

CORPORATE GOVERNANCE COMMITTEE

Wednesday, 18 January 2012

Present:	Councillor	S Foulkes (Chair)	
	Councillors	P Davies AER Jones	A McArdle T Harney
Invited Members: (Non Voting)	Councillors	T Harney	
Apologies	Councillors	AR McLachlan	JE Green (Non Voting)

23 MEMBERS CODE OF CONDUCT - DECLARATIONS OF INTEREST

No declarations of interest were received.

24 MINUTES

RESOLVED:

That the Minutes of the meeting of the Committee held on 7 December 2011 be confirmed as a correct record.

25 CORPORATE GOVERNANCE COMPREHENSIVE WORK PROGRAMME PROGRESS REPORT

In response to the Anna Klowoski Associates Ltd (AKA) supplemental report that was presented to the Cabinet on 22 September entitled 'Wirral Borough Council's Corporate Governance Arrangements: Refresh and Renew', the Council had developed a comprehensive work programme to improve all aspects of its corporate governance.

This Committee had agreed that the principles and approach adopted in developing the programme were:

- a whole systems, integrated approach to ensure step change rather than incremental change;
- led by Chief Executive;
- project-managed with time limited tasks;
- co-ordinated through a single point of management and reporting;
- resourced appropriately; and
- owned by the whole organisation including Members and Officers.

A report by the Chief Executive provided an update for Members on progress being made on the delivery of the comprehensive work programme which supported the Council's corporate governance improvement goals and Destination Excellence objective.

The report highlighted progress against the critical milestones set out by Anna Klonowski in her report *'Improving Corporate Governance In Wirral'* presented to the Committee at its meeting on 7 December 2011, as well as the 10 Key Lines of Enquiry (KLOE) approved by the Committee at its meeting on 16 November 2011 (Minute No. 13 refers).

A critical theme running through the Corporate Governance Improvement Programme was the need for on-going cultural change. It was noted that an underpinning communications plan was also required to ensure key stakeholders – including staff – were kept informed of improvements and support the improved working practices that were being developed through the KLOEs.

Councillor S Foulkes provided the Committee with an oral report of the proceedings of the “meet the staff” meetings that were held on 12 and 13 January 2012, he had hosted along with Councillor P Davies and the Chief Executive, at various venues around the Borough, as part of the Destination Excellence initiative. All Council officers had been expected to attend one of these meetings and approximately 4,200 had done so, during eleven sessions over the two days.

It was reported that over 1000 comments had been received at the staff meetings and they would be analysed and the themes reported back to the Committee. Those members of staff who had put their names on their names on their feedback forms would be thanked for their time and effort.

Councillor S Foulkes also provided details of the ‘Open Door Sessions’ for members of staff that Cabinet Members were proposing to hold, (as would Councillors from other Political Groups upon request) and reported that confidential email accounts had also been set up. The purpose of these was to provide mechanisms for staff to report issues and concerns in confidence. Themes identified would also be reported back to the Committee.

Members considered the report and informed that they felt that it was important for the Council to have a vision of what an excellent Council, in terms of Corporate Governance should look like. They were happy with the “dash board” style of the report. There would be restrictions in the delivery of the KLOEs and the Council’s Corporate Governance would not be perfect by 31 March 2012 but Members agreed that the building blocks would be in place to bring about the continuous improvement that was necessary. They would begin to qualify their aims, adjust and change and look at best practice elsewhere.

Councillor T Harney provided the Committee with an update on the approach to the training being put in place for Elected Members. It was also noted that a mentor had been appointed to each of the three Political groups and some bespoke training was in the process of being developed.

The Committee, in particular noted the good progress made in respect of KLOE 6: Review of Committee Services. Councillor Harney drew attention to the fact that Members’ future IT needs would need to be identified and catered for as it was known that the current IT equipment contract would expire in 2012 and would need to be renewed.

RESOLVED: That

- (1) the contents of the report and its various appendices as well as the progress being made by the Corporate Governance Improvement Team be noted;**
- (2) Anna Klonowski be invited to hold a briefing with Members of the Member Training Steering Group as soon as possible and before 22 February 2012;**
- (3) the Interim Head of Planning, Engagement and Communications and her staff be thanked for their hard work organising the staff meetings; and**
- (4) Members' IT development needs be included in KLOE 6.**

26 REVIEW OF CODE OF CORPORATE GOVERNANCE

A report by the Chief Executive presented the conclusions of a review of the Code of Corporate Governance for Wirral. The review had been undertaken as part of the work programme agreed by Cabinet at its meeting on 16 November 2011. As a result of the review, a draft amended Code appended to the report at Appendix A was put forward for the Committee's consideration.

The Committee was informed that the Wirral code was based upon the "core principles" and "supporting principles" of the CIPFA/SOLACE Framework (CIPFA/SOLACE, 2007). This Framework was the basis of best practice for local authorities in England and was used as the basis for all of the codes examined under this review. The current Wirral code did not take account of the application note (CIPFA/SOLACE, 2010) and should be amended to account for the amendments to the original framework that it contained.

The Wirral code differed from most of the other authorities reviewed in providing a commentary to describe how the Council complied with the CIPFA/SOLACE principles. The effectiveness of the Council's compliance with these principles was evaluated on an annual basis by the Council's Internal Audit service, in accordance with the CIPFA/SOLACE Framework, and the results of this review of effectiveness were the basis for the Annual Governance Statement. However, whilst the annual review had identified weaknesses in the Council's compliance with the principles, the Code and the evidence contained within it had not been subject to continuous review and revised to reflect these weaknesses and the action necessary to correct them. These weaknesses were also clear from the Klonowski Report. Therefore, there was a risk that the Code sought to demonstrate compliance with the principles by utilising evidence for which there were identified weaknesses. It was therefore, suggested that the practice of including the commentary be discontinued until such time as robust processes had been established for the ongoing review of effectiveness as part of management practice, and for addressing, as a matter of routine, the weaknesses identified as part of the formal annual review.

The Committee was told that a system of thorough audit and review of governance was essential to meet the requirements of the era of self regulation and peer review that local authorities were entering. It was recommended that the Internal Audit

Service provide a report for a future meeting of the Committee on arrangements for securing good corporate governance and the role of the Annual Governance Statement.

The documents in the current code appeared not to be subject to a controlled version that was linked to a published copy. It was, therefore, recommended that consideration be given to a project to apply the "Documentum" system (The Council's existing document management system.) It could be used to create a single source for corporate governance documentation. This would enable document control and facilitate monitoring of review requirements.

The recommended draft Code of Corporate Governance was attached to the report at Appendix A and a copy of the current code was attached at Appendix B. It removed the commentary on compliance, added the requirements of the CIPFA/SOLACE application note and included the information applicable to each framework principle from Section 5 of the Guidance. The code committed the Council to the specific requirements of the Framework. As previously stated, the commentary that the current document contained to indicate how Wirral complied with good governance principles had been removed on the basis that it relied on evidence that had clear weaknesses.

RESOLVED: That

- (1) the amended Code of Corporate Governance attached at Appendix A to this report be agreed and its adoption recommended to the Council;**
- (2) the Internal Audit Service be requested to provide a report for a future meeting of the Committee on arrangements for securing good corporate governance and the role of the Annual Governance Statement;**
- (3) consideration be given to a project to apply the "Documentum" system to create a single source for corporate governance documentation; and**
- (4) Internal Audit be requested to carry out research to ascertain what training packages on corporate governance are available.**

27 AKA SUPPLEMENTAL REPORT AND KLOE MATRIX

A report by the Chief Executive included a Matrix attached in Appendix A which demonstrated the links between the 5 'Work Streams' identified within the AKA Supplemental Report entitled 'Wirral Metropolitan Borough Council's Corporate Governance Arrangements: Refresh and Renew' and the Key Line of Enquiry (KLOE) 1 to 10 put forward to address the recommendations made.

Project Initiation Documents (PIDs) for ten of the Key Lines of Enquiry (KLOEs) had been the subject of a report to the Committee at its meeting on the 16 November 2011 and set out the areas that each KLOE would address, summarised as:

- KLOE 1 – Alignment of corporate planning and budget making process.
- KLOE 2 – Review and refresh the 'Code of Corporate Governance'.
- KLOE 3 – Relationship between devolved and central functions.
- KLOE 4 – Review of Internal Audit.

KLOE 5 – Review of Policy.
KLOE 6 – Review of Committee Services.
KLOE 7 – Review of Performance (Corporate).
KLOE 8 – Equalities.
KLOE 9 – Fees and Charges.
KLOE 10 – Member Capacity

Four additional areas detailed as follows had been identified in the Comprehensive Work Programme and these were to be the subject of further work from April 2012:

KLOE 11 – Review of committee reports over the last 3 months. This was dependent upon work being undertaken around KLOE 6 (Review of Committee Services) and KLOE 2 (Review and refresh the 'Code of Corporate Governance') in order that the review may use the information and frameworks developed.

KLOE 12 – Review of Performance (Departmental). This was dependant on the development of KLOE 7 (Review of Performance - Corporate) and agreement of the new Corporate Plan.

KLOE 13 – Change Team/Programme. This was dependant upon work currently being undertaken in KLOE 1 (Alignment of corporate planning and budget making process), KLOE 7 (Review of Performance - Corporate) and the development of the Corporate Plan.

KLOE 14 – How does the Council learn from past experience? This was dependent upon developing a better understanding of the new requirement for Self Regulation encompassed Self Assessment, Peer Challenge and Peer Review and linked with KLOE 7 (Review of Performance).

The Matrix produced, provided in Appendix A, sought to set out the relationship between the five 'Work Streams' identified in the AKA Supplemental Report and KLOEs 1 to 10 created in order to address the weaknesses identified and indicated where the work of the CIGT and the cross cutting cultural change theme and dependent communications fitted within the overall programme of work. The Matrix provided this by showing the five 'Work Streams' and their sub tasks as set out in the AKA Supplemental Report. The CIGT work plan together with cultural change were identified at the top of the Matrix as cross cutting areas of work that would impact upon and support the KLOEs that had started. KLOEs 1 to 10 were identified under their separate headings and were placed under the two cross cutting areas at the top of the Matrix, indicating that the KLOEs were influenced and informed by the two cross cutting themes or work plan.

The links between the 'Work Streams', cross cutting themes or work plan and the KLOEs areas were identified by an 'X' where appropriate. Members noted that while some KLOEs may have relatively few links to the 'Work Streams' this does not indicate that they were of lesser importance than others, equally those with greater links should not be assumed to be of more importance than others. The 'X' simply indicated the link between the two and not the significance of the task or tasks being undertaken.

In addition the Committee noted that as the work of the KLOEs was progressed other additional activities were being identified and addressed as may be seen from the report on the Review of Corporate Governance elsewhere on the Committee's agenda.

The Matrix indicated that all areas identified within the AKA Supplemental Report were being addressed and indicated which tasks were being undertaken by the Corporate Governance KLOEs 1 to 10 and the two cross cutting themes or work plans.

RESOLVED:

That the links drawn between the AKA Supplemental Report and the 10 Key Lines of Enquiry as set out in the Matrix provided in Appendix A to the report be noted.

28 **MEMBERS' SURVEY**

A report by the Chief Executive included the summary of survey responses to the recent Elected Members Survey carried out on the topic of Corporate Governance attached at Appendix A. Key Themes that had emerged from the survey were highlighted in the report indicating areas for further consideration by the Member Training Steering Group. Members were asked to consider the proposed Action Plan in respect of the Corporate Governance Member Development Programme.

The Committee noted that the work stream appertaining to Elected Member Capacity – KLOE 10 was being steered and directed by the Member Training Steering Group (MTSG) which comprised of an Elected Member from each of the three Political Groups.

The Cabinet had approved a Survey for circulation to all Elected Members on 7 December 2011 and the MTSG oversaw the delivery of the survey to all Elected Members with a closing date of the 19 December 2011. The survey could be completed on line, by telephone or on paper with anonymity and confidentiality built into the process for each method. Follow up phone calls were carried out by Officers to maximise returns. A total of 47 Elected Members had completed the survey equating to 71%. General themes that had emerged from the survey had included:

- Members felt they had a wealth of experience to offer to the work being done by the Council on the topic of Corporate Governance arising from many years of service as Councillors, varied professional careers and other community roles.
- Open and honest communication skills were considered to be the most valuable in terms of what would help the work of the Council in this area.
- An excellent and broad knowledge base about all aspects of the Council's work was listed as the most popular requirement to practice in a way that shows good corporate governance.
- Honesty, patience and listening skills were the most important skills listed to enable Councillors to practice in a way that shows good corporate governance.
- Finance, general update briefings and IT skills were the most commonly listed development needs.

- More training was also requested on the topics of Decision Making Analytical Skills and Audit & Risk Management.
- The majority of respondents listed workshops and face to face session as their preferred method of learning.

It was proposed that the full and detailed responses from the survey be considered by the MTSG with a view to progressing to the next stage of developing a Corporate Governance Member Development Programme ready to commence in February 2012. The development needs, identified in the survey responses, would also further inform the Member Development Programme for 2012 – 2013 which would commence in June 2012. The results of the survey would be made available to all KLOEs to assist their programmes' progress as necessary.

It was also proposed that any pertinent feedback from the "Destination Excellence" Employee Events be taken into consideration by the MTSG at the design stage of the Corporate Governance Member Development Programme.

As the Member Capacity – KLOE 10 underpinned other elements of the Corporate Governance Improvement Plan it was proposed that the Draft Corporate Governance Member Development Programme be shared with the Member Leads for all relevant KLOEs to ensure a joined up approach and to maximise effectiveness namely KLOE 2 – The review and refresh of the Code of Corporate Governance, KLOE 8 – Equalities, KLOE 6 Committee Services.

An Improvement Board would be established and the Local Government Association had recommended initial draft terms of reference. These would be circulated to Members. However, it was noted that these draft terms of reference were a starting point only and could be further amended if Members so wished. It was anticipated that a key meeting would be held on Friday, 3 February 2012 to take the Improvement Board initiative forward.

RESOLVED: That

- (1) the proposed Action Plan based upon the findings of the Elected Member Survey results be agreed;**
- (2) the Elected Member Survey results be made available to all the KLOEs for reference and consideration; and**
- (3) the Organisational Development Manager and her team be thanked for their hard work on the Elected Member Survey.**