

Corporate Governance Review

The tables below show the extent to which Winchester City Council (WCC) is complying with each of the Dimensions as set out in the CIPFA/SOLACE Guidance. It also makes reference to recommended actions which are included in an action plan at Appendix C to the main committee report.

- Dimension 1 - Community Focus
- Dimension 2 - Service Delivery Arrangements
- Dimension 3 - Structures and Processes
- Dimension 4 - Risk Management and Internal Control
- Dimension 5 - Standards of Conduct

Dimension 1 - Community Focus

Through carrying out their general and specific duties, responsibilities, and their ability to exert wider influence, local authorities should:-

- work for and with their communities;
- exercise leadership in their local communities, where appropriate;
- undertake an ‘ambassadorial’ role to promote the well-being of their area, where appropriate, through maintaining effective arrangements: -
 - for explicit **accountability** to stakeholders for the authority’s performance and its **effectiveness** in the delivery of services and the sustainable use of resources
 - demonstrate integrity in the authority’s dealings by building effective relationships and partnerships with other public agencies and the private/voluntary sectors
 - demonstrate openness in all their dealings
 - demonstrate inclusiveness by communicating and engaging with all sections of the community to encourage active participation
 - develop and articulate a clear and up to date vision and corporate strategy in response to community needs

Dimension 1 – Community Focus		WCC Compliance	Comments / Recommended Actions
a	<p>Publish on a timely basis an annual report presenting an objective and understandable account of the authority’s</p> <ul style="list-style-type: none"> • activities and achievements • financial position and performance <p>The reports should include statements:</p> <ul style="list-style-type: none"> • explaining the authority’s responsibility for the financial statements • confirming that the authority complies with relevant standards and codes of corporate governance • on the effectiveness of the authority’s system for risk management and internal control 	<ul style="list-style-type: none"> • The Performance Plan 2003/04 has been produced and published on the Internet, available also as a booklet. This details the achievements / activities and performance of the Winchester City Council (WCC). The 2004/05 Performance Plan is currently being produced. • The Statement of Accounts for the year ended 31 March 2004 provides details on the financial position of WCC. The accounts for year ended 31 March 2005 are currently being produced. • The Statement of Responsibilities for the Statement of Accounts have been included and signed in the Statement of Accounts for year ended 31 March 2004. • The Statement on Internal Control was included in the Statement of Accounts for year ended 31 March 2004, which reported on the effectiveness of the authority’s system for risk management and internal control 	Satisfactory

Dimension 1 – Community Focus		WCC Compliance	Comments / Recommended Actions
b	<p>Publish on a timely basis a performance plan setting out</p> <ul style="list-style-type: none"> • current performance in service delivery • Plans to maintain and improve service quality. 	<ul style="list-style-type: none"> • Community Strategy (developed through the Local Strategic Partnership) • The Performance Plan 2003/04 has been produced detailing performance against BVPIs and LPIs • Modernisation and Improvement Plan in place, derived from the CPA Assessment. • Business Plans exist for each Directorate, priorities / objectives have been linked to the relevant Strategies / Improvement Plans 	Satisfactory
c	<p>Put in place proper arrangements for the independent review of the financial and operational reporting processes.</p>	<ul style="list-style-type: none"> • Joint Audit and Inspection Letter produced by PwC and accepted by Principal Scrutiny Committee 1 November 2004. • Principal Scrutiny Committee function is in place. Their role is defined in the Part 2 of the Constitution – Article 6. Overview and Scrutiny Procedure Rules defined in Part 4 of the Constitution • Internal Audit report quarterly to the Council's Principal Scrutiny Committee • Internal Audit Plan is approved by the Council's Principal Scrutiny Committee • CPA Assessment – Report issued in January 2004. • Various reviews taken place - IDeA Inspection; IT Client; Partnerships for Health (Audit Commission) 	Satisfactory

Dimension 1 – Community Focus		WCC Compliance	Comments / Recommended Actions
d	Put in place proper arrangements designed to encourage individuals and groups to engage with and participate in the work of the authority and put in place appropriate monitoring processes to ensure that they continue to work in practice.	<ul style="list-style-type: none"> WCC is a member of the Local Strategic Partnership and has published the approved Community Strategy (November 2004) Various Stakeholder and Area Forums – Health for All; Community Safety Partnership; Housing Forum (Student Accommodation); Winchester Business Partnership; Natural Environment; Cultural Partnership Citizens Panel Survey conducted in December 2004 (results published on the Council's Internet Site) 	Satisfactory
e	Make an explicit commitment to openness in all their dealings, subject only to the need to preserve confidentiality.	<p>The Constitution expresses the authority's commitment to openness and confidentiality, specifically</p> <ul style="list-style-type: none"> Article 3 – Citizens and the Council (this also covers citizens rights in relation to participation) Part 4 – Access to Information Procedure Rules 	Satisfactory
f	Establish clear channels of communication with all sections of their community.	<ul style="list-style-type: none"> Corporate Communications unit part of the CX Department Communications Strategy developed and approved at both PSC and Cabinet and a Communication Improvement Plan now in place Local Strategic Partnership 	Satisfactory
g	Ensure that a vision for their local communities and their strategic plans, priorities and targets are developed in consultation with the local community and other key stakeholders and that they are clearly articulated and disseminated.	<ul style="list-style-type: none"> Local Strategic Partnership has now produced and published the Community Strategy (Partners identified in the Performance Plan 2003-04) The Authority's Corporate Strategy has been developed in line with the Community Strategy 	Satisfactory

Dimension 2 - Service Delivery Arrangements

A local authority should ensure that continuous improvement is sought, agreed policies are implemented and decisions carried out by maintaining arrangements which:

- discharge their accountability for service delivery at a local level
- ensure effectiveness through setting targets and measuring performance
- demonstrate integrity in dealings with service users and developing partnerships to ensure the right provision of services locally
- demonstrate openness and inclusiveness through consulting with key stakeholders, including service users
- are flexible so that they can be kept up to date and be adapted to accommodate change and meet user wishes.

Dimension 2 – Service Delivery Arrangements		WCC Compliance	Comments / Recommended Actions
a	Set standards and targets for performance in the delivery of services on a sustainable basis and with reference to equality policies.	<ul style="list-style-type: none"> • The Performance Plan 2003-04 sets out targets for performance for the forthcoming year (specifically BVPIs and LPIs). • There is currently no Best Value Review Programme / Service Improvement Plan. Service reviews are taking place for example, the processes within planning, print and design but there is no specific central programme currently in place 	Satisfactory but consideration should be given to the production of a centralised service review programme
b	<ul style="list-style-type: none"> • Put in place sound systems for providing management information for performance measurement purposes. 	<ul style="list-style-type: none"> • The Performance Management Group has been formed but as a new group it is not yet operating as intended. The Terms of Reference of the group require clearer articulation in relation to their role / responsibility. Once better established, CMT should expect a more positive impact in the process of performance management • Performance (financial and other) is reported to Performance Improvement Committees and Cabinet 	<p>Improvement Required</p> <p>The Terms of Reference for the Performance Management Group should be reviewed and updated accordingly. Membership of the Group needs to be finalised so that the Group can establish itself and improve the performance management process.</p>

Dimension 2 – Service Delivery Arrangements		WCC Compliance	Comments / Recommended Actions
c	Monitor and report performance against agreed standards and targets and develop comprehensive and understandable performance plans.	<ul style="list-style-type: none"> • Performance (financial and other) is reported to Performance Improvement Committees on a quarterly basis (to be replaced by four scrutiny panels for 2005/06) • The Performance Plan 2003-04 reports on the performance of the Council throughout the previous financial year. 	Satisfactory
d	Put in place arrangements to allocate resources according to priorities.	<ul style="list-style-type: none"> • The Council's Corporate Strategy has been developed in line with the Community Strategy setting out the Council's priorities. • The Council has taken a policy driven approach with regards to the Financial Strategy and is identified as key to the achievement of the Council's Corporate Strategy. 	<p>Improvement Required</p> <p>The Council needs to establish how the projected £1M deficit will affect priorities and service delivery arrangements in the future</p>
e	Foster effective relationships and partnerships with other public sector agencies and the private and voluntary sectors, and to consider outsourcing services where it is efficient and effective to do so, in delivering services to meet the needs of the local community, and put in place processes to ensure that they operate effectively in practice.	<ul style="list-style-type: none"> • Local Strategic Partnership in place • Development of the Community Strategy • Services have been outsourced demonstrating that Best Value is considered in providing services e.g. IT, refuse collection, leisure services, Guildhall catering, grounds maintenance • Partnership working operates in the areas of Internal Audit and Procurement • Partnership arrangement has been considered for the IT Client Service and a decision taken not to enter into a partnership immediately 	Satisfactory

Dimension 2 – Service Delivery Arrangements		WCC Compliance	Comments / Recommended Actions
f	Respond positively to the findings and recommendations of external auditors and statutory inspectors and put in place effective arrangements for the monitoring and implementation of actions.	<ul style="list-style-type: none"> • Modernisation and Improvement Plan developed following the CPA Assessment • Joint Audit and Inspection Letter produced by PwC and accepted by Principal Scrutiny Committee 1 November 2004. • Internal Audit report quarterly to the Council's Principal Scrutiny Committee • Internal Audit Plan is approved by the Council's Principal Scrutiny Committee 	Satisfactory

Dimension 3 - Structures and Processes

A local authority needs to establish effective political and managerial structures and processes to govern decision making and the exercise of authority within an organization. A local authority should maintain arrangements to:

1. define the roles and responsibilities of members and officers to ensure **accountability**, clarity and ordering of the authority's business
2. ensure that there is proper scrutiny and review of all aspects of performance and **effectiveness**
3. demonstrate **integrity** by ensuring a proper balance of power and authority
4. document clearly such structures and processes and to ensure that they are communicated and understood to demonstrate **openness and inclusivity**
5. ensure such structures and processes are kept **up to date** and adapted to accommodate change

Dimension 3 – Structures and Processes		WCC Compliance	Comments / Recommended Actions
a	<p>Balance of Power and authority</p> <p>Put in place clearly documented protocols governing relationships between members and officers.</p>	<ul style="list-style-type: none"> • Part 5 – Codes and Protocols (Protocol for Member/Officer Relations) forms part of the Council's Constitution 	Satisfactory
b	<p>Ensure that the relative roles and responsibilities of executive and other members, generally and senior officers are clearly identified.</p>	<ul style="list-style-type: none"> • Part 8 – Local Guidance Notes (Member Role Profile) forms part of the Council's Constitution. • Responsibilities for decision making are defined in Article 13 – Decision Making 	Satisfactory
c	<p>Roles and Responsibilities – Members</p> <p>Ensure that members meet on a formal basis regularly to set the strategic direction of the authority and to monitor service delivery.</p>	<ul style="list-style-type: none"> • Briefing Note is posted to the Council's Intranet on a weekly basis listing the schedule of meetings for the forthcoming week. • Committee Timetable for Report Preparation for 2004/05 is posted to Council's Intranet showing all Committee Meetings for the year. • Financial Procedure Rules in place and agreed by members. 	Satisfactory
d	<p>Develop and maintain a scheme of delegated or reserved powers, which should include a formal schedule of those matters specifically reserved for the collective decision of the authority.</p>	<ul style="list-style-type: none"> • Article 4 – The Full Council defines the functions of the Full Council • Part 3 – Responsibility for Functions (Section 6 – Scheme of Delegation) forms part of the Constitution 	Satisfactory

Dimension 3 – Structures and Processes		WCC Compliance	Comments / Recommended Actions
e	Put in place clearly documented and understood management processes for policy development, implementation and review for decision-making, monitoring and control, and reporting; and formal procedural and financial regulations to govern the conduct of the authority's business.	<p>Part 4 – Rules of Procedure (Constitution) covers the following areas</p> <ul style="list-style-type: none"> • Council's Procedure Rules • Access to Information Procedure Rules • Budget and Policy Framework Procedure Rules • Cabinet Procedure Rules • Overview and Scrutiny Procedure Rules • Financial Procedure Rules • Contract Procedure Rules • Officer Employment Procedure Rules 	Satisfactory
f	Put in place arrangements to ensure that members are properly trained for their roles and have access to all such relevant information, advice and resource as necessary to enable them to carry out their role effectively.	<ul style="list-style-type: none"> • Induction scheme for new Members, which is also available to existing Members who require refresher training. • Chairman's Guide to Procedure at Meetings shown in the Council's Constitution – Part 8 Local Guidance Notes • Member Training Policy and Programme 2005-06 now established as recommended in the IDeA Peer review • There was an outline programme of training defined at the beginning of the financial year: training was provided to meet the changing legislation such as the Licensing and Telecommunications Masts. • Part 8 – Local Guidance Notes (Members' Charter) defines the services and standards Members can expect to support them carrying out their duties. 	Satisfactory

Dimension 3 – Structures and Processes		WCC Compliance	Comments / Recommended Actions
g	Ensure that the role of the executive member(s) of the authority should formally be defined in writing, to include responsibility for providing effective strategic leadership to the authority and for ensuring that the authority successfully discharges its overall responsibilities for the activities of the organisation as a whole.	<ul style="list-style-type: none"> Part 8 – Local Guidance Notes (Member Role Profile) of the Constitution defines the roles of executive members e.g. Leader, Deputy Leader. Article 7 – The Executive (Cabinet) of the Council's Constitution defines the role of the Executive / Cabinet. 	Satisfactory
h	Ensure that the roles and responsibilities of all members of the local authority, together with the terms of their remuneration and its review, should be defined clearly in writing.	<ul style="list-style-type: none"> Roles and responsibilities defined in Part 8 – Local Guidance Notes (Member Role Profile) Members' Allowances Scheme defined in Part 6 of the Council's Constitution (NB Allowances paid in 2003-04 have been declared on the Council Website) 	Satisfactory
i	<p>Roles and Responsibilities – Officers</p> <p>Ensure that a chief executive or equivalent should be made responsible to the authority for all aspects of executive management.</p>	<ul style="list-style-type: none"> The Chief Executive's Role (and Head of Paid Service) is clearly defined under Article 12 – Officers of the Council section of the Council's Constitution 	Satisfactory
j	Ensure that a senior officer should be made responsible to the authority for ensuring that appropriate advice is given to it on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.	<ul style="list-style-type: none"> The Director of Finance's Role (the designated Section 151 Officer – as defined by the Local Government Act 1972) is clearly defined under Article 12 – Officers of the Council section of the Council's Constitution 	Satisfactory
k	Ensure that a senior officer should be made responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations and other relevant statements of good practice are complied with.	<ul style="list-style-type: none"> The City Secretary and Solicitor's Role (the Council's Monitoring Officer) is clearly defined under Article 12 – Officers of the Council section of the Council's Constitution 	Satisfactory

Dimension 3 – Structures and Processes		WCC Compliance	Comments / Recommended Actions
l	Ensure that the roles and responsibilities of all senior officers, together with the terms of their remuneration and its review, should be defined clearly in writing.	<ul style="list-style-type: none"> Article 12 – Officers of the Council which forms part of the Council's Constitution outlines the 'Functions and Areas of Responsibility' for all Directors. NB: Article 12 reflects the Council Structure up to 31 March 2005 and does not reflect the changes made following the Corporate restructure of the Council 	<p>Satisfactory</p> <p>The Functions and Areas of Responsibility for Directors defined in Article 12 of the Council's Constitution should be amended accordingly to reflect the Council's structure.</p>
m	Adopt clear protocols and codes of conduct to ensure that the implications for supporting community political leadership for the whole council are acknowledged and resolved.	<ul style="list-style-type: none"> Part 5 – Codes and Protocols (Protocol for Member/Officer Relations) forms part of the Council's Constitution 	Satisfactory

Dimension 4 - Risk Management and Internal Control

An authority needs to establish and maintain a systematic strategy, framework and processes for managing risk. Together, these arrangements should:-

- include making public statements to stakeholders on the authority's risk management strategy, framework and processes to demonstrate **accountability**
- include mechanisms for monitoring and reviewing **effectiveness** against agreed standards and targets and the operation of controls in practice
- demonstrate **integrity** by being based on robust systems for identifying, profiling, controlling and monitoring all significant strategic and operational risks
- display **openness and inclusivity** by involving all those associated with planning and delivering services, including partners
- include mechanisms to ensure that the risk management and control process is monitored for continuing compliance to ensure that changes in circumstances are accommodated and that it remains **up to date**

Dimension 4 – Risk Management and Internal Control		WCC Compliance	Comments / Recommended Actions
a	Develop and maintain robust systems for identifying and evaluating all significant risks which involve the proactive participation of all those associated with planning and delivering service.	<ul style="list-style-type: none"> • Risk Management Strategy produced and approved by Principal Scrutiny Committee (1/11/05) and Cabinet (17/11/05) • Risk Management Strategy clearly identifies roles and responsibilities of Members, Cabinet, PSC, CMT, Service Managers etc. • Role of Performance Management Group defined as responsible for ensuring risk management is monitored within the Risk Management Strategy • Strategic risks identified in the Council's Risk Register – clearly identifies Risk Ownership • Internal Audit Section in place, identifying risks as part of ongoing audit programme • Emerging risks are identified at the Strategic Risk Group and through quarterly Internal Audit reports to Principal Scrutiny Committee • Management Action Plans in place for some operational risks showing the adequacy of controls and required management action 	<p>Satisfactory</p> <p>There is now an overall robust framework in place for Risk Management which is relatively new. The Council needs to build upon this and ensure embedding of the processes are monitored accordingly. The Actions Plans need to be completed for all risks, particularly the strategic risks.</p>

Dimension 4 – Risk Management and Internal Control		WCC Compliance	Comments / Recommended Actions
b	Put in place effective risk management systems, including systems of internal control and an internal audit function. These arrangements need to ensure compliance with all applicable statutes, regulations and other relevant statements of best practice and need to ensure that public funds are properly safeguarded and are used economically, efficiently and effectively, and in accordance with the statutory and other authorities that govern their use.	<ul style="list-style-type: none"> • Part 3 – Responsibility for Functions (Section 6 – Scheme of Delegation) forms part of the Constitution • Internal Audit Section in place, with an agreed audit plan (NB: Internal Audit Plan for 2005-06 is linked to the risk register) • Performance Management Appraisal Scheme in place • Performance Management processes in place (PMG / PICs) • Financial Procedure Rules in place • Risk Register now in place showing <ul style="list-style-type: none"> • Risk Ownership • Quadrant Rating • Management Action Plans created for each individual risk (although this data is incomplete) • Completion of Project: Embedding Risk Management 	<p>Satisfactory</p> <p>There is now an overall robust framework in place for Risk Management which is relatively new. The Council needs to build upon this and ensure embedding of the processes are monitored accordingly</p>
c	Ensure that services are delivered by trained and experienced people.	<ul style="list-style-type: none"> • Job Descriptions for all establishment posts • Training Plan identified as part of Performance Management Appraisal Scheme • liP Accreditation 	<p>Satisfactory</p>

Dimension 4 – Risk Management and Internal Control		WCC Compliance	Comments / Recommended Actions
d	Put in place effective arrangements for an objective review of risk management and internal control, including internal audit.	<ul style="list-style-type: none"> • Qualified Internal Audit Section in place • Implementation of recommendations through follow-up procedures • Strategic Risk Group in place • External Audit's work includes review the work carried out by Internal Audit to assess whether the level of reliance that can be placed upon it (this is reported in the Annual Audit letter) • Risk Management Audit to be completed as part of the Annual Audit Plan for 2005-06 	Satisfactory
e	Maintain an objective and professional relationship with their external auditors and statutory inspectors.	<ul style="list-style-type: none"> • Protocol between Internal and External Audit now in place (approved at PSC – 6 December 2005) • Annual Audit Letter states that work completed by the Internal Audit Section has been to a 'Satisfactory' Standard 	Satisfactory
f	Publish on a timely basis, within the annual report, an objective, balanced and understandable statement and assessment of the authority's risk management and internal control mechanisms and their effectiveness in practice.	<ul style="list-style-type: none"> • Statement on Internal Control forms part of the Statement of Accounts for year ended 31 March 2004 	Satisfactory

Dimension 5 - Standards of Conduct

The openness, integrity and accountability of individuals within a local authority form the cornerstone of effective corporate governance. The reputation of the authority depends on the standards of behaviour of everyone in it, whether members, employees, or agents contracted to it.

Therefore, members and senior officers of a local authority will need to:

- exercise leadership by conducting themselves as role models for others within the local authority to follow
- define the standards of personal behaviour that are expected from members and staff and all those involved in service delivery, and put in place arrangements to ensure
 - **accountability**, through establishing systems for investigating breaches and disciplinary problems and taking actions where appropriate, including arrangements for redress
 - **effectiveness** in practice through monitoring their compliance
 - that objectivity and impartiality are maintained in all relationships to demonstrate **integrity**
 - that such standards are documented and clearly understood to display **openness and inclusivity** and are reviewed on a regular basis to ensure that they are kept **up to date**

Dimension 5 – Standards of Conduct		WCC Compliance	Comments / Recommended Actions
a	Develop and adopt formal codes of conduct defining the standards of personal behaviour to which individual members, officers, and agents of the authority should be required to subscribe and put in place appropriate systems and processes to ensure that they are complied with.	<ul style="list-style-type: none"> • Part 5 of the Constitution includes the Model Code of Conduct for members, Member General Principals of Conduct defined appropriately (selflessness, honesty, integrity, objectivity, accountability, openness and leadership – links to Nolan’s 7 lifestyle principals) • Part 5 of the Constitution includes the Employee Code of Conduct • Part 5 – Codes and Practice of the Constitution includes Anti fraud and Corruption Policy • The Complaints Procedure is included on the Council’s Internet Site, plus leaflets available to advise citizens on procedure. There is an outstanding action to review the procedure by July 2005. • The Performance Management Group have an agreed Terms of Reference, however this should be more detailed to ensure the roles and responsibilities of the group recognised. 	<p>Improvement Required</p> <p>The Terms of Reference for the Performance Management Group should be reviewed and updated accordingly.</p> <p>The Complaints procedure should be reviewed as agreed.</p>

Dimension 5 – Standards of Conduct		WCC Compliance	Comments / Recommended Actions
		<ul style="list-style-type: none"> The Authority subscribes to an Annual Performance Appraisal Scheme for all officers of the Council 	
b	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.	<ul style="list-style-type: none"> Part 4 – Rules and Procedure of the Constitution includes the Council’s Financial Procedure Rules Part 5 of the Constitution includes the Members’ and Employees’ Code of Conduct 	Satisfactory
c	Put in place arrangements to ensure that their procedures and operations are designed in conformity with appropriate ethical standards, and to monitor their continuing compliance in practice.	<ul style="list-style-type: none"> Part 5 of the Constitution includes the Members’ and Employees’ Code of Conduct 	Satisfactory
d	Put in place arrangements for whistle blowing to which staff and all those contracting with the council have access.	<ul style="list-style-type: none"> Whistle Blowing Procedure forms part of the Anti-Fraud and Corruption Policy and is referred to as a policy new employees should be aware of. Also part of induction pack issued to new starters includes the Audit Commission leaflet ‘How will the new Public Interest Disclosure Act Protect You’ (Audit Commission special telephone number disclosed in leaflet) There is a separate Housing and Council Tax Benefit Anti-Fraud Policy Fraud Hotline – Housing and Council Tax Benefits 	Satisfactory