



Council of the
ISLES OF SCILLY

ANNUAL GOVERNANCE STATEMENT FOR 2011/12

1. SCOPE OF RESPONSIBILITY

The Council of the Isles of Scilly is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council of the Isles of Scilly also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council of the Isles of Scilly (Members and Officers) is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Council of the Isles of Scilly 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*. A copy of the code is on our website at www.scilly.gov.uk/governance or can be obtained by e-mail from governance@scilly.gov.uk or in hard copy from the Town Hall. This statement explains how the Council of the Isles of Scilly 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 publication of a statement on internal control.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the 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 the policies, aims and objectives of the Council of the Isles of Scilly, 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 the Council of the Isles of Scilly for the year ended 31 March 2012 and up to the date of approval of the annual report and statement of accounts.

3. THE GOVERNANCE FRAMEWORK

The Council of the Isles of Scilly is a small unitary authority delivering a broad range of services to a unique island community, located 45km south west from mainland Britain. The population of the Islands was recorded as 2153 at the last census in 2001 and is spread over five inhabited Islands. The vast majority of the population, 1,600, lives on St Mary's. The population has remained stable for the last 100 years but over the past ten years the elderly population has increased by around seven per cent while under 16's have decreased by six per cent. Diversity issues are focused on access to services for the small off island communities and the influx of seasonal migrant workers which number in excess of 100 predominantly from Eastern Europe.

The Duchy of Cornwall owns the vast majority of land on the islands, apart from a small area of the main town on St Mary's. There are just over a 100 Council houses and a key issue is providing sufficient affordable and key worker housing.

Education levels are considerably higher than the national average. The Five Islands School provides primary and secondary education on the islands with post-16 further and higher education undertaken on the mainland.

The Authority delivers the widest range of services of any council in the country, all of the usual statutory services as well as some additional services such as tourism (the economy is 85% dependent on this) water, sewerage and operates St Mary's Airport, the 10th busiest regional

passenger airport in the UK. This wide range of services is delivered with a limited budget. In addition the geographic context means that there is an additional cost and complexity to all service delivery. This combined with very small cohorts of clients means that it is not necessarily meaningful to benchmark against national statistics and all statistics need careful interpretation.

The special nature of Scilly is reflected in its unique constitutional position. It has its own 'Isles of Scilly Clause', the aim of which is to try to ensure that all laws applied to the Islands are appropriate to the size and scope of the Isles of Scilly. The Clause is added to all new legislation meant to apply to the Council and omitted from all legislation not meant to apply.

The Authority has always been non-political and is currently made up of 21 independent Members, 13 elected by St Mary's residents and two each, elected by residents of Bryher, St Martins, St Agnes and Tresco. The Council is an Option 4 Authority under the Local Government Act 2000 and retains a committee system consisting of ten standing committees and the statutory Council meetings. The Council's business is transacted within a general framework of authority comprising statutory provisions, orders and directions, bylaws and a variety of specific resolutions by the Council and its various Committees.

Responsibility for the appointment of the Chief Executive is reserved to Council. The Chief Executive has overall corporate management and operational responsibility (including overall management responsibility for and authority over all Officers), and is responsible for advice to Members on strategy, policy, management and organisation and has primary responsibility for ensuring that decisions taken by Council are taken in accordance with proper processes and after full considerations of all relevant facts, circumstances and legal advice where necessary.

Cornwall Council is commissioned as Internal Auditors for the Council of the Isles of Scilly. The Head of Internal Audit provides an annual report giving opinion on overall adequacy and effectiveness of the Authority's risk management systems and internal controls and an interim report during the year. These reports draw attention to any issues the Head of Internal Audit assesses as relevant to the preparation of the Annual Governance Statement, summarising the Authority's performance and that of the internal audit function.

The reports of the Head of Internal Audit, as well as assurances and reports from external auditors, third parties, Members and Officers are used in the preparation of the Annual Governance Statement prior to its review, challenge and approval by Council. This document is used throughout the year as a checklist for the governance arrangements.

The key elements of the Council's systems and processes that comprise the authority's governance arrangements are:

No	Element of Governance
Statutory Obligations and Organisational Objectives	
3.1	The Council of the Isles of Scilly has adopted a Code of Conduct that is in line with suggested best practice principles and expects all its Members, Officers and contractors to adhere to the highest standards of public service, with particular reference to the Code of Conduct and policies of the Council and applicable statutory requirements. Members follow procedures to ensure that the authority is efficient, transparent and accountable to the local people, including Council minutes showing delegation of Members and Officers and Committee terms of reference.
3.2	Records of statutory obligations are accessible to our community and stakeholders via a central legal library, held in the Town Hall, and on the Council's website and intranet.
3.3	Effective procedures are in place to establish and monitor statutory obligations and the corporate priorities. Assurance is given to the Chief Executive that legislative changes are identified and communicated to Members to ensure implementation and/or action to be taken. Following induction training, awareness training is periodically arranged to apprise Members of new or changes to statutory obligations and legislation.
3.4	Action is taken where areas of non-compliance are found in either mechanism or legislation. Audit reports are reviewed and corrective action reports are taken to the appropriate committee. The Democratic Processes Review Group reviews risks registers and action plans in respect of legal risks. Internal Audit reports are reported to the Management Team and Members at the relevant Committee meetings.
3.5	The Council involves the community and stakeholders by holding consultations to ensure the Council's priorities and objectives within the business plans reflect the wants and needs of the stakeholders.
3.6	The Council's priorities are decided upon following consultation and taking into account the feedback from the consultations with our community and stakeholders. This is reflected in partnership arrangements that are aligned to the Council's corporate priorities.
3.7	The Council's priorities are published in the Sustainable Community Strategy 2020 by taking into account the annual budget and medium term financial plans.
3.8	The Council's service plans include each department's contribution to the strategic objectives outlined in the Sustainable Community Strategy and are supported by action plans with targets taking into account the available funding. These plans provide direction for the Council and are accessible to Officers, Councillors, partners and the public. Progress is monitored by regular reporting to the appropriate parent committee.
3.9	The Communication Strategy establishes and maintains effective channels of communication between directors, managers, employees, partners and stakeholders to enable the Council's goals and objectives to be clearly understood, acted upon and achieved. All key documents clearly set out the corporate objectives and are accessible to Officers, Councillors, partners and the public via the Council's website and intranet.
3.10	A Local Code of Governance has been developed from the six core principles of good governance, and supporting principles, in line with the CIPFA/SOLACE guidance and adopted by the Policy and Resources Committee. The communication strategy relating to the code is published within the code itself as the final section. The Authority's Local Code of Governance is accessible to all stakeholders on the Council's website and intranet and is included within the Annual Governance Statement.
3.11	The Local Code of Governance is reviewed annually. The annual review of the Code of Governance is the responsibility of the Corporate Governance Lead, is reviewed and reported to the Policy and Resources Committee. Decisions are recommended to relevant committees.
3.12	The Policy and Resources Committee has responsibility for receiving and ensuring the Council's compliance with Corporate Governance issues as set out in the Terms of Reference in the Members Handbook. The Policy and Resources Committee receives reports not less than twice per year on the progress of the Annual Governance Statement, including the Local Code of Governance.

No	Element of Governance
3.13	Training for Officers, key staff and Members is planned to continue. Awareness and induction training for new staff and Members is planned following the initial training.
3.14	The Local Code of Governance is published on the Council's website and intranet and communicated to all stakeholders to ensure all staff are aware of the Code of Governance and how their responsibilities fit into the authority plans. Partner organisations are made aware of the importance of the Council's Code of Governance and processes to ensure that their employees and any third party involved are also aware of the Council's Code. External stakeholders are informed to assure them that the authority is managing its internal controls and that the authority will deliver services as expected.
3.15	The Council of the Isles of Scilly has a developing performance management framework that supports the effective monitoring and management of performance. Measures are being introduced to ensure that performance issues can be communicated and addressed across the Authority. Objectives, targets and action plans are publicised in accessible formats through the Local Area Agreement, service plans and are included on the Council's website and intranet.
3.16	Officers and service managers identify key performance indicators that are included in the Corporate and Service Plans and are approved annually.
3.17	The performance indicators assist in challenging the services contribution to Strategic Objectives. Reviews and monitoring shows the authority how it is performing against its planned outcomes through presentation of regular reports to Members.
	The Local Strategic Partnership is developing a management framework to scrutinise delivery of the Sustainable Community Strategy.
	A set of performance indicators are being produced to be monitored quarterly by the Senior Management Team.
	The Council has implemented a performance management ICT system and a Performance Management Group has been formed to monitor and review the performance management across the Authority.
3.18	SMART action plans to improve below par performance are reported to Members of the appropriate committee. Subsequent corporate and service plans are revised in the light of these action plans and the subsequent performance results.
3.19	Continuous improvements are being planned by the Performance Management Group to ensure performance targets are adjusted in the light of benchmarking with other authorities and review of actual performance during the coming year.

The Six Core Principles of Governance

How the Council will demonstrate compliance

The Requirement

3.20	Develop and promote the authority's purpose and vision	The authority's purpose and vision is clearly communicated to all Members, Officers and staff as background on computers and the intranet, and to the community on the Council website on
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The Six Core Principles of Governance

How the Council will demonstrate compliance

The Requirement

Best Value Performance Review documentation and within the policy documents.

The Sustainable Community Strategy has taken the vision forward and identified key areas to be addressed over the coming years.

The authority's corporate plans inform how the Council is to achieve the priorities to support the Sustainable Community Strategy by working in partnership with the community and cascades further to the service and departmental plans.

3.21 Review the authority's vision for the local area and its impact on the authority's governance arrangements on a regular basis

A Grant Appraisal Committee has been established to monitor external funding applications.

A Shadow Health & Wellbeing Board has been implemented early.

3.22 Ensure that partnerships are underpinned by a common vision of their work that is understood and agreed by all parties

The Council has improved its service planning by increased partnership working. The Sustainable Community Strategy has been developed to ensure a common vision with clear targets.

3.23 Publish an annual report on a timely basis to communicate the authority's activities and achievements, its financial position and performance

Annual Financial statements are produced in June and agreed by Members at Full Council and is published on the website.

A formal annual report is also produced in June and agreed by Members at Full Council, to inform the community of the performance of the authority over the previous year and set out the plans for the future.

3.24 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 Council has a developing performance management framework that supports the effective monitoring and management of performance.

Objectives, targets and action plans are published in accessible formats through the Local Area Agreement, service plans and are included on the Council's website and intranet.

Quality of service is reflected in the service plans and these are monitored by the Democratic Processes Review Group.

The Council has implemented a performance management ICT system.

Measures are being introduced to ensure that performance issues can be communicated and

The Six Core Principles of Governance		How the Council will demonstrate compliance
The Requirement		
		addressed across the Authority.
		Improvements to the performance management framework continues to take place.
		An improved framework for Service Plans was implemented during 2009/10.
		SMART action plans to improve performance are reported to Members of the appropriate committee.
3.25	Put in place effective arrangements to identify and deal with failure in service delivery	Full Council receives reports relating to compliments, complaints and service improvements. The complaints policy was updated in 2011.
3.26	Decide how value for money is to be considered and ensure that the authority or partnership has the information needed to review value for money and performance effectively.	A Medium Term Financial Strategy has been approved and implemented to support the aims of the Corporate Plan.
		Efficiency gains are reflected in the MTFs and reported to Full Council.
		Service Plans reflect efficiency outcomes.
		The Corporate Procurement Strategy gives policy and objectives and is published on the website and intranet.
		The Contract Management Framework assists in maintaining efficiencies within contracts and service level agreements.
3.27	Consider the environmental impact of policies, plans and decisions	The islands were designated as an Area of Outstanding Natural Beauty in 1975.
		The Area of Outstanding Natural Beauty Management Plan contains policy and objectives, and identifies the actions or projects that will take objectives forward, highlighting the organisation responsible for carrying out projects and the timetable within which work is to be completed. This plan is reviewed on a 5 year basis.
		The AONB Management Plan also provides a supportive document for related project funding applications.

The Six Core Principles of Governance**How the Council will demonstrate compliance**

The Requirement

	<p>The development of the Integrated Area Plan followed on from a major social, economic and environmental review of the Isles of Scilly and concentrates on Sustainable Environment, Sustainable Businesses and Sustainable Communities.</p> <p>The Isles of Scilly Partnership appraises and recommends projects for support under the Isles of Scilly Integrated Area Plan.</p>
3.28	<p>Set out a clear statement of the respective roles and responsibilities of the executive's and of the executive's Members individually and the authority's approach towards putting this into practice</p> <p>The special nature of Scilly is reflected in its unique constitutional position. It has its own 'Isles of Scilly Clause', the aim of which is to try to ensure that all laws applied to the Islands are appropriate to the size and scope of the Isles of Scilly. The Clause is added to all new legislation meant to apply to the Council and omitted from all legislation not meant to apply.</p> <p>The Authority has always been non-political and is currently made up of 21 independent Members, 13 elected by St Mary's residents and two each, elected by residents of Bryher, St Martins, St Agnes and Tresco.</p> <p>The Council is an Option 4 Authority under the Local Government Act 2000 and retains a committee system consisting of ten standing committees and the statutory Council meetings.</p>
3.29	<p>Set out a clear statement of the respective roles and responsibilities of the authority's Members and Senior Officers</p> <p>Terms of reference of powers delegated to Standing Committees sets out the areas for which individual Committees have responsibility and is contained in the Members and Officers Handbook.</p> <p>The Council's business is transacted within a general framework of authority comprising statutory provisions, orders and directions, bylaws and a variety of specific resolutions by the Council and its various Committees.</p> <p>A set of principal instruments for the internal regulation of the Council's affairs is set out in Standing Orders and reviewed periodically.</p> <p>Roles & responsibilities for Members are being defined and a statement and a set of job descriptions are being developed for Members for implementation in 2012.</p>

The Six Core Principles of Governance**How the Council will demonstrate compliance**

The Requirement

		<p>Job descriptions for Senior Officers are reviewed and updated regularly by Human Resources.</p> <p>The National Code of Local Government Conduct is contained within the Members and Officers Handbook.</p>
3.30	Determine a scheme of delegation and reserve powers within the constitution, including a formal schedule of those matters specifically reserved for collective decisions of the authority taking account of relevant legislation and ensure that it is monitored and updated when required	<p>Terms of reference of powers delegated to Standing Committees sets out the areas for which individual Committees have responsibility and is contained in the Members and Officers Handbook.</p> <p>Most functions are delegated to Committees with the exception of certain functions that are reserved for decision by Council.</p> <p>A list of functions is set out in Standing Orders.</p>
3.31	Ensure the Chief Executive is responsible and accountable to the authority for all aspects of operational management	<p>Responsibility for the appointment of the Chief Executive is reserved to Council.</p> <p>The Chief Executive has overall corporate management and operational responsibility (including overall management responsibility for and authority over all Officers.</p> <p>The Chief Executive is responsible for advice to Members on strategy, policy, management and organisation and has primary responsibility for ensuring that decisions taken by Council are taken in accordance with proper processes and after full considerations of all relevant facts, circumstances and legal advice where necessary.</p> <p>The Chief Executive may include any item on the agenda of Council if necessary, having notified the Chairman, and will be given the opportunity to comment on every report submitted to a decision-making body.</p>
3.32	Develop protocols to ensure that the Chairman and Chief Executive acknowledge their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained	<p>The developing Protocol on Member/Officer Relations gives guidance on communication between Officers and Members in their various roles, including guidance on the advice and information Members can expect from Officers.</p>
3.33	Ensure the Director of Finance (section 151 officer) is responsible to the authority for	<p>The Director of Finance and Resources has been appointed as the Section 151 Officer and is responsible for the supervision of all accounts and financial records, the organisation of all</p>

The Six Core Principles of Governance**How the Council will demonstrate compliance**

The Requirement

	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	accounting systems, in co-operation with the Chief Officers of the Council.
3.34	Ensure a senior officer (other than the Responsible Finance Officer) is responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes, regulations are complied with	<p>The Head of Finance and Reporting is responsible for ensuring that agreed financial procedures and statutes are followed and complied with.</p> <p>Reports to Policy and Resources Committee show compliance with procedures and statutes. Any lapse is reported together with details of the corrective action taken.</p>
3.35	Develop protocols to ensure effective communication between Members and Officers in their respective roles	A Communication Strategy has been approved by Council and took effect from December 2006.
3.36	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 (if applicable)	<p>The Council of the Isles of Scilly Members' Allowance Scheme took effect from 1 April 2006.</p> <p>The Members' Allowance Scheme forms part of the Members Handbook and includes sections on special responsibility allowance, part year entitlements and special responsibilities.</p> <p>An Independent Panel makes recommendations to Policy and Resources Committee.</p>
3.37	Ensure that effective mechanisms exist to monitor service delivery	<p>Service delivery is monitored through:</p> <ul style="list-style-type: none">◦ Deficiencies brought to the attention of Chief Officers and Members◦ Corporate complaints are monitored to identify weaknesses and drive improvement◦ Employee and Chief Officer Performance Reviews◦ Customer Satisfaction Survey
3.38	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	<p>The Council's Vision and objectives are set out in the Sustainable Community Strategy was developed through consultation with the community and partners.</p> <p>Consultation was arranged in June 2011 for a new Community Plan.</p> <p>The Council's Service Plans are published on its website.</p>

The Six Core Principles of Governance**How the Council will demonstrate compliance**

The Requirement

3.39	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	
3.40	<p>When working in partnership:</p> <ul style="list-style-type: none">◦ ensure that there is clarity about the legal status of the partnership◦ ensure that representatives or organisations both understand and make clear to all other partners the extent of their authority to bind their organisation to partner decisions.	<p>The Council is in the process of producing a register of partners, including resource responsibility and governance arrangements.</p> <p>Co-opted Members are required to sign an agreement on legal duties and responsibilities.</p>
3.41	Ensure that the authority's leadership sets a tone for the organisation by creating a climate of openness, support and respect	<p>The Member and Officer induction programme promotes openness, support and respect and is formalised within the Members and Officers Handbook.</p> <p>Values of good governance are emphasised in the training programme for Members and Officers.</p>
3.42	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	<p>The Authority develops and maintains good standards of conduct for the Members, Officers and its employees and stakeholders.</p> <p>Employees are provided with a handbook containing a number of codes of conduct, including Disciplinary procedures, equal opportunities, fraud and corruption, grievance procedures and internet and e-mail policy. A basic Health & Safety Induction pack is being given to every member of staff. Copies of the Health & Safety Induction pack are shown to Members who are provided with a copy on request.</p>
3.43	Schedule 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	<p>Equality and Diversity training has taken place for Members and staff to ensure the Authority is not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders.</p>

The Six Core Principles of Governance**How the Council will demonstrate compliance**

The Requirement

and put in place appropriate processes to ensure that they continue to operate in practice

3.44	Develop and maintain shared values including leadership values both for the organisation and staff reflecting public expectations and communicate these with Members, staff, the community and partners	Policies and plans are communicated through Council meetings, partnership meetings, the Council website and intranet and via newsletters to the community.
3.45	Schedule arrangements to ensure that procedures and operations are designed in conformity with appropriate ethical standards, and monitor their continuing effectiveness in practice	<p>The developing protocol for Member/Officer relations will ensure that processes are operated in an effective, appropriate and ethical manner.</p> <p>National and local measures are in place to safeguard against unfair bias, prejudice or conflicts of interest.</p> <p>The Chief Executive has been designated as the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations.</p> <p>The Monitoring Officer reports to Members should any proposal, decision or omission give rise to unlawfulness or maladministration.</p> <p>The Standards Committee meets at least three times per year.</p>
3.46	Develop and maintain an effective standards committee	<p>The Standards Committee includes seven Members of the Council plus three independent Members with voting rights, one of the independent Members serving as the Chairman.</p> <p>The Standards Committee meets at least three times per year.</p>
3.47	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	<p>The Code of Conduct and Planning Protocol within the Members and Officers handbook ensures that Members and Officers know what is expected of them.</p> <p>The shared values of the Members and Officers are demonstrated by the positive attitudes and trusting relationships within the authority and the decision making processes.</p>
3.48	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	The Council is considering a way forward in respect of an agreed set of values for partnership arrangements.

The Six Core Principles of Governance		How the Council will demonstrate compliance
The Requirement		
	demonstrated by partners' behaviour both individually and collectively	
3.49	Develop and maintain an effective scrutiny function which encourages constructive challenge and enhances the organisation's performance overall and of any organisation for which it is responsible	<p>Full Council is the scrutinising body and provides overall direction to the organisation and satisfying reasonable expectations of accountability.</p> <p>Council meetings are open to the public with the exception of confidential or personal matters being disclosed.</p> <p>Councillors are made aware of significant policy related proposals and service reviews through reports taken to the appropriate committee. Councillors have the opportunity to discuss and challenge the performance of the Council.</p>
3.50	Develop and maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based	<p>All meetings are open to the public with the exception of confidential or personal matters being disclosed.</p> <p>Major meetings are web cast for those who cannot attend the meeting or wish to view the decisions at a later time.</p>
3.51	Arrangements are put in place to safeguard Members and employees against conflicts of interest and appropriate processes are put in place to ensure that they continue to operate in practice	<p>Members register their interests as defined in the Members' Code of Conduct approved at Annual Council.</p> <p>Officers and employees register their interests as defined in the Officers Code of Conduct approved at Full Council.</p> <p>Members and Officers declare a personal or prejudicial interest at the start of each meeting in any discussions involving a matter in which they have an interest, and again as the matter falls to be discussed.</p> <p>Induction training for Members and Officers reinforces the rules on conflicts of interest.</p> <p>The Monitoring Officer may be approached for advice on conflicts of interest.</p>
3.52	Develop and maintain an effective audit committee (or equivalent) which is independent or make other appropriate arrangements for	The Council has a Policy and Resources Committee that has delegated powers from Full Council and sits three times per year.

The Six Core Principles of Governance		How the Council will demonstrate compliance
The Requirement		
	the discharge of the functions of such a committee	The Policy and Resources Committee consists of the Chairmen of each standing committee, with the exception of Standards and Licensing committees and any select committee.
3.53	Effective transparent and accessible arrangements are put in place for dealing with complaints	<p>Procedures for complaints are publicised on the website and forms are available on the website, in the Town Hall reception and on request.</p> <p>The Chief Executive has been designated as the Monitoring Officer to ensure compliance with established policies, procedures, laws and regulations.</p> <p>The Monitoring Officer reports to Members should any proposal, decision or omission give rise to unlawfulness or maladministration.</p>
3.54	Ensure that those making decisions whether for the authority or partnership are provided with information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications	<p>All reports to Members are required to include justification for the proposed action with environmental impact, financial, legal, crime and disorder, best value and community health implications.</p> <p>Reports are sent to decision makers with the agenda of the meeting on a timely basis.</p>
3.55	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	Professional opinion where appropriate is sought and implications are included on every report sent to Members prior to each committee meeting.
3.56	Ensure that risk management is embedded into the culture of the organisation , with Members and managers at all levels recognising that risk management is part of their job	<p>The Council has implemented a framework for risk management.</p> <p>The Corporate Risk Management Strategy 2010-13 has been approved by Council and is communicated to all Members and employees and is published on the internet and intranet.</p> <p>Risk management is embedded in the activity of the authority through the business plan, service planning and contract management stages. A Corporate Risk Register identifies the benefits of active risk management.</p> <p>The process for ongoing risk management is the responsibility of the Strategic Management Team and Chief Officers. Senior Management Team review the risk registers quarterly.</p> <p>Departmental Risk Registers linked to service plans have been implemented to identify risk</p>

The Six Core Principles of Governance**How the Council will demonstrate compliance**

The Requirement

management at a departmental level and are the responsibility of the Service Managers.

The Council has developed a programme of risk management training for relevant staff and Members on assessing, managing and monitoring of risk.

A corporate approach to risk management to identify and evaluate risk is disseminated to staff at induction and awareness sessions.

Project and Contract Managers are aware of the risks in partnership working and risk assessments are undertaken before commencement of major projects and reviewed and reported on a regular basis.

3.57	Ensure that arrangements are in place for whistle blowing to which staff and all those contracting with the authority have access	Communication of internal control processes to staff forms part of the staff induction process and includes Confidential Reporting, Managing Financial Irregularities (whistle-blowing) and Code of Conduct policies.
3.58	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	<p>A programme of awareness training for Members and has been developed, to be included in induction training.</p> <p>Issues of vires are dealt with by early involvement of the Council's legal advisors in all major projects to ensure a lawful solution for the benefit of the community.</p>
3.59	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	Early involvement of the Council's legal advisors in all major issues to ensure a lawful solution for the benefit of the community.
3.60	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	<p>Early involvement of the Council's legal advisors in all major issues to ensure a lawful solution for the benefit of the community.</p> <p>Each report to Committee informs Members of whether legal advice is necessary and the results of that advice if sought.</p>
3.61	Provide induction programmes tailored to individual needs and opportunities for Members and Officers to update their knowledge on a	All new Councillors and Officers are offered an induction programme to give information on their basic rights, roles and responsibilities and how the Council works.

The Six Core Principles of Governance**How the Council will demonstrate compliance**

The Requirement

regular basis

A basic Health & Safety Induction pack is offered to all Members.

Induction information is to be found within the Members and Officers Handbook.

The ongoing training programme for Members and Officers is monitored and arranged through the Democratic Processes Review Panel and offers up to date knowledge through in-house seminars and training workshops and external courses and conferences.

3.62 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 organisation

The Council has a Chief Officer Performance and Development Programme that offers the opportunity for each Officer to participate in a performance related interview on a regular basis, with the primary purpose of agreeing individual work targets that relate to the delivery of services to the Community and to discuss the skills and support needed to perform those tasks.

Quarterly Service Managers Meetings are part of the Performance Management improvements to assist in the awareness of the Council's corporate values and assist learning of new starters and improve senior management visibility.

Information is passed on from the Quarterly meetings to the departments by Service Managers.

A Health & Safety Induction pack, which includes roles & responsibilities throughout the Authority, is being given to all employees from March 2012.

3.63 Assess the skills required by Members and Officers and make a commitment to develop those skills to enable roles to be carried out effectively

Learning and development needs are established at induction to influence future development and influence the range of activities to be offered.

As part of the ongoing training programme and following consultation with Members, the needs of the Members are considered and arrangements made for the activities to be offered.

3.64 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 Council is aware that it's most important resource is the staff that delivers the services to the community. To provide a quality service to all residents and visitors, an effective staff performance and development programme is necessary to improve and maintain quality services.

Each member of staff is required to participate in a performance related interview on a regular

The Six Core Principles of Governance**How the Council will demonstrate compliance**

The Requirement

basis, with the primary purpose of agreeing individual work targets that relate to the delivery of their Departmental Service Plan that arises from both the Sustainable Community Strategy and the Local Area Agreement.

The Staff Performance and Development Programme encourages staff to analyse, scrutinise and challenge, and to recognise the need for expert advice through discussions on a one to one basis with their line manager or Chief Officer.

Members, Officers and staff effect learning and development through access to the intranet, e-learning, training courses, workshops, Members' seminars and conferences, mentoring and peer support.

Some training sessions and workshops held in the Council Chamber are recorded on the web-casting facility for those staff and Members who are unable to attend at the time of the session.

3.65 Ensure that effective arrangements are in place for reviewing the performance of the authority as a whole and agreeing an action plan which might for example aim to address any training or development needs

A Performance Management Group has been established to develop an improved Performance Monitoring and Development system for staff, was implemented during 2010/11.

Individual Members are encouraged to identify needs for development, although there is no formal process for reviewing individual Members.

The 'Grow Your Own' project has been developed. This hopes to address various recruitment and retention issues around appropriately qualified staff and housing.

3.66 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

Information leaflets are distributed throughout the community prior to elections and by-elections to encourage individuals from the community to contribute to the work of the Council

Individuals are encouraged to participate in the work of the Council through extensive consultation on plans and strategies.

The 'Council Calendar', 'News' and 'What's on', on the Council website, informs the community of forthcoming meetings, events and items in which the community is able to participate.

Members of the community are encouraged to become co-opted Members, with voting rights,

The Six Core Principles of Governance		How the Council will demonstrate compliance
The Requirement		
		and advisors for certain Council Committee meetings.
3.67	Ensure that career structures are in place for Members and Officers to encourage participation and development	<p>Members are encouraged to use their skills in progressing to Chairman or Vice-Chairman of individual Committees with ultimate progression to Chairman or Vice-Chairman of the Council.</p> <p>Every opportunity is taken to progress a career structure within the Council of the Isles of Scilly; existing staff have equal access to job opportunities through internal notice boards and the media.</p> <p>Staff are responsible for progressing their own development and are encouraged to participate in training courses and workshops to progress their career and advance their capacity and capabilities to work within the Council setting.</p> <p>A variety of training courses and workshops are offered to Members and Officers in a wide range of subject areas.</p>
3.68	Make clear to Members, Officers and the community, to whom they are accountable and for what	<p>The Council's vision, priorities and values are published in the Service Plans. These include performance targets.</p> <p>The Council's Standing Orders and Financial Regulations inform Members and Officers of their obligations and processes.</p>
3.69	Consider those institutional stakeholders to whom they are accountable and assess the effectiveness of the relationships and any changes required	Arrangements are to be reviewed for the content and publication of the annual report on the work of stakeholder committees and consider whether it should be given a higher profile.
3.70	Produce an annual report on scrutiny function activity	An Annual Report (Lighthouse) is produced in June/July, to inform the community of the performance of the authority over the previous year and set out the plans for the future.
3.71	Ensure that clear channels of communication are in place with all sections of the community and other stakeholders including monitoring arrangements to ensure that they operate effectively	<p>The Communication Strategy ensures the Council communicates clearly, openly and regularly with the public, partners and with each other to promote a high level of mutual understanding and to facilitate a better service to the island community.</p> <p>The Communication Strategy is a standing item on the agenda of the Policy and Resources</p>

The Six Core Principles of Governance

How the Council will demonstrate compliance

The Requirement

Committee and Members report progress at each meeting with an annual review of Strategy.

The Communication Strategy is a key tool in ensuring the Authority's successful delivery of our vision statement.

The Council Committee Calendar is published on the Council website and agendas, minutes and reports may be downloaded.

News, policies and information for the public and staff are to be found on the website and the developing intranet will inform staff of up to date information.

The public are able to view various Council meetings that are web-cast for those who are unable to attend the Council Chamber in person; the web-casts are recorded and can be downloaded for those who are unable to watch the meeting at the allocated time.

Where there is expected to be a large public interest, the meetings are web-cast in the Town Hall for those who do not have internet access.

Staff newsletters are distributed to all staff on a monthly basis.

A bi-monthly 'Lighthouse' newsletter is available at various distribution centres to inform the public and stakeholders of recent events and up to date information.

3.72 Hold meetings in public unless there are good reasons for confidentiality

Council meetings are open to the public with the exception of 'exempt and confidential information' during which the public are asked to leave the Council Chamber.

3.73 Ensure 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

The Communication Strategy aims to ensure that the island community is well informed and is involved in consultation to influence what happens on the islands.

The public is able to view various Council meetings that are web-cast for those who are unable to attend the Council Chamber in person; the web-casts are recorded and can be downloaded for those who are unable to watch the meeting at the allocated time.

Where there is expected to be a large public interest, the meetings are web-cast to a large

The Six Core Principles of Governance**How the Council will demonstrate compliance**

The Requirement

screen in the Town Hall for those who do not have internet access.

Community Strategy leaflets are distributed throughout the islands to every household.

Council meetings are arranged in the mornings during winter and evenings during the summer to enable off-island participation.

Booklets are produced for local access information and are distributed to migrant and seasonal workers. These workers also receive a welcome talk from the Community Safety Officer and the Community Police Support Officer.

Strategies and Policies can be produced in alternative formats, such as Braille, audio or alternative languages, on request.

A written or oral translation service is available on request.

Review questionnaire to Migrant and Seasonal workers informs the Council of difficulties and response to the services provided.

The Authority has adopted a 'Single Equality Scheme', and has established an Equality and Diversity working group. There are representatives from across the organisation, as well as a Member with the role of Equality champion. The authority is committed to equality monitoring, training, internal and external consultation and Equality Impact Assessments to ensure that all the diverse groups within the community are recognised and engaged with.

All employees undertook Equality & Diversity training during 2011/12.

3.74 Establish a clear policy on the types of issues they will meaningfully consult on or engage with the public and service users including a feedback mechanism for those consultees to demonstrate what has changed as a result

Consultation is an integral part of any large project plan.

Results of consultations are communicated to the public via the website and publications to inform of the influence the consultation has had on the project.

The public is encouraged to give comments, compliments and complaints in order for the

The Six Core Principles of Governance**How the Council will demonstrate compliance**

The Requirement

Members and Officers to achieve a greater understanding of the views of residents and visitors.

When faced with a decision making situation, the comments, compliments and complaints from the public assist Members who are more able to respond to conflicting views of residents and take into consideration other influencing factors such as resources, statutory requirements and partner organisations views.

3.75 Publish a performance plan on an annual basis 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

The Council's vision, priorities and values are published in the Sustainable Community Strategy, Service Plans. These include performance targets.

Financial Statements are published on the website annually, including the Annual Governance Statement.

Outcomes and achievements are to be communicated to the public and stakeholders in the Annual Report (Lighthouse).

3.76 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 Communication Strategy ensures the Council communicates clearly, openly and regularly with the public, partners and with each other to promote a high level of mutual understanding and facilitate a better service to the island community.

The Council website includes the Council Calendar of meetings where agendas, minutes and reports may be downloaded together with community news, council policies and information for the public.

Staff have access to all policies and strategies on the website and intranet.

Quarterly meetings have been re-established as part of the improvements of the Performance Management Group to ensure information is exchanged and updated upward and Service Managers share the information downwards to the staff in their respective departments.

The public is able to view various Council meetings that are web-cast for those who are unable to attend the Council Chamber in person; the web-casts are recorded and can be downloaded for those who are unable to watch the meeting at the allocated time. Where there is expected to be a large public interest, the meetings are web-cast in the Town Hall for those who do not

The Six Core Principles of Governance**How the Council will demonstrate compliance**

The Requirement

have internet access.

The public are able to access information held by the Council under the terms of the Freedom of Information Act 2000 through Central Services.

The Local Standards Committee makes an initial assessment of misconduct allegations.

Staff newsletters are distributed to all staff on a regular basis and a bi-monthly 'Lighthouse' newsletter is available at various distribution centres to inform the public and stakeholders of recent events and up to date information.

3.77 Develop and maintain a clear policy on how staff and their representatives are consulted and involved in decision making

Consultation with staff forms part of the Communication Strategy and is published on the Council website and intranet.

Staff are encouraged to participate in decision-making and problem solving through meetings and surveys.

A Staff Mediation Service provides assistance and is available to all staff.

The Council works in partnership with the Trade Unions and a representative is on hand to assist staff with queries and advice.

Human Resources meet representatives of the Trade Union on a monthly basis and information is passed on to staff via the Trade Union representatives.

No	Element of Governance
	Principal Risks to Achievement of Objectives
3.78	<p>The Risk Management Strategy has the full support of the Councillors and Corporate Management Team and has been approved by Senior Members.</p> <p>All relevant Staff, Members and partners are made aware of the Risk Management Strategy through Council meetings and workshops. The strategy is accessible to staff, Members and the public on the Council's website and intranet.</p>
3.79	<p>Reviews of the risk management process are undertaken by the Senior Management Team.</p> <p>The Council has systems and processes in place for the identification and management of strategic and operational risk.</p> <p>The process for ongoing risk management is the responsibility of the Strategic Management Team and Chief Officers. Principal Risks are monitored by the Strategic Management Team at least quarterly.</p> <p>Risk management is embedded in the activity of the authority through the business plan and service planning stages.</p> <p>The Chairman of Policy and Resources Committee has the role of Member Risk Champion; the Strategic Development Officer has the role of Officer Risk Champion. The Corporate Governance Lead is the designated officer for Risk Management.</p> <p>The Risk Management Strategy contains clear definitions of the roles and responsibilities for risk identification, management and reporting throughout the Authority, including Internal Audit, Project Managers and partners.</p>
3.80	<p>The Council has a programme of risk management training for relevant staff and Members on assessing, management and monitoring of risk. A corporate approach to risk management to identify and evaluate risk is disseminated to staff at induction and awareness sessions.</p>
3.81	<p>A Guide to Risk Management setting out the framework for risk analysis has been approved and communicated via the intranet and workshops.</p> <p>The Authority's framework for risk analysis, recording and reporting risk is well defined within the Guide to Risk Management. The framework is communicated to all staff and stakeholders via the intranet and workshops.</p> <p>A Corporate Risk Register identifies the benefits of active risk management at a strategic level; Departmental Risk Registers linked to service plans identify risk management at operational level.</p>
3.82	<p>The authority has an arrangement for financing risk, including requirements for insurance being met and monitoring of incidents of claims and reporting the results of those claims. Periodic reviews of all insurances are the responsibility of the Chief Officers.</p>
3.83	<p>Following the approval and adoption of the new risk management framework in July 2007, and In order to meet objectives set out in the Risk Management Strategy, a programme of training workshops took place for Chief Officers and Service Managers. Further training workshops took</p>

No	Element of Governance
	<p>place during 2009 for Members and remaining staff. New staff and partners receive induction training.</p> <p>Evaluation of the workshop sessions has shown that the updated framework has improved the understanding of the approach to Risk Management and the perception of its importance through all levels of the authority.</p>
3.84	<p>The Democratic Processes Review Group has the role of overall co-ordination of risk management throughout the Authority.</p> <p>Reviews of the risk management process are undertaken by the Senior Management Team, including procedures for recording and reporting risk, identifying areas of overlapping risk, reviewing risk training and reviewing risk registers. Changes are reported to Members and Management.</p> <p>The Senior Management Team reviews the Corporate and Departmental risk registers at least twice annually. The Strategic Management Team monitors principal risks at least quarterly.</p>
3.85	<p>The Corporate Governance Lead is the designated officer for Risk Management with the role of management and implementation of the risk management framework, strategy and process on behalf of the Council. Responsibilities include providing the council with guidance, advice and support on risk management, managing the performance of the risk management process and reporting on the effectiveness and implementation of the strategy, supporting the risk champions in delivering their role and ensuring all appropriate staff are adequately trained in risk management and risk assessment techniques.</p>
3.86	<p>The Risk Management Strategy defines the role of the Service Managers for ensuring staff are aware of risk management and their roles within the organisational structure. Service Managers' responsibilities include communicating the corporate approach to risk management to staff, identifying training needs of staff and reporting these to the Corporate Governance Lead, seeking clarification on corporate risk requirements from the Corporate Governance Lead and passing on the information to all staff, and supporting the Corporate Governance Lead and Officer Risk Champion in their role by facilitating the effective operation of the risk management within their department.</p>
3.87	<p>Risk management is embedded into the authority's business systems to ensure that risk management is an intrinsic part of the way business is conducted and is a part of the corporate planning process linked to business continuity and performance management. At all levels, the levels of activity support each other, is led from the top and is part of the normal working routines and activities of the organisation. Induction training is given to ensure that all staff are aware of the relevance of risk to the achievement of their objectives.</p>
3.88	<p>Project Managers and partners are made aware of the risks in partnership working and risk assessments are undertaken before commencement of major projects and are reviewed and reported on a regular basis.</p> <p>The Contract Management Framework assists in identifying risks of partnership working and to identify risks associated with the project.</p>
	<p>Controls to Manage Principal Risks</p>
3.89	<p>The authority has systems and procedures to mitigate principal risks. The Council of the Isles of Scilly has adopted CIPFA's "Code for Treasury Management in Local Authorities". Management of investments is the responsibility of the Director of Finance and Resources under the direction of the Policy and Resources Committee and at all times follows the principles laid down in CIPFA's "Code of Guidance on Treasury Management for</p>

No	Element of Governance
	Local Authorities". The Prudential Indicators continue to be considered to ensure compliance with the Prudential Code.
	Financial Regulations contained within the Council's Handbook set out the overall framework that governs the management of the Council's finances.
3.90	The Council's Standing Orders have been formally adopted, are contained within the Council's Handbook, and are reviewed periodically and communicated to all staff via the internet and intranet.
3.91	Communication of internal control processes to staff forms part of the staff induction process and includes Confidential Reporting, Managing Financial Irregularities (whistle-blowing) and Code of Conduct policies. These policies are reviewed periodically and communicated to all staff.
3.92	The Council's Anti Fraud and Corruption Policy has been adopted and is widely communicated to all staff and the public via the Council's website and intranet.
	A Register of gifts and hospitality is maintained, reviewed and updated annually.
3.93	A Code of Conduct has been formally adopted and is communicated to staff as part of the staff induction process. The Code of Conduct policy is reviewed periodically and communicated to all staff via the intranet.
3.94	A Register of Interests, identifying the declarable interests of Members and Officers in relation to community and life interests, is reviewed and updated annually.
3.95	The Council is developing a Scheme of Delegation that incorporates adequate controls and sanctions and has been adopted by Council.
3.96	A Corporate Procurement Strategy has been formally approved and widely communicated to staff and stakeholders via the Council's website and intranet. The procurement policy is being reviewed and updated to take account of new initiatives.
	A Procurement Guide, for those staff dealing with procurement, has been produced and approved by Members and is published on the intranet. The Guide is reviewed on a regular basis.
	The Contract Management Framework was produced and implemented in order to monitor service level agreements and contracts from introduction to the end of the contract, and is published on the intranet. This has assisted in ensuring all parties to a contract meet their obligations to deliver the objectives required from the contract and achieve value for money. Risks are identified by all parties early in the relationship.
3.97	A framework for the delivery of the Authority's Business Continuity Programme has been agreed and the initial stage completed. The Council lists over 100 services provided to the community and a review of these has resulted in the production of a Corporate Critical Services Priority Report. Business Impact Analyses are currently being conducted for the most critical of these services.
3.98	The Corporate Risk Register identifies addresses and monitors principal risks. Departmental Risk Registers identify risks from the Service Plan objectives, address and monitor risks.

No	Element of Governance
	Risk owners are assigned to each risk in order for the principal risks to be managed and controlled.
	Risk Management workshops have taken place for Chief Officers and Service Managers to underpin the principles of the Authority's Risk Management Framework.
3.99	All risk registers are reviewed by Service Managers at least twice annually.
3.100	The Internal Control framework is subject to regular assessment and is planned to be developed further. The Council has an objective and professional relationship with external auditors and statutory inspectors.
3.101	The corporate Health and Safety policy has been adopted by Members and a Member Champion has been established.
	The policy has been communicated to all staff via training, information and the Council's website and intranet.
	The Health and Safety Advisory Group meets at least three times per year. All staff are aware of the union and non-union representatives.
3.102	A corporate complaints procedure has been formally approved. Members of the public and other stakeholders are made aware of the complaints procedure and policy in operation by leaflet distribution and are included on the Council's website and intranet.
	The public is able to register their dissatisfaction with services of the Council or its staff via the complaints procedure that can be accessed on the website or by hard copy from the Town Hall and are able contact the Ombudsman through the complaints system.

4. REVIEW OF EFFECTIVENESS

The Council of the Isles of Scilly has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework including the system of internal control. The review of the effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is:

No	Effectiveness of controls
4.1	The responsibility for maintaining and reviewing the system of internal control rests with the authority.
	Internal Audit reviews internal controls in operation within each service area. External sources of assurance are received from such agencies as

No	Effectiveness of controls
	the Audit Commission, OfSTED, the Benefit Fraud Inspectorate and other agencies relevant to the Authority.
4.2	Key controls are identified within the Annual Governance Statement and progress reports including examples of assurances and evidence are sent to Chief Officers and relevant Service Managers to give guidance on monitoring the internal controls within their service area.
4.3	The Annual Governance Statement and progress reports, including examples of assurances and evidence and actual evidence of supporting documentation, are evaluated by the Strategic Management Team and reported to the Policy and Resources committee at least twice per year.
	Chief Officers and relevant Service Managers have the opportunity to review the controls and provide assurance statements at the end of the financial year.
4.4	External assurance reports are agreed and reviewed by Senior Management and action plans are prepared as appropriate. Reports are taken to the relevant committee and progress on recommendations is reported as appropriate.
4.5	Internal Audit reviews internal controls against known and evolving risks. Actions are planned and reported to Internal Audit. Reports including any recommendations are taken to the appropriate committee.
4.6	A monitoring system for obtaining and evaluating assurances of internal control by the assigned person is in place. Internal and External audit reports are received and reviewed by Chief Officers and Heads of Department.
4.7	Evidence is provided by Service Providers to ensure accuracy of the indicators and is monitored annually. Reports are taken to the relevant committee.
4.8	An Equality and Diversity Group has been established and meets at regular intervals to improve monitoring and management of Equality & Diversity.
4.9	A Grant Appraisal Committee has been formed and is intended to improve the quality of grant applications made by the Council of the Isles of Scilly and ensure they are deliverable and pose no reputational or financial risk.
4.10	Comprehensive arrangements continue to ensure the timely closedown and production of accurate financial statements for future years.
4.11	Improvements continue in the budget setting process, with Members and Officers fully involved. The Council has moved strongly to a balanced budget position and is strengthening monitoring and reforecasting processes.
4.12	The Council has a rolling programme of Condition and Suitability surveys of all Council Assets. This work is part of a five year rolling assessment and maintenance programme. The survey provides structural information to enable the Council to better assess need in the event of future funding applications and to develop effective long term plans for the configuration of Council facilities as evidenced by recent extension and refurbishment to parts of the Town Hall.
	The Council has adopted the Porthcressa Master Plan which focuses on the redevelopment/refurbishment of key Council assets including the rear of the Town Hall, Porthcressa shelter/Register Office, library and Bulb store/garage.
4.13	Further improvements are planned for the Human Resources work plan including improving the Council's systems which will aide succession planning.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Authority, the Chief Officers, Internal Audit and external review, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5. SIGNIFICANT GOVERNANCE ISSUES

The following significant internal control issues have been identified:

No	Issue	Action Required	Progress to date
5.1	Review signposting of access via the Council's website to the register of interests to further promote transparency and include this link in the financial statements	Clear signposting will be made to the existing register of interests and this will be upgraded to tie in with 5.2 by end March 2012	◦ In progress
5.2	Ensure all related party disclosures also cover related parties held by member and officer families	Information on all member and officers for 2011/12 accounts by end June 2012	◦ Completed 2011/12 accounts
5.3	Amend notes to the financial statements to correct the errors identified.	By the end of September 2011	◦ Completed September 2011
5.4	Ensure compliance for all staff with the Council's policy on taking and carrying forward leave.	By the end of September 2011	◦ In progress
5.5	Establish formal arrangements with service organizations.	By the end of March 2012	◦ In progress
5.6	Include teachers' leave accrual in the financial statements.	By the end of September 2011	◦ Completed September 2011
5.7	Amend the disclosure notes to the accounts for the points identified.	By the end of September 2011	◦ Completed September 2011
5.8	Include a disclosure note on the four primary schools and the basis for the exclusion in the balance sheet under property, plant and equipment	An additional note to the existing disclosure to be made by end September 2011	◦ Completed September 2011

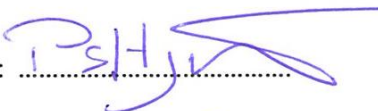
No	Issue	Action Required	Progress to date
5.9	Update the Medium Term Financial Strategy in the light of the current financial constraints in the public sector and wider economy	Work to review the strategy as part of the wider strategic direction of the Council by end March 2012	◦ Completed
5.10	Raise the level from £2,500 to which virements should go to the Full Council to allow greater flexibility in the management of budgets.	To form part of the wider updating of financial regulations by end March 2012.	◦ In progress
5.11	Ensure prior years' annual audit letters (AALs) are included and clearly signposted on the Council's website and updated with future year AALs.	Ensure these are added to website by end September 2011	◦ Completed September 2011
5.12	Improve further strategic asset management arrangements through refreshing and updating the asset management strategy to bring into alignment with the medium term financial strategy.	Refresh the asset management strategy and bring into line with the revised medium term financial strategy to provide the opportunity to dovetail these arrangements	◦ In progress.

We propose over the coming year to take steps to address the issues in progress 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 as part of our next annual review.

Signed: 

Dated: 28/06/2012

Chairman of the Council

Signed: 

Dated: 28 June 2012

Chief Executive