is self explanatory and is therefore not repeated in this report.

        The officer Corporate Governance Group has membership as set out below.   These employment titles have been in place from 1 April 2013. For the period of the Statement, which covers the 2012 /13, the previous employment titles have been used in the Annual Governance Statement as this more accurately reflects to job roles and responsibilities that were applicable during the period.

        Chief Operating Officer (previously Corporate Director (Governance)) - Stephen Whetnall (Chair); Corporate Director (previously Corporate Director (Operations)) - Steve Tilbury; Chief Finance Officer (previously Head of Finance) - Alexis Garlick; Internal Audit Manager -Amanda Chalmers; Principal Democratic Services Officer - Dave Shaw.

        Progress will be monitored throughout 2013/14 on the proposed actions identified in Section 5 of Appendix A. A monitoring report will also be brought to Audit Committee in six months time.

OTHER CONSIDERATIONS

3   SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

3.1   Good Corporate Governance supports the achievement of the objectives of the Sustainable Community Strategy and Change Plans.

4   Resource Implications:

4.1   No direct implications. Where further work is taking place, any additional resources required to implement improvements identified will be raised separately or through the budget process.

5.   Risk Management Issues

5.1   The effectiveness of Corporate Governance within the Council is a principal ingredient to the organisation's objective of being an effective Community Leader. The efficacy of the governance arrangements directly affects the Council's ability to deliver its contribution to the objectives within the Sustainable Community Strategy and Change Plans.

5.2   As a result, the actions and controls in implementing Corporate Governance is a key control and in the Council's arrangements to mitigate all its risks. Report AUD57 – Risk Management Update (elsewhere on this agenda) was prepared in conjunction with this report as the considerations overlap.

BACKGROUND DOCUMENTS:

None-exempt papers covering the following documents:

Delivering Good Governance in Local Government (CIPFA/SOLACE framework);

Annual Assurance Statements prepared by individual Heads of Teams and Corporate Directors;

Internal Audit Agreed Actions;

Internal Audit Annual Report 2012/13;

The Council's Risk Management Policy, Risk Register and Monitoring Reports;

Internal Audit Working Papers on the review of the six core principles in the CIPFA/SOLACE Governance framework; and

Annual Audit Letter for 2011/12.

APPENDICES:

Appendix A: Annual Governance Statement 2012/13

Appendix B: Local Code of Governance

Appendix C: Corporate Governance Self Assessment

ANNUAL GOVERNANCE STATEMENT 2012/13

1.   Scope of Responsibility

Winchester City 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. Winchester City Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Winchester City Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Winchester City 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.*

This Statement explains how Winchester City Council has complied with the Code and 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 review of its system of internal control in accordance with best practice, and that the review be reported in an Annual Governance Statement.

2.   The Purpose of the Governance Framework

The purpose of the governance framework is to ensure that the authority directs and controls its activities in a way that meets standards of good governance and is accountable to the community. It does this by putting in place an organisational culture and values which drive a responsible approach to the management of public resources, supported by appropriate systems and processes, and ensuring that these work effectively. It works with the Council's Performance Management Framework to ensure that the Council has in place strategic objectives reflecting the needs of the community and is monitoring the achievement of these objectives through delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Winchester City Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Winchester City Council for the year ended 31 March 2013 and up to the date of approval of the Statement of Accounts for the 2012/13 financial year.

3.   The Governance Framework

The core principles of good governance are:-

- Focusing on the purpose of the authority and on outcomes for the local community and creating and implementing a vision for the local area.

- Members and Officers working together to achieve a common purpose with clearly defined functions and roles.

- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

- Taking informed and transparent decisions which are subject to effective scrutiny and managed risk.

- Developing the capacity and capability of Members and officers to be effective.

- Engaging with local people and other stakeholders to ensure robust public accountability.

The Council's Performance Management Framework translates the needs of the community and requirements of Government, into cost effective local services designed to deliver the shared vision for the District (economic prosperity, a high quality environment and active communities) and meet statutory requirements.

The Council engages with its communities through a number of mechanisms, including community planning, consultation events, surveys and campaigns relating to specific initiatives. Building on the views expressed and evidence of needs and future trends, the Council has worked with partner organisations to agree a shared vision and set of aims and outcomes for the District that is documented in the Winchester District Community Strategy 2010 - 2020.

The Council's Community Strategy is supplemented by more detailed information on the key projects and programmes of work that the authority will be delivering during the year – with actions to achieve priority outcomes set out in the Change Plans. More detailed business and service plans are drawn up by each of the Council's Teams, with targets set for individual members of staff through the annual appraisal process. This process also looks at the development and training needs of staff, with a programme of training then put in place to meet these needs.

Progress against Change Plans and budgets is monitored regularly by the Corporate Management Team, the Performance Management Team, Senior Managers and Portfolio Holders. The Overview and Scrutiny committee receives reports focusing on delivery of key projects and programmes of work and drawing attention to other areas where progress is exceeding, or falling short of targets. Cabinet also monitor progress in delivery.

The Council's performance management arrangements are regularly reviewed and were further developed in 2012/13 to better demonstrate progress against delivering the outcomes in the Winchester District Community Strategy and the Council's Change Plans. The National Performance Framework has been fully embedded in the Council's reporting mechanisms. The Council has an officer Performance Management Team to monitor and direct monthly financial performance, service performance, progress on key corporate projects and risk management and to oversee the implementation of recommendations from Internal Audit reports.

The Council publishes the Annual Financial Report (incorporating the Statement of Accounts) annually within the statutory timescales. The Annual Financial Report incorporates the full requirements of best practice guidance in relation to corporate governance, risk management and internal control.

The Council is subject to independent audit by Ernst and Young and receives an Annual Audit Letter reporting on findings. The Council supplements this work with a small internal audit team and ad hoc external peer reviews. The Audit Committee undertakes the core functions as identified in CIPFA's *Audit Committees – Practical Guidance for Local Authorities.*

The Council's Constitution explains existing policy making and delegation procedures and the matters which must be dealt with by the full Council. It documents the role and responsibilities of Cabinet, portfolio holders, each committee and members and officers. The Council has approved a protocol governing relationships between Members and Officers as part of its Constitution and has adopted codes of conduct for both Officers and Members which facilitate the promotion, communication and embedding of proper standards of behaviour. Officers have job descriptions and there are clearly defined schemes of delegation, all of which are reviewed from time to time.

The Council's Constitution incorporates clear guidelines to ensure that business is dealt with in an open manner except in circumstances when issues should be kept confidential. Meetings are open to the public except where personal or confidential matters are being discussed. All Cabinet /committee agendas, minutes and portfolio holder decisions are published promptly on the Council's website. In addition, senior officers of the Council can make some decisions under delegated authority. The over-arching policy of the Council is decided by the full Council. The Overview and Scrutiny Committee and Audit Committee hold Portfolio Holders to account for delivery of the Council's policy framework within the agreed budget, and protocols are in place for any departure from this to be properly examined.

Staff awareness training has been undertaken to ensure that the Council complies adequately with the provisions of the Data Protection and Freedom of Information Acts, and Equality requirements.

The Council has appointed the Head of Finance as the Section 151 officer with the statutory responsibility for the proper administration of the Council's financial affairs. CIPFA/SOLACE advise that the Chief Finance Officer should report directly to the Chief Executive and be a member of the 'Leadership Team', of equal status to other members. This has been the case with effect from 1 April 2013. However, for the year 2012/13, Winchester's organisational model had a strategic Corporate Management Team comprising the Chief Executive and two Corporate Directors with responsibility for Operations and Governance, with the Head of Finance reporting to the latter.

During that year, the Head of Finance had an open invitation to all meetings of the Corporate Management Team, and made a contribution on a broad range of matters. The Chief Executive or Corporate Director (Governance) ensured she was involved in any follow-up to matters discussed where appropriate – and in practice, as with most District Councils, the 'Leadership Team' is not simply confined to CMT but includes other senior officers as appropriate. The Head of Finance / Chief Finance Officer is also a member of the Council's Performance Management Team alongside the Chief Executive, Corporate Directors and Assistant Directors.

The Council has appointed the Chief Operating Officer (previously Corporate Director (Governance)) as the statutory "Monitoring Officer" and has procedures to ensure that the Monitoring Officer is aware of any issues which may have legal implications.

All Cabinet reports are reviewed by the Chief Finance Officer and Monitoring Officer. All reports to Cabinet are required to demonstrate how the matter links to the Council's Community Strategy and Change Plans, and highlight resource implications. Officers are also asked to draw out risk, equality, sustainability, management and legal issues as appropriate. Similar procedures are in place for the Scrutiny and Regulatory Committees.

The Council has whistle-blowing and anti-fraud and corruption policies. It has a formal complaints procedure and seeks to address and learn from complaints. The Council's Standards Committee deals with complaints relating to the conduct of Members.

Members' induction training is undertaken after each election. Members receive regular updates and training on developments in local government.

4. Review of Effectiveness

Winchester City Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The process that has been applied in maintaining and reviewing the effectiveness of the governance arrangements includes wide input:-

INPUTS TO THE ANNUAL GOVERNANCE STATEMENT
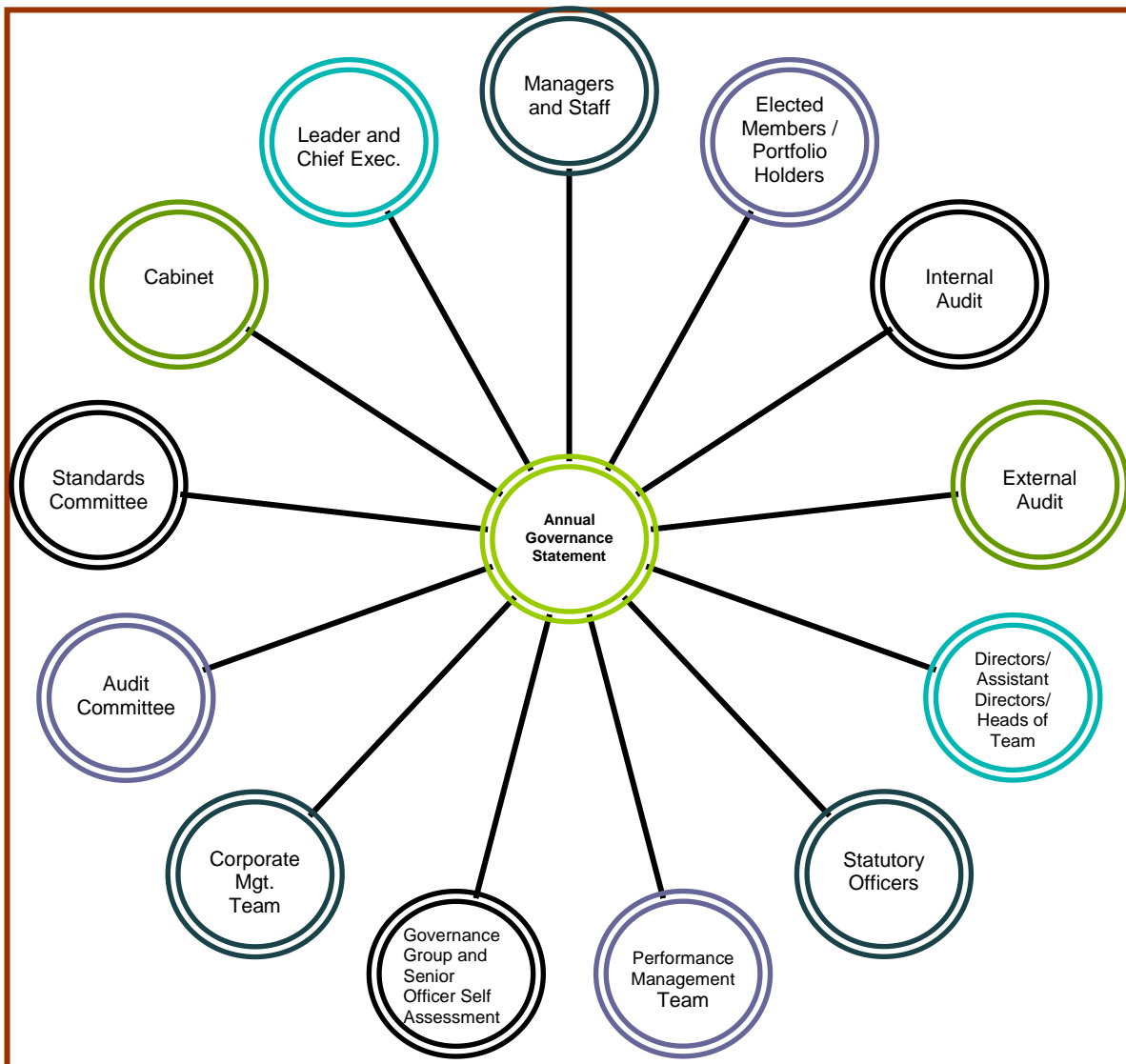
- **Managers and staff** have responsibility for the development and maintenance of a sound governance environment.

- **Elected members** are collectively responsible for the governance of the Council and the full Council is responsible for agreeing the Constitution, policy framework and budget.

- **Internal Audit**'s remit includes the Council's entire control environment. The Internal Audit Manager takes account of the Council's assurance and monitoring mechanisms, including risk management arrangements, for achieving the Council's objectives. The Internal Audit Plan is based on the Corporate Risks Register and identifies Internal Audit's contribution to the review of the effectiveness of the control environment. The process includes reports to the Audit Committee on progress of audits. Regular summaries are also produced of the outcome of each audit, together with reviews of whether agreed recommendations have been implemented. Internal Audit provides an annual opinion on the internal control environment and issues that should be included in this Statement.

  Part of this review process is an annual review report by the Internal Audit Manager of the effectiveness of the Council's internal audit function. In the light of feedback we have concluded that internal audit is an effective part of the Council's governance arrangements.

- **External Audit** provides an Annual Audit Letter, which includes a review of the Council's Annual Governance Statement and internal controls.

- **Corporate Directors, Assistant Directors and Heads of Teams** complete annual statements of assurance and implement action plans identified as a part of this process.

- **The Monitoring Officer** has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are followed. He also reviews this Statement. Amendments to the Constitution are considered by Cabinet, the Leader, The Overview and Scrutiny Committee, the Standards Committee and Council from time to time as required to reflect managerial and operational changes.

- An officer **Performance Management Team** is responsible for deploying risk management across the Council and the risk assessment of emerging issues, in addition to monitoring progress against Business Plans and budgets.

- An officer **Governance Group** co-ordinates the preparation of this statement and recommends the statement to the Corporate Management Team. The Group monitors compliance in the risk management arrangements and keeps the self-assessment of governance based on the Code of Corporate Governance under review.

- **The Corporate Management Team** reviews this statement and regularly deals with setting policy for risk management. It has a role in setting the culture and values, agreeing the Governance Framework, and implementing the framework throughout all its work.

- **The Audit Committee** monitors the internal control environment through receipt of audit reports and this Statement, and keeps an overview of arrangements for risk management. It also approves this Statement and the Statement of Accounts.

- The **Cabinet** manages risk in making operational and governance decisions together with proposing and implementing the policy framework, budget and key strategies.

- The **Leader and Chief Executive** review and sign this Statement on behalf of the Council.

5.   Current Issues

There are a number of issues identified which significantly impact on the 2013/14 and / or future financial years. The Council has also stated how it plans to address them and the following plans have been integrated into the Council's performance management arrangements.

Issue	Action to be taken	Progress / Comments
Asset Management	Maintain an up to date Asset Management Plan and ensure that financial aspects of the Council's fixed assets are appropriately incorporated into the financial planning process, taking account of the possible impact of the current economic situation on the Council's properties.	Significant capital expenditure was incurred on the Council's fixed assets in 2012/13 e.g. major works were completed on the former Hyde Historic Resources Centre with the property let to an architects firm. Work is well underway on the new Depot which will release the old site for development. Negotiations are at an advanced stage for renovation/conversion of Abbey Mill with a letting to a restauranteur. Other opportunities for maximising use/income generation of the portfolio are being considered, Earmarked reserves have been increased to fund future planned expenditure. However there are still some future capital requirements that will need funding identified including the River Park Leisure Centre, City Offices and IT. This will be considered further during 2013/14.

Issue	Action to be taken	Progress / Comments
Setting and achieving priorities within the context of recession and reduced resources for local government.	Continued improvement in consultation on Council priorities/budget, for 2013/14 based on the refresh of the Community Strategy. Improvement of links between corporate and departmental business planning, aligning departmental business plans to priority outcomes derived from the Sustainable Community Strategy over a five year period. The financial strategy to be more effectively linked with Change Plans, and with asset, IT and human resource management. Effective Flexible Resource Management to achieve target savings. More effective use of officer capacity through agile working Developing a robust approach to Programme Management	The Council set a balanced budget for 2012/13, but there are a number of further challenges for the medium term financial plan. These include; - changes arising from the Spending Review - changes arising from the Government's Welfare Reforms I, including new arrangements for housing and council tax benefits; -changes implemented in the Government's Localism Actl, including arrangements for funding social housing and for enabling local groups to take over community facilities and services; and -Government proposals to allow local authorities to keep their business rates. The process for delivering the Council's priorities, which are drawn from the SCS, has been strengthened by the Change Plans introduced from 2011/12. Employee cost savings targets for 2012/13 were achieved, and the "1team" approach is embedded.

Issue	Action to be taken	Progress / Comments
Partnership arrangements	Continue to develop partnership arrangements where there is an efficiency or improvement led case for doing so.	A number of delivery partnerships are in place to help realise priority outcomes, for example the Community Safety partnership, Health & Wellbeing Partnership or Housing Forum. The Council continues to develop a range of partnership and shared services projects including: - Housing services (based on the Hampshire Home Choice service) - - Fully Integrated Merger of Museums services Shared services already in place include IT, Revenues & Benefits and Internal Audit. Each will be developed further over time, including new arrangements for Internal Audit.
Housing Finance Reform	Implementing the consequential changes to the Housing Revenue Account and the Treasury Management procedures, of the Government's Housing Finance Reform effective from 1 April 2013. Delivering the Council's new homes programme.	The Council took on debt and paid £157.622m to the government in March 2012 in accordance with the requirements of housing finance reform. Treasury management procedures for the management of the cashflow and the debt are under further development. Preparations are being made for accounting changes for depreciation and componentisation.

Issue	Action to be taken	Progress / Comments
Capacity	Ensure capacity to deliver priorities.	Performance Management Team leads in monitoring progress with key projects and managing capacity to ensure delivery of priorities. The *1-team* approach to staff deployment is assisting with directing staff resource to priority areas. The budget target for vacancy management savings has been maintained for 2013/14, and resources have been identified for the Major Projects Team.
Silver Hill	To work with the Council's development partner Henderson Global Investments to progress the scheme.	The Secretary of State has confirmed the CPO for Silver Hill. This decision is subject to a legal challenge which will take some time to come before the High Court. In the meantime preparatory work on the scheme continues. A start on site in 2014 remains probable.
Democratic Change Review	A review of the Council's decision making process, including reviewing how the Portfolio Holder Decision making process can be used and how non-Executive Members can contribute to policy development at an early stage is planned for 2013/14.	This project is also included in the Efficient and Effective Council Change Plan and progress will be monitored and reported through the year.
Welfare Reform	The changes being implemented to the benefits system in relation to size criteria, benefit caps and the direct payment of universal credits may all impact on Housing rent arrears. Additional provision for bad debts as well as increased resources to support tenants to manage the impact of the change have been included within the Housing Revenue Account budget for 2013/14.	Government Provision for "discretionary housing payments" of £105,000 has been provided for the City Council. It is unlikely that this will be sufficient to meet all potential claims for assistance and each application will be assessed on their individual merits. A review of progress with regard to the impact of the changes and demand for discretionary payments will be provided to Cabinet and Cabinet (Housing) Committee.

Issue	Action to be taken	Progress / Comments
Business Rates/NNDR	Respond appropriately to the implications of the changes to the system of National Non Domestic Rates (NNDR) from 1 April 2013, with 50% of any future growth in rates being retained by local authorities rather than collected centrally and redistributed. The risks/benefits associated with future NNDR income levels are shared between central and local government.	Income and expenditure is being monitored regularly during the year to identify financial pressures at an early stage.
Community Infrastructure Levy (CIL) implementation	The introduction of the Community Infrastructure Levy (CIL) will be a major change in the mechanism for collecting contributions from development to mitigate its impact on infrastructure.	A work programme has been established which enables the Council to implement CIL in a timely fashion. The report to Council on 20 March 2013 provided full details of the timetable and key milestones.
Local Public Audit – change in External Auditors	The outsourcing of external audit in 2012/13 to Ernst & Young, with a reduction in fees of 40%, is expected to provide a different approach to the audit which may result in additional work, initially.	This is being closely monitored by the HIOWLA Chief Finance Officers.

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 during the year and as part of our next annual review.

Signed: Signed:

Simon Eden   Councillor K. Wood
Chief Executive   Leader of the Council
Winchester City Council   Winchester City Council

Dated: Dated:

Winchester City Council's Local Code of Corporate Governance

Definition of Governance

For the purpose of this Local Code, Winchester City Council has accepted the definition of Corporate Governance as stated within the CIPFA/SOLACE Framework, as follows:

> **"Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.**
>
> **It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities".**

Good Governance Standards

The Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) have published a framework document for Corporate Governance in Local Government.

Winchester City Council is committed to the principles of good corporate governance and wishes to confirm its ongoing commitment and intentions through the development, adoption and continued maintenance of a Local Code of Corporate Governance, as recommended by the CIPFA/SOLACE Framework.

This document, Winchester City Council's "Local Code of Corporate Governance", therefore sets out and describes the Council's commitment to corporate governance, and identifies the arrangements that have been made, and indeed will continue to be made, to ensure its effective implementation and application in all aspects of the Council's work.

Winchester City Council recognises that effective local government relies upon establishing and maintaining the confidence of the public in both the elected Members and Officers of the Council.

The effective application of the six principles of good governance directly supports the Council's three overarching outcomes that have been identified for the Winchester District through the Winchester District Community Strategy:

- Active Communities
- Prosperous Economy
- High Quality Environment

A copy of the Winchester District Community Strategy can be obtained through the following link and provides detail on what is covered within the above three overarching outcomes.

www.wdsp.co.uk/community-strategy/

The Council's response to the Strategy for 2012/13 is contained in the Winchester District Change Plans 2012-15 approved by Council at its meeting on 11 January 2012 – CL74 refers. This was further updated at Council on 20 March 2013 – CL86 refers.

Winchester City Council's good corporate governance standards are outlined below. The Council will prepare an Annual Governance Statement to evaluate its governance against the principles below:-

> **GOOD GOVERNANCE PRINCIPLE 1**
> Winchester City Council will focus on the purpose of the authority and on outcomes for the community and create and implement a vision for the local area.

We will:

- develop and promote the authority's purpose and vision
- review on a regular basis, and with our communities, the authority's vision for the local area and its impact on the authority's governance arrangements
- ensure that partnerships are underpinned by a common vision of their contribution that is understood and agreed by all parties
- publish information on a timely basis to communicate the authority's activities and achievements, its financial position and performance
- decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available
- put in place effective arrangements to identify and deal with failure in service delivery
- decide how value for money is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively.
- Measure the environmental impact of policies, plans and decisions.

GOOD GOVERNANCE PRINCIPLE 2
Winchester City Council will, by Members and officers working together, achieve a common purpose with clearly defined functions and roles.

We will:
- set out a clear statement of the respective roles and responsibilities of the executive (Cabinet) and of the executive's members individually (portfolio holders) and the authority's approach towards putting this into practice
- set out a clear statement of the respective roles and responsibilities of other authority members, members generally and senior officers
- determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority, taking account of relevant legislation, and ensure that it is monitored and updated when required
- make the Chief Executive responsible and accountable to Council for all aspects of operational management
- develop protocols to ensure that the Leader and Chief Executive negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained
- make a senior officer (the S151 officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control
- make a senior officer (the monitoring officer) responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with
- develop protocols to ensure effective communication between members and officers in their respective roles
- set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process
- ensure that effective mechanisms exist to monitor service delivery
- ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated
- when working in partnership
  - ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority
  - ensure that there is clarity about the legal status of the partnership
  - ensure that representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.

GOOD GOVERNANCE PRINCIPLE 3
Winchester City Council will promote values for the authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour.

We will:
- ensure that the authority's leadership sets a tone for the organisation by embedding and sustaining a climate of openness, integrity, support and respect
- ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authority, its partners and the community are defined and communicated through codes of conduct and protocols
- put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice
- develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations and communicate these with members, staff, the community and partners
- put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice
- develop and maintain an effective standards committee
- use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority in pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.

GOOD GOVERNANCE PRINCIPLE 4
Winchester City Council will take informed and transparent decisions which are subject to effective scrutiny and managed risk.

We will:
- develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible
- develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based
- put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice
- develop and maintain an effective audit committee which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee.
- ensure that effective, transparent and accessible arrangements are in place for dealing with complaints
- ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications
- ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately
- ensure that risk management is embedded into the culture of the authority, with members and managers at all levels recognising that risk management is part of their jobs
- ensure that arrangements are in place for whistle-blowing to which staff and all those contracting with the authority have access
- actively recognise the limits of lawful activity placed on us by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of our communities
- recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law
- observe all specific legislative requirements placed upon us, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into our procedures and decision-making processes.

GOOD GOVERNANCE PRINCIPLE 5
Winchester City Council will develop the capacity and capability of members and officers to be effective.

We will:
- provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis
- ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority
- assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively
- develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed
- ensure that effective arrangements are in place for reviewing the performance of the executive (Cabinet) as a whole and of individual members and agreeing an action plan to address any training or development needs
- ensure that effective arrangements designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority
- ensure that career structures are in place for members and officers to encourage participation and development.
- ensure that staff are given the skills to enable them to be deployed in a flexible way designed to support the effective management of priority actions, projects and programmes.

GOOD GOVERNANCE PRINCIPLE 6
Winchester City Council will engage with local people and other stakeholders to ensure robust public accountability.

We will:
- make clear to ourselves, all staff and the community to whom we are accountable and for what
- consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required
- produce an annual report on the activity of the scrutiny function
- ensure that clear channels of communication are in place with all sections of the community and other stakeholders, and put in place monitoring arrangements to ensure that they operate effectively
- hold meetings in public unless there are good reasons for confidentiality
- ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements will recognise that different sections of the community have different priorities and we will establish explicit processes for dealing with these competing demands
- establish a clear policy on the types of issues we will meaningfully consult on or engage with the public and service users about, including a feedback mechanism for those consultees to demonstrate what has changed as a result
- on an annual basis, publish an annual report giving information on the authority's vision, strategy, performance plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period
- ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so
- develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making

Corporate Governance Self Assessment

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
Core Principle 1 – Focusing on the purpose of the authority and on outcomes for the local community and creating and implementing a vision for the local area		
Exercising strategic leadership by developing and clearly communicating the Authority's purpose and vision and its intended outcome for citizens and service users.	Develop and promote the authority's purpose and vision.	The Winchester District Community Strategy 2010-2020 clearly communicates the Authority's vision and the outcomes it wants for its community. Change Plans have been developed and adopted by the Council, capturing a series of programmes which contribute to the delivery of the outcomes outlined in the Winchester District Community Strategy. Change Plans are developed in more detail in Portfolio Plans. Community engagement is achieved in various ways including through the development of Community Plans. *Links to latest approved Change Plans are not accessible via the Winchester District Strategic Partnership (WDSP) internet site*
	Review on a regular basis the authority's vision for the local area and its implications for the Authority's governance arrangements.	The Winchester District Community Strategy 2010-20 was last reviewed in 2010. The Change Plans are reviewed annually in consultation with key stakeholder / partners and approved by Full Council. The Council's adopted Local Code of Corporate Governance was reviewed and agreed as part of the Corporate Governance Report which was last presented to the Audit Committee on 26 June 2012.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all partners.	The WDSP brings together a range of partnerships working together with a shared vision and set of outcomes which are set out in the Winchester District Community Strategy 2010-2020. The Council publishes Change Plans annually which are produced in consultation with other partners. The Community Planning Protocol, shared by Winchester City Council (WCC) and the WDSP clearly defines roles and responsibilities for delivery of the Winchester District Community Strategy 2010-2020. *The partnership toolkit established protocols for partnership working however all links to this toolkit are no longer available through the WCC and WDSP internet sites.*
	Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance.	The Annual Financial Report 2011/12 was presented to the Audit Committee on 26 September 2012 and was published on the Council's internet site. An outturn report, reporting on the progress made against all expected outcomes included in the Change Plans for 2011-12, was presented at Overview and Scrutiny Committee (O&SC) in July 2012.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
Ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning.	Decide how the quality of service for users is to be measured and make sure that the information needed to review service quality effectively and regularly is available.	The Winchester District Community Strategy 2010-2020 sets out the way WCC and it partners would like the district to change for the better over the next decade. Change Plans have been developed and set out how the strategy will be delivered including how success will be measured. Portfolio Holder Plans have been developed to provide greater detail and the expected outcomes. Reports are presented to O&SC for each Change Plan on a six monthly basis; results are available on the Council's internet site. The Financial Strategy 2012/13 to 2014/15 provides the foundation for delivering the outcomes defined in the Winchester District Community Strategy by enabling resourced Change Plans to be put in place. *Qualitative measures are not in place nor are users views sought to help assess whether the service provided meets the desired quality standard.*

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Put in place effective arrangements to identify and deal with failure in service delivery.	The Council has adopted a Corporate Complaints procedure which enables failure in service delivery to be reported and investigated appropriately and promptly. Annual reports are made to O&SC on the nature of complaints. O&SC carries out 6 monthly reviews of Change Plan progress. Performance Management Team review key performance indicators and exception reporting against Change Plan progress each month.

Supporting Principles	Specific requirements to:	Compliance Commentary (italicised areas for improvement)
Ensuring that the authority makes best use of resources and that taxpayers and service users receive excellent value for money.	Decide how value for money (VFM) is to be measured and make sure that the authority or partnership has the information needed to review value for money and performance effectively. Ensure that timely, accurate and impartial financial advice and information is provided to assist in decision making and to ensure that the authority meets its policy and service objectives and provided effective stewardship of public money and value for money in its use.	Progress against the achievement of the Change Plans is reported to O&SC. The Council publishes annual Change Plans which are subject to consultation with other partners. The Project Accountant provides support in major projects including awarding contracts and procurement. Principles of Governance for the WDSP expressly include aspects of stewardship. The Council approved the Procurement Policy 2010-13 in January 2010 which makes specific reference to ensuring its services are delivered efficiently and offering value for money. *There is a clear requirement for providing VFM; however, there are no instructions on how this should be measured.* *Departments carry out benchmarking with other similar organisations but the information tends to reside at the service level.*
	Measure the environmental impact of policies, plans and decisions.	The Council's internet site includes links to the Sustainability Appraisal (a toolkit to help direct spatial planning) that has been applied in developing the Core Strategy. The Winchester District Evidence Base also covers a range of other studies and delivery plans that to varying degrees link with the Core Strategy.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Ensure that the authority maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure this balance is maintained and takes corrective action when necessary.	There are a number of key Cabinet and Audit Committee reports that evidence the maintenance of a prudential financial framework – financial and capital strategies, budgets, revised estimates and treasury reports. The Head of Finance reports to CMT/PMT/Leader Board and Portfolio Holders and more formally to Cabinet and the Audit Committee.
	Ensure compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code.	The Council has adopted the CIPFA Treasury Management in the Public Services Code of Practice. The Treasury Management Strategy 2012/13 fulfils the four key reports required by the Local Government Act 2003 including CIPFA's Prudential Code for Capital Finance in Local Authorities.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
Core Principle 2 – Members and officers working together to achieve a common purpose with clearly defined functions and roles		
Ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function.	Set out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the authority's approach towards putting this into practice. Ensure that the CFO reports directly to the chief executive and is a member of the leadership team with a status at least equivalent to other members. If different organisational arrangements are adopted, explain the reasons publicly, together with how these deliver the same impact.	The Constitution includes sections which clearly state the roles and responsibilities of the Executive (Cabinet); Portfolio Holders (including the Leader) and senior officers Including the Chief Executive): • Part 1 – Summary and Explanation and Part 3 – Responsibility for Functions • Part 3 – Section 6 - The Scheme of Delegation The Overview and Scrutiny Procedures (Part 4 – Rules of Procedure) were updated in April 2011 to reflect the current scrutiny function responsibilities. The Annual Governance Statement publicly states the Head of Finance reports to the Corporate Director (Governance) and provides commentary regarding the arrangements. The Council's Constitution (Part 5 – Codes and Protocols) includes the 'Protocol for Member / Officer Relations'.
	Set out a clear statement of the respective roles and responsibilities of other authority members, members generally and of senior officers.	The Council's Constitution (Part 3 – Responsibility for Functions) sets out a clear statement on the roles and responsibilities of other authority members, specifically Portfolio Holders, Regulatory Committee and Other Non-Executive Decision Making Committees. The Council's Constitution (Part 3 – Section 6 - The Scheme of Delegation) clearly states the roles and responsibilities of senior officers.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
Ensuring that a constructive working relationship exists between elected members and officers and that the responsibilities of authority members and officers are carried out to a high standard.	Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the authority taking account of relevant legislation and ensure that it is monitored and updated when required.	The Council's Constitution (Part 3 – Section 3) defines the Scheme of Delegation for Portfolio Holders. The Council's Constitution (Part 3 – Section 6 – The Scheme of Delegation to Officers) defines the delegated powers of officers. This includes members of Corporate Management Team, Assistant Directors and Heads of Team. Part 4 of the Constitution incorporates Financial Procedure Rules. Elements of the Constitution are reviewed and updated in the light of legal and organisational changes.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Make a Chief Executive or equivalent responsible and accountable to the authority for all aspects of operational management.

Ensure that the authority's governance arrangements allow the CFO direct access to the CEO and to other leadership team members. | The Chief Executive is the Head of Paid Service – appointed under Section 4 of the Local Government Act 1989, with the responsibilities defined within that Act for the overall corporate management and operational activities of the Council (as defined in the Part 5 of the Council's Constitution – Protocol for Member / Officer Relations and Article 12 - Officers).

The job description for the Chief Executive recognises the post to also be the Head of Paid Service. The job description defines the main areas of accountability and responsibility covering all aspects of operational management. The Leader of the Council conducts the Chief Executive's appraisal.

Governance arrangements allow the Head of Finance direct access to the Chief Executive and other leadership team members.

Performance Management is managed through the Performance Management Team and overseen by the O&SC. |
| | Develop protocols to ensure that the Leader and Chief Executive (or equivalents) negotiate their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained. | The Council's Constitution (Part 5 – Codes and Protocols) includes the 'Protocol for Member / Officer Relations'.

The Constitution includes sections which clearly state the roles and responsibilities of the Leader and the Chief Executive –
• Part 1 – Summary and Explanation and Part 3 – Responsibility for Functions
• Part 3 – Section 6 - The Scheme of Delegation |

Supporting Principles	Specific requirements to:	Compliance Commentary (italicised areas for improvement)

	Make a senior Officer (the S151 Officer) responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.
	
	• Appoint a professionally qualified CFO whose core responsibilities include those set out in the Statement on the Role of the CFO in Local Government and ensure that they are properly understood through the authority
	• Ensure that the CFO
	  • Leads the promotion and delivery by the whole organisation of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively
	  • Has a line of professional accountability for finance staff throughout the organisation
	• Ensure that budget calculations are robust and reserves adequate, in line with CIPFA's guidance
	• Ensure that appropriate management accounting systems, functions and controls are in place so that finances are kept under review on a regular basis. These systems, functions and controls should apply consistently to all activities including partnership arrangements, outsourcing or where the authority is acting in an enabling role
		The Head of Finance, appointed under Section 151 of the Local Government Act 1972, has overall responsibility for the conduct and legality of the Council financial administration (Article 12 of the Constitution - Officers and Part 5– Protocol for Member / Officer Relations).
		
		The Head of Finance holds the relevant professional qualification and continues with ongoing professional development. Good financial management is promoted and delivered; professional accountability for finance staff is in place; budget calculations are robust and in line with CIPFA requirements.
		
		Finances are reviewed through monitoring of budgets, cash flow and investments and the capital programme.
		
		The effectiveness of the Internal Audit function is reviewed as part of the Internal Audit Annual Report, assessed against the standards included in the CIPFA Code of Practice
		
		Officers with significant financial responsibilities may be embedded with service departments with no professional accountability to the CFO.
		
		Compliance with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government is not overtly reported on in the annual governance statement.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Make a senior Officer (usually the Monitoring Officer) responsible to the Council for ensuring that agreed procedures are followed and that all applicable Statutes and Regulations are complied with.	The Corporate Director (Governance) is appointed as the Monitoring Officer under Section 5 of the Local Government and Housing Act 1989 who has responsibility for ensuring the lawfulness of any proposals, decisions or omissions of the Council and for the promotion of high standards of conduct within the Council (as defined in Part 2 Articles of the Constitution - Article 12 - Officers and in Part 5 of the Council's Constitution – Protocol for Member / Officer Relations).
Ensuring relationships between the authority, its partners and the public are clear so that each knows what to expect of the other.	Develop protocols to ensure effective communication between members and officers in their respective roles.	Part 5 Codes and Protocols of the Constitution includes a specific 'Protocol for Member / Officer Relation' which provides clarity on what to expect from each party.

The Members' Charter makes specific reference to Access to Officers. |

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Set out the terms and conditions for remuneration of members and officers and an effective structure for managing the process, including an effective Remuneration Panel.	The Council's Constitution (Part 6 – Members Allowances Scheme) defines the terms and conditions under which allowances are paid. The Constitution also establishes an Independent Remuneration Panel. The latest Independent Remuneration Panel report was presented to Cabinet on 18 January 2012 and approved by Council on 23 February 2012. WCC employees work under NJC for LGS (National Joint for Council Local Government Service) conditions which are standard for Local Authorities. This establishes a clear pay structure. There is a process for assessing the grading of posts and an appeals process. The Accounts and Audit Regulations require disclosure of employees' remuneration which exceeds £50,000; this disclosure was included in the Annual Financial Report for year ended 31 March 2012.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Ensure that effective mechanisms exist to monitor service delivery.	Actions are included in Change Plans and Portfolio Plans designed to deliver the priority outcomes as defined in the Winchester District Community Strategy. Performance against the key priorities in the Changes Plans are monitored throughout the year and reported to O&SC focussing on progress made on actions which contribute to achieving the agreed outcomes of the Council. Portfolio Holders hold monthly meetings with Heads of Services, at which time performance issues are identified and discussed.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*

	Ensure that the organisation's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.
	
	• Establish a medium term business and financial planning process to deliver strategic objectives including:
	  o A medium term financial strategy to ensure sustainable finances
	  o A robust annual budget process that ensures financial balance
	  o A monitoring process that enables this to be delivered
	• Ensure that these are subject to regular review to confirm the continuing relevance of assumptions used.
		The Winchester District Community Strategy 2010-2020 provides a vision for the future and sets out how WCC will work with other organisations / partners to improve the quality of life for residents of the District.
		
		The Change Plans set out how the how the Winchester District Strategic Plan 2010-20 is to be delivered, including a defined set of priority actions and expected outcomes. The Change Plans were reviewed in 2012 in consultation with key stakeholder / partners, approved by Full Council in January 2012.
		
		The Council's Budget is produced annually and in consultation with key stakeholders. The general fund budget is aligned directly to the outcomes defined in the Winchester District Strategic Plan 2010-20 (plus the efficient and effective outcome).
		
		The Financial Strategy covers the medium term with an active focus on the current year combined with a consideration of implications for future years. The rolling strategy and the underlying assumptions are regularly reviewed.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	When working in partnership, ensure that members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the authority. Ensure that there is clarity about the legal status of the partnership. Ensure that representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.	The WDSP promotes the strengths of working in partnership and commits to the principles of good governance aligned to those developed by CIPFA. The roles of WDSP board members or executive group is defined on the WDSP internet site. *The partnership toolkit established protocols for partnership working however all links to this toolkit are no longer available through the WCC and WDSP internet sites.*

Core Principle 3 – Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour		
Ensuring authority members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance.	Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect.	The Code of Conduct for Members which is included in the Council's Constitution (Part 5 – Codes and Protocols) clearly informs members of their responsibilities for treating others with respect and to disclose personal interests. The Employee Code of Conduct which is included in the Council's Constitution (Part 5 – Codes and Protocols) is communicated to employees as part of the induction process and clearly defines the conduct which is expect of them including a requirement for them to declare anything which may be perceived as a conflict of interest. The Chairman's Guide to Procedure at Meetings, included in the Council's Constitution (Part 8 – Local Guidance Notes), establishes clear protocols for conduct of business at committee meetings. Members working in partnerships are expected to act in a manner consistent with the Members Code of Conduct.

Supporting Principles	Specific requirements to:	Compliance Commentary (italicised areas for improvement)
	Ensure that standards of conduct and personal behaviour expected of members and staff, of work between members and staff and between the authorities, its partners and the community are defined and communicated through codes of conduct and protocols.	The Code of Conduct for Members, (Constitution Part 5 – Codes and Protocols) clearly informs members of their responsibilities for acting in a manner consistent with the principles referred to in the Localism Act 2011. Training on the Code of Conduct is made available annually to all elected members. The training is seen as essential for new Members and those who have not attended in past years. The Employee Code of Conduct, which is included in the Constitution (Part 5 – Codes and Protocols) states the expected behaviour or conduct particularly in communicating with Members, the local community, service users and contractors. The Anti Fraud & Corruption Policy reinforces the expectation that members and officers lead by example. Complaints procedures enable members of the public to raise concerns. Officers' performance and any specific training needs are evaluated through the Council's performance appraisal process.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Put in place arrangements to ensure that members and employees of the authority are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and put in place appropriate processes to ensure that they continue to operate in practice.	Constitution Part 5 – Codes and Protocols, specifically the Members and Employee Code of Conduct. Training on the Code of Conduct is made available annually to all elected members. The training is seen as essential for new Members and those who have not attended in past years. Part 5 of the Constitution defines a protocol for the receipt of gifts and hospitality. An up to date register of gifts and hospitality is maintained. Councillors register their interests and this is publicly available. *The Employee Code of Conduct, included in the Council's Constitution (Part 5 – Codes and Protocols), clearly defines the conduct expected. This is not specifically included as part of the induction process and there is no refresher training to existing staff ensuring it is continuously understood.*

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
Ensuring that organisational values are put into practice and are effective.	Develop and maintain shared values including leadership values for both the organisation and staff reflecting public expectations, and communicate these with members, staff, the community and partners.	The Code of Conduct which is included in the Council's Constitution (Part 5 – Codes and Protocols) clearly informs members of their responsibilities for treating others with respect and to disclose personal interests. The Employee Code of Conduct, included in the Council's Constitution (Part 5 – Codes and Protocols), clearly defines the conduct which is expected of them including a requirement for them to declare anything which may be perceived as a conflict of interest. The Winchester District Community Strategy 2010 – 2020 states as one of its principles 'to foster good relations, mutual understanding and respect and shared goals and values'. Whistle-blowing arrangements are included within the Anti Fraud & Corruption Policy.
	Put in place arrangements to ensure that systems and processes are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice. Ensure that systems and processes for financial administration, financial control and protection of the authority's resources and assets are designed in conformity with appropriate ethical standards and monitor their continuing effectiveness in practice.	The Monitoring Officer function includes support to the Standards Committee in promoting and maintaining high standards of conduct. The Monitoring Officer reviews Cabinet and Committee reports and decisions for conformity with ethical standards. The Monitoring Officer reviews Council Minutes and the Register of Interests for both members and officers with governance responsibilities. Both the Member Code of Conduct and Employee Code of Conduct communicate the ethical standards expected.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Develop and maintain an effective standards committee.	The Standards Committee meets on a quarterly basis . Membership of the Committee three Parish representatives and for 2012/13 four independent persons were also available to advise the Committee (in line with Article 12 – The Standards Committee).
	Use the organisation's shared values to act as a guide for decision making and as a basis for developing positive and trusting relationships within the authority.	The Constitution includes a guide to the decision making process and Article 13 of the Constitution sets out the principles for the decision making process. A standard template is used for presenting papers to Committees that includes a section as a reminder to highlight the relationship with the Community Strategy and Change Plans.
	In pursuing the vision of a partnership, agree a set of values against which decision making and actions can be judged. Such values must be demonstrated by partners' behaviour both individually and collectively.	The Winchester District Community Strategy 2010-20 defines the principles for delivering the Community Strategy, one being to foster good relations, mutual understanding and respect and shared goals and values, by promoting contact between different sections of the community.

Core Principle 4 – Taking informed and transparent decisions which are subject to effective scrutiny and managing risk		
Being rigorous and transparent about how decisions are taken and listening and acting on the outcome of constructive scrutiny.	Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the authority's performance overall and that of any organisation for which it is responsible. Maintain and resource and effective internal audit function.	The Council's scrutiny function operates through the O&SC and Audit Committees with clearly defined responsibilities and terms of reference. The O&SC reviewed the "new" system as reported in May 2012. An effective internal audit function is resourced and maintained within the context of an Internal Audit partnership with two other local authorities. The Internal Audit Manager reports directly to the Head of Finance. Internal Audit maintains its independence and objectivity by reporting to the Audit Committee. The effectiveness of the internal audit function is assessed against the standards included in the CIPFA Code of Practice on an annual basis. Audit Committee and O&SC meetings are held in public with agendas, papers and minutes available on the WCC internet site The Annual Scrutiny Report to O&SC includes reference to the topics reviewed. Implicit in these reviews is the, consideration of, and improvement to proposals.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.	The Constitution includes a guide to the decision making process and Article 13 of the Constitution sets out the principles for the decision making process. Committee reports and minutes provide evidence of decisions taken with the recording of the rationale and considerations upon which these are based on. All are available, with exception to the exempt reports, through the Council's internet site. Every committee report and Portfolio Holder Decision notice is validated before being sent out by committee staff as legal and finance sign off is required before dispatch of all reports.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Put in place arrangements to safeguard members and employees against conflicts of interest and put in place appropriate processes to ensure that they continue to operate in practice.	The Council's Constitution incorporates Member and Employee Codes of Conduct which both state a requirement for declarations of interests to be made. Members declare any financial or other interests by the completing and signing annually 'Register of Members Interests'. Any subsequent interests throughout the year are through direct notification to the Monitoring Officer. Committee reports and corresponding minutes provide evidence of declarations of interests. All are available, with exception to the exempt reports, through the Council's internet site. Training on the Code of Conduct is made available annually to all elected members. The training is seen as essential for new Members and those who have not attended in past years. All complaints against elected members are considered by Standards Committee or Monitoring Officer. A standard form and guidance notes are available on the Council's internet which can be used should someone want to raise a complaint against an elected member.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Develop and maintain an effective audit committee (or equivalent) which is independent of the executive and scrutiny functions or make other appropriate arrangements for the discharge of the functions of such a committee. Ensure that the authority's governance arrangements allow the CFO direct access to the audit committee and external audit.	The Audit Committee has terms of reference and is independent of the executive and scrutiny function. To assist the Audit Committee in their duties a training event was held in September 2012, provided by CIPFA covering both governance and financial aspects of the Audit Committee's role and responsibilities. The Head of Finance has access to the Audit Committee and External Audit. Although this is not explicit, there is sufficient access to External audit, enabled through the Whistle-blowing Policy.
	Ensure that effective, transparent and accessible arrangements are in place for dealing with complaints.	All complaints about elected members are considered by Standards Committee or Monitoring Officer. A standard form and guidance notes are available on the Council's internet which can be used should someone want to raise a complaint against an elected member. Similarly there is a standard complaints process for registering dissatisfaction with delivery of services by the Council.

Supporting Principles	Specific requirements to:	Compliance Commentary (italicised areas for improvement)
Having good quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs.	Ensure that those making decisions whether for the authority or the partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical and financial issues and their implications. Ensure provision of clear, well presented, timely, complete and accurate information and reports to budget managers and senior officers on the budgetary and financial performance of the authority.	The programme of training made available to elected members included the provision of Chairman training if required. The Committee Timetable 2012-13 lists all the meetings for the year with specific deadlines for submission of reports. Standard templates exist for use ensuring consistency in presentation. (NB: Minor update to the Checklist required to account for structural changes / designated posts for consultation). Clear, well presented, timely and accurate financial reports are produced for Budget Holders, Performance Management Team and Leaders Board. Key decisions are signed off by Finance and Legal as part of the process for presenting items to Members for consideration and decision making.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making and used appropriately. Ensure the authority's governance arrangements allow the CFO to bring influence to bear on all material decisions. Ensure that advice is provided on the levels of reserves and balances in line with good practice guidance.	Committee reports and corresponding minutes provide evidence of decisions taken with the recording of the rationale and considerations upon which these are based on. All are available, with exception to the exempt reports, through the Council's internet site. These indicate where advice has been given in the meeting. The Head of Finance is included in the process leading to decisions with a material impact. The Treasury Management Strategy, presented annually to Audit Committee includes advice on reserves and balances. *Compliance with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government is not overtly reported on in the annual governance statement.*

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
Ensuring that an effective risk management system is in place.	Ensure that risk management is embedded into the culture of the authority; with members and managers at all levels recognising that risk management is part of their jobs. Ensure the authority's arrangements for financial and internal control and managing risk are addressed in annual governance reports. Ensure the authority puts in place effective internal financial controls covering codified guidance, budgetary systems, supervision, management review and monitoring, physical safeguards, segregation of duties, accounting procedures, information systems and authorisation and approval processes. Ensuring that these controls are an integral part of the authority's underlying framework of corporate governance and that they are reflected in its local code.	The Risk Policy and Risk Management Statement of Practice 2011 include the roles and responsibilities of individuals and groups with respect to risk management and explain how the risk management process operates. The committee report template refers to risk management issues that should be considered. The authority's arrangements for financial and internal control and managing risk are addressed in the Annual Governance Statement. The Financial Instructions published on the Council's Intranet provide adequate guidance on accounting procedures.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Ensure that effective arrangements for whistle-blowing are in place to which officers, staff and all those contracting with or appointed by the authority have access.	The Council's Constitution (Part 5 – Codes and Protocols) includes the whistle-blowing policy, accessible to all via the Council internet. Officers have been alerted of the Anti-Fraud and Corruption Policy, Whistle-Blowing Policy and the Anti-Bribery Policy through Core Brief. The whistle-blowing policy provides contact details should anyone wish to raise a concern under the Whistle Blowing Policy. The annual submission to the Audit Commission Fraud Survey provides an indication that whistle-blowing arrangements are effective.
Using their legal powers to the full benefit of the citizens and communities in their area.	Actively recognise the limits of lawful activity placed on them by, for example, the ultra vires doctrine but also strive to utilise powers to the full benefit of their communities.	The Corporate Director (Governance) assumes the role of Monitoring Officer (appointed under Section 5 of the Local Government and Housing Act 1989) that has responsibility for ensuring the lawfulness of any proposals, decisions or omissions of the Council and for the promotion and maintenance of high standards of conduct within the Council.
	Recognise the limits of lawful action and observe both the specific requirements of legislation and the general responsibilities placed on local authorities by public law.	Every committee report and Portfolio Holder Decision notice is reviewed for legal content and checked/amended before issue to members. Sometimes the legal advice is specifically referred to as being given by the Corporate Director (Governance) or by the Head of Legal Services. In other reports the legal content is incorporated in reports without this specific reference but has still been validated before being sent out by committee staff as legal and finance sign off is required before dispatch of all reports.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Observe all specific legislative requirements placed upon them, as well as the requirements of general law, and in particular to integrate the key principles of good administrative law – rationality, legality and natural justice – into their procedures and decision-making processes.	The Corporate Director (Governance) assumes the role of Monitoring Officer (appointed under Section 5 of the Local Government and Housing Act 1989) that has responsibility for ensuring the lawfulness of any proposals, decisions or omissions of the Council and for the promotion and maintenance of high standards of conduct within the Council.
Core Principle 5 – Developing the Capacity and Capability of Members and Officers to be effective		
Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.	Provide induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis.	Induction training is provided to all newly elected members, this took place on 22 and 29 May 2012. There is also a Members Training and Development Programme for the year to develop the skills and knowledge of members. An Induction Checklist is completed with new starters / employees, evidencing that they have familiarised themselves with their role. There is also a requirement for new starters to complete the e-induction course, covering various policies and procedures through the e-learning zone on the Council's Intranet. Ongoing training and development is available for all officers with the publication of courses via the intranet and the HR training portal page as well as more formally directed through the appraisal process

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the authority. Ensure the CFA has the skills, knowledge, experience and resources to perform effectively in both the financial and non financial areas of their role. Review the scope of the CFO's other management responsibilities to ensure financial matters are not compromised. Provide the finance function with the resources, expertise and systems necessary to perform its role effectively.	The Head of Paid Service, Monitoring Officer and S151 Officer have the necessary skills required to perform their role effectively. The roles and responsibilities of the Statutory Officers are clearly defined in the Constitution and included on individual job descriptions. Financial Services is structured to provide the necessary resources and expertise enabling it to perform its role effectively. A review of the service during 2012/13 resulted in structural changes being made to meet changing requirements to support the Council.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
Developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group.	Assess the skills required by members and officers and make a commitment to develop those skills to enable roles to be carried out effectively. Embed financial competencies in person specifications and appraisals. Ensure that Councillors roles and responsibilities for monitoring financial performance / budget management are clear, that they have adequate access to financial skills and are provided with appropriate financial training on an ongoing basis to help them discharge their responsibilities. Assess the financial skills required by members of the Leadership Team and commit to develop those skills to enable their roles to be carried out effectively. Assess the financial skills required by managers and commit to develop those skills to enable their roles to be carried out effectively.	New Member Induction Evenings are held, presented by the Chief Executive, Corporate Director and Assistant Directors aimed at outlining the work of their respective groups. The Member Training and Development Programme is established each year to develop members' skills and knowledge. The programme is also designed to provide guidance on new initiatives / changes in Local Government. Officers' performance and any specific training needs are evaluated through the Council's performance appraisal process. Member training on specific financially related topics for Audit committee members has been provided during the year. *VAT Training was programmed during 2012/13 but has been delayed and will now take place during 2013/14.*
	Develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.	The Member Training and Development Programme is established each year to develop members' skills and knowledge. The programme is also designed to provide guidance on new initiatives / changes in Local Government. Officers' performance and any specific training needs are evaluated through the Council's performance appraisal process.

Supporting Principles	Specific requirements to:	Compliance Commentary (italicised areas for improvement)
	Ensure that effective arrangements are in place for reviewing the performance of the executive as a whole and of individual members and agreeing an action plan, which might, for example, aim to address any training, or development needs.	The O&SC receives reports relating to performance monitoring and considers any issues arising from this. Informal Scrutiny Groups (task and finish groups) are appointed by the O&SC and report their findings accordingly. The Leader of the Council conducts the Chief Executive's appraisal. The Chief Executive conducts the Directors' appraisals. Officers' performance and any specific training needs are evaluated through the Council's performance appraisal process.
Encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.	Ensure that effective arrangements are in place designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the authority.	A Youth Council, launched in 2007, is still active. The Council works with its partners in the community through the WDSP. The Council works closely with its Housing Tenants, through TACT (Tenants and Council Together) to involve them in the management of its housing stock.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Ensure that career structures are in place for members and officers to encourage participation and development.	Personal Development Plans form part of the Performance Appraisal Process. The 1-Team initiative aims to enable staff skills and experience to be shared across the Council and encourages development. It makes greater use of the skills and resources of the organisation. The E-learning portal includes management development opportunities. The ASPIRE programme helps develop overall management potential.

Core Principle 6 – Engaging with local people and other stakeholders to ensure robust public accountability		
Exercising leadership through a robust scrutiny function, which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships.	Make clear to themselves, all staff and the community to whom they are accountable and for what.	The O&SC has a clearly defined scrutiny role. Members of the public can attend meetings. WCC operate within the WDSP and engage with other stakeholders and partners through this forum. The WDSP Executive has a role to play in ensuring the delivery of the Winchester District Community Strategy 2010-2020 and this includes a scrutiny function. Staff are informed at Chief Executive Briefings of the overall strategy and direction of the organisation.
	Consider those institutional stakeholders to whom the authority is accountable and assess the effectiveness of the relationships and any changes required.	WCC operate within the WDSP and engage with other stakeholders and partners through this forum. The O&SC can review the City Council's partnership working in relevant areas. The O&SC is able to look at all aspects of a partnership's work including WCC's role, performance management and monitoring work programmes. The commissioning process is being applied to identify different ways to deliver services. *The partnership toolkit established protocols for partnership working however all links to this toolkit are no longer available through the WCC and WDSP internet sites.*
	Produce an annual report on the activity of the scrutiny function.	An Annual Report was presented to the O&SC in May 2013, commenting on the activity of the scrutiny function.

Supporting Principles	Specific requirements to:	Compliance Commentary (italicised areas for improvement)
Taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning.	Ensure clear channels of communication are in place with all sections of the community and other stakeholders, including monitoring arrangements, and ensure that they operate effectively.	WCC operate within the WDSP and engage with other stakeholders and partners through this forum. Council branding is used to raise public awareness of services provided by the authority; press releases are available on the internet site. The Council's internet site is used as a source of information to the community and other stakeholders as well as inviting comments to be made to the Council. Twitter and Facebook are being used as additional communication channels. The effective take up of these communication channels are monitored against specific performance indicators. The Citizen Panel is used as a means of assessing the effectiveness of communicating with the community.
	Hold meetings in public unless there are good reasons for confidentiality.	All decision making meetings and formal Scrutiny Meetings are open to the public with public participation, other than for items falling within exempt categories of business.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Ensure that arrangements are in place to enable the authority to engage with all sections of the community effectively. These arrangements should recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands	Various arrangements are in place to engage with different sections of the community, including the WDSP and directly with: • Engagement with housing tenants through TACT; • Youth Council; • Over 55s Forum. Councillors' represent their communities. Previous consultations are listed on WCC internet and demonstrate that during 2012/13 there was evidence of consultations taking place.
	Establish a clear policy on the types of issues on which they will meaningfully consult on or engage with the public and service users, including a feedback mechanism for those consultees to demonstrate what have changed as a result.	Consultations can be via the WCC internet site and link to e-panel pages for interested members of the public to engage with. Previous consultations are listed and demonstrate that during 2012/13 there was evidence of consultations taking place. Feedback mechanism is less transparent, but can be discerned from policy decisions made by the Council where relevant – although the lead time between the initial consultation and the final result can be lengthy.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Publish an annual performance plan giving information on the Authority's vision, strategy, plans and financial statements as well as information about its outcomes, achievements and the satisfaction of service users in the previous period.	Change Plans are in place that show the Authority's visions and strategy and the linkage with the WDSP. The Change Plans are the overarching planning document for the conduct of Council business. Performance plans are at a high level with outcomes being expressed more as aspirations rather than quantitative targets. The Council's Budget is produced annually and in consultation with key stakeholders. The general fund budget is aligned directly to the outcomes defined in the Winchester District Strategic Plan 2010-20 (plus the efficient and effective outcome). The audited Annual Financial Report 2011/12 was presented to the Audit Committee on 25 September 2012; it was published on the Council's internet. O&SC receives annual and mid year reports on performance against outcomes included in the approved the Change Plans.

Supporting Principles	Specific requirements to:	*Compliance Commentary (italicised areas for improvement)*
	Ensure that the authority as a whole is open and accessible to the community, service users and its staff and ensure that it has made a commitment to openness and transparency in all its dealings, including partnerships, subject only to the need to preserve confidentiality in those specific circumstances where it is proper and appropriate to do so.	The Council's Customer Service Centre provides a single point of contact for customer queries.
		The Council intranet provides staff with a wealth of information, although not all links contained in the pages work.
		Constitution and Cabinet / Committee reports are available on the Council's internet site (minutes).
		Details of the Freedom of Information Act 2003 and the right to access information held by the Council are clearly outlined on the Council's internet site.
		The Council issues the weekly newsletter 'City Voice' to all staff via the intranet.
		The Management Core Brief is communicated to all staff via their managers each month.
		Information on Council Tax is available at reception points and on the internet.

Supporting Principles	Specific requirements to:	Compliance Commentary (italicised areas for improvement)
Making best use of human resources by taking an active and planned approach to meet responsibilities to staff.	Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision-making.	WCC intranet HR Portal includes People Strategy document (pre 2002 but undated) – includes reference to consultation with staff representatives. The Council issues the weekly newsletter 'City Voice' to all staff via the intranet. The Management Core Brief is communicated to all staff via their managers each month. The Chief Executive advises staff periodically via e-mail and by group briefings where there are important items for staff to be aware of. The Council participates in the 'Best Places to Work' survey that provides feedback on staff perceptions that relate (in part) to staff terms and conditions. Internal Audit have conducted a review of staff recruitment ensuring best practice standards are adhered to.