



## Annual Governance Review 2015/16 – Evaluation Summary

Elements where the evaluation falls below the target level of 7 are highlighted in yellow

**Principle 1 - Focusing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area**

No	Element	Score	Comments/Conclusions
1	Developing and promoting the authority's purpose and vision	7	
2	Reviewing on a regular basis the Council's vision for the local area and its implications for the Council's governance arrangements	8	
3	Encouraging partnerships of which the Council is a member to be underpinned by a common vision of their work that is understood and agreed by all partners	6	<p>Whilst no obvious weaknesses have been identified in current arrangements, there is an ongoing need to focus on establishing and maintaining a common vision within partnerships.</p> <p>This need is emphasized as the Council and partners seek to manage more and more pressing resource issues and as the Council seeks to develop and consolidate its Ensuring Council ethos.</p>
4	Publishing annual accounts on a timely basis to communicate the Council's activities and achievements, its financial position and performance	9	
5	Deciding how the quality of service for users is to be measured and making sure that the information needed to review service quality effectively and regularly is available.	6	Whilst a new Performance Management Framework has been agreed, this is still to be developed and implemented to a stage where it is able to provide consistent and effective performance information. See also element number 7 and 26)
6	Putting in place effective arrangements to identify and deal with failure in service delivery	7	
7	Deciding how value for money is to be measured and making sure that the Council and its key partnerships have the information needed to review value for money and performance delivery.	6	See element number 5

**Principle 1 - Focusing on the purpose of the authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area**

No	Element	Score	Comments/Conclusions
8	Ensuring 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 provides effective stewardship of public money and value for money in its use	8	
9	Ensuring that the authority maintains a prudential financial framework; keeps its commitments in balance with available resources; monitors income and expenditure levels to ensure that this balance is maintained and takes corrective action when necessary	8	
10	Ensuring compliance with CIPFA's Code on a Prudential Framework for Local Authority Capital Finance and CIPFA's Treasury Management Code	8	

**Principle 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles**

No	Element	Score	Comments/Conclusions
11	Setting out a clear statement of the respective roles and responsibilities of the executive and of the executive's members individually and the Council's approach towards putting this into practice	8	
12	Setting out a clear statement of the respective roles and responsibilities of other Council members, members generally and of chief officers	8	
13	Ensuring that the Chief Finance Officer (CFO) (also known as the s151 Officer) reports directly to the chief executive and is a member of the leadership team with a status at least equivalent to other members.	9	
14	Determining a scheme of delegation and reserved powers within the constitution, including a formal schedule of those matters specifically reserved for collective decision of the Council, taking account of relevant legislation, and ensuring that it is monitored and updated when required	8	
15	Making the Council's Chief Executive (CE) responsible and accountable to the Council for all aspects of operational management	9	
16	Ensuring that the authority's governance arrangements allow the CFO direct access to the CE and to other leadership team members	9	

**Principle 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles**

No	Element	Score	Comments/Conclusions
17	Having arrangements in place for the Leader of the Council and the Chief Executive to discuss their respective roles early in the relationship and to maintain a shared understanding of roles and objectives	9	
18	Making the Chief Officer (Resources) (as CFO/Section 151 officer) responsible to the Council 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	9	
19	Appointing 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 throughout the authority	8	
20	<p>Ensuring that the CFO :</p> <ul style="list-style-type: none"> <li>▪ 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</li> <li>▪ has a line of professional accountability for finance staff throughout the organisation</li> </ul>	8	
21	Ensuring that budget calculations are robust and reserves adequate, in line with CIPFA's guidance	8	
22	Ensuring 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	8	
23	Making the Head of Governance (as Monitoring Officer) responsible to the Council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with	7	Previously assessed at 9. Staffing changes, particularly the retirement of the Chief Officer (Governance) and the resignation of the HR & OD Manager during the latter part of 2015/16 have presented challenges to maintaining this standard. Temporary arrangements, including interim staffing and the provision of legal support by Preston CC, have been put in place.
24	Having protocols in place to ensure effective working relationships between members and officers in their respective roles	8	

**Principle 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles**

No	Element	Score	Comments/Conclusions
25	Setting out the terms and conditions for remuneration of members and officers and having an effective structure for managing the process including an independent remuneration panel for elected members.	7	
26	Ensuring that effective mechanisms exist to monitor service delivery	6	See element number 5. Pending the implementation of the revised PMF, the approach to monitoring service delivery still varies across the council, with different arrangements in place for service level performance monitoring. The quality and effectiveness of performance measures are therefore also variable.
27	Ensuring 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	8	
28	<p>Establishing a medium term business and financial planning process to deliver strategic objectives including:</p> <ul style="list-style-type: none"> <li>▪ A medium term financial strategy to ensure sustainable finances</li> <li>▪ A robust annual budget process that ensures financial balance</li> <li>▪ A monitoring process that enables this to be delivered</li> </ul> <p>And ensure that these are subject to regular review to confirm the continuing relevance of assumptions used</p>	7	
29	<p>When working in partnership, ensuring that:</p> <ul style="list-style-type: none"> <li>▪ members are clear about their roles and responsibilities both individually and collectively in relation to the partnership and to the Council;</li> <li>▪ there is clarity about the legal status of the partnership;</li> <li>▪ representatives of partner organisations both understand and are committed to meeting clearly defined good governance principles; and</li> <li>▪ representatives of organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.</li> </ul>	7	

### Principle 3 - Promoting the values of the Council and demonstrating the values of good governance through behaviour

No	Element	Score	Comments/Conclusions
30	Ensuring that the Council's leadership sets the tone for the organisation by creating a climate of openness, support and respect	7	
31	Having Codes of Conduct in place to ensure that the standards of conduct and personal behaviour expected of members and staff are defined and communicated	8	
32	Having protocols in place to ensure that standards for joint working between members and staff and between the Council (members/officers), its partners and the community are defined and communicated	7	
33	Having arrangements in place to ensure that members and employees of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders and having in place appropriate processes to ensure that they continue to operate in practice	8	
34	Developing and maintaining shared values including leadership values both for the organisation and staff reflecting public expectations, and communicating these with members, staff, the community and partners	7	
35	Having arrangements in place to ensure that systems and processes, including those for financial administration, financial control and protection of the authority's resources and assets, are designed in conformity with appropriate ethical standards, and by monitoring their continuing effectiveness in practice	7	
36	Maintaining an effective standards committee	7	
37	Using 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 Council	7	
38	In pursuing the vision of a partnership, agreeing a set of values (to be demonstrated both individually and collectively by partners) against which decision making and actions can be judged	6	See element number 3.

### Principle 4 - Taking informed transparent decisions which are subject to effective scrutiny and managing risk

No	Element	Score	Comments/Conclusions
39	Maintaining an effective scrutiny function which encourages constructive challenge and enhances the Council's performance overall	8	

**Principle 4 - Taking informed transparent decisions which are subject to effective scrutiny and managing risk**

No	Element	Score	Comments/Conclusions
40	Ensuring an effective internal audit function is resourced and maintained	7	Reduced from 8 to reflect limitations expressed in Internal Audit & Assurance Manager's Annual Report.
41	Maintaining open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based	8	
42	Having arrangements in place to safeguard members and employees against conflicts of interest and having appropriate processes to ensure that they continue to operate in practice	8	
43	Maintaining an effective audit committee which is independent of the executive and scrutiny functions	8	
44	Ensuring that the authority's governance arrangements allow the CFO direct access to the audit committee and external audit	8	
45	Ensuring that effective, transparent and accessible arrangements are in place for dealing with complaints	7	
46	Ensuring that those making decisions, whether for the Council or one of its partnerships are provided with information that is fit for the purpose (i.e. is relevant, timely and gives clear explanations of technical issues and their implications)	7	
47	Ensuring the 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	8	
48	Ensuring the authority's governance arrangements allow the CFO to bring influence to bear on all material decisions	8	
49	Ensuring that advice is provided on the levels of reserves and balances in line with good practice guidance	9	
50	Ensuring that proper professional advice on all matters including those that have legal or financial implications is available and recorded well in advance of decision making and is used appropriately	6	Reduced from 8, reflecting the position regarding the provision of advice on legal and governance matters, in view of temporary cover arrangements regarding the Monitoring Officer role. See also elements 55 and 56



**Principle 4 - Taking informed transparent decisions which are subject to effective scrutiny and managing risk**

No	Element	Score	Comments/Conclusions
51	Ensuring that risk management is embedded into the culture of the Council, with members and managers at all levels recognising that risk management is part of their jobs	6	The need for a revised risk management strategy is accepted and is currently in development.
52	Ensuring the authority's arrangements for financial and internal control and for managing risk are addressed in annual governance reports	8	
53	Ensuring 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 authorization and approval processes	7	
54	Having in place effective arrangements for whistle-blowing, to which officers, staff and all those contracting with or appointed to the Council have access	8	
55	Actively recognising the limits of lawful activity placed on the Council by, for example, the ultra vires doctrine but also striving to utilise available powers to the full benefit of its communities	6	Reduced from 7 in 2014/15. See element number 50
56	Observing all specific legislative requirements placed upon the Council, as well as the requirements of general law, and in particular integrating the key principles of good administrative law, viz rationality, legality and natural justice, into procedures and decision making processes	7	Reduced from 8 in 2014/15. See element number 50

**Principle 5 - Developing the capacity and capability of members to be effective and ensuring that officers – including the statutory officers -also have the capability and capacity to deliver effectively**

No	Element	Score	Comments/Conclusions
57	Providing induction programmes tailored to individual needs and opportunities for members and officers to update their knowledge on a regular basis	7	
58	Ensuring 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 Council	7	
59	Ensuring the CFO has the skills, knowledge, experience and resources to perform effectively in both the financial and non financial areas of their role	6	See element number 60.



**Principle 5 - Developing the capacity and capability of members to be effective and ensuring that officers – including the statutory officers -also have the capability and capacity to deliver effectively**

No	Element	Score	Comments/Conclusions
60	Reviewing the scope of the CFO's other management responsibilities to ensure financial matters are not compromised	6	As reported previously. The Chief Officer (Resources) has responsibility for Revs & Bens Shared Service, Customer Services, ICT and Property Shared Service. Whilst current arrangements have not given rise to any specific concerns, events such as the discovery of asbestos in Lancaster Town Hall give an indication of the type of demand that can arise. It must be appreciated that, at certain times, when financial matters must take priority, this may have an impact on the officer's other responsibilities.
61	Providing the finance function with the resources, expertise and systems necessary to perform its role effectively	6	Following a service review, a recruitment exercise to fill a number of vacant finance post has only recently been completed.
62	Assessing the skills required by members and officers and making a commitment to develop those skills to enable roles to be carried out effectively	7	
63	Embedding financial competencies in person specifications and appraisals	6	As previously reported. The embedding of financial competencies, alongside other managerial competencies, is being taken forward as part of the management development programme.
64	Ensuring 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	7	
65	Developing skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed	6	See other related elements
66	Ensuring that effective arrangements are in place for reviewing and developing the performance of the executive as a whole and of its individual members	6	See other related elements
67	Having effective arrangements in place which are designed to encourage individuals from all sections of the community to engage with, contribute to and participate in the work of the Council	7	

**Principle 5 - Developing the capacity and capability of members to be effective and ensuring that officers – including the statutory officers -also have the capability and capacity to deliver effectively**

No	Element	Score	Comments/Conclusions
68	Ensuring that effective Member development and employee development strategies and actions are in place	7	

**Principle 6 - Engaging with local people and other stakeholders to ensure robust local public accountability**

No	Element	Score	Comments/Conclusions
69	Making it clear within the organisation, its staff and the local community what the Council is accountable for and to whom	7	
70	Considering those institutional stakeholders to whom the Council is accountable and assessing the effectiveness of their relationships	7	
71	Producing an annual report on the activity of the scrutiny function	9	
72	Ensuring that clear channels of communication are in place with all sections of the community and other stakeholders, and having effective monitoring arrangements in place	7	
73	Holding meetings in public unless there are good reasons for confidentiality	9	
74	Having arrangements in place to enable the Council to engage with all sections of the community effectively. These arrangements recognise that different sections of the community have different priorities and establish explicit processes for dealing with these competing demands	8	
75	Operating a clear policy on the types of issues the Council will meaningfully consult on or engage with the public and service users about. This includes a feedback mechanism for consultees to demonstrate what has changed as a result	7	
76	Publishing an annual performance plan giving information on the Council'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	6	See other elements relating to performance
77	Ensuring that the Council as a whole is open and accessible to the community, service users and its staff and ensuring 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	7	

**Principle 6 - Engaging with local people and other stakeholders to ensure robust local public accountability**

<b>No</b>	<b>Element</b>	<b>Score</b>	<b>Comments/Conclusions</b>
78	Maintaining a clear policy on how staff and their representatives are consulted and involved in decision making	8	