WIRRAL COUNCIL

DRAFT ANNUAL GOVERNANCE STATEMENT 2009/2010

1.   Scope of Responsibility

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

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

1.3   Wirral Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance & Accountancy/Society of Local Authority Chief Executives (CIPFA/SOLACE) Framework 'Delivering Good Governance in Local Government'. A copy of the code is on our website at www.wirral.gov.uk. This statement explains how Wirral Council has complied with the code and also meets the requirements of Regulation 4 of the Accounts and Audit Regulations 2006 in relation to the publication of a statement on internal control.

2.   The Purpose of the Governance Framework

2.1   The governance framework comprises the systems and processes, culture and values for the direction and control of the Authority 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.

2.2   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 not fully achieving policies, aims and objectives and therefore provides a reasonable rather than 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 Wirral Council policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3   The governance framework has been in place for a number of years at Wirral Council and, in particular, for the year ended 31 March 2010, and up to the date of the approval of the Statement of Accounts.

3.   The Governance Framework

3.1   The CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' lays down principles of governance best practice. Key elements of the systems and processes which comprise the Council's governance arrangements are described in the following paragraphs. Our assessment is based upon the CIPFA/SOLACE guidance.

3.2   Developing and Communicating our Purpose and Vision

- The Council's purpose and vision is developed through corporate and business planning, and is integral to wider community planning for Wirral through the Local Strategic Partnership.
- The Council has reviewed and refreshed its Corporate Plan for 2010-13. There are five key corporate objectives; these drive the departmental plans which include clear outcomes and targets for the Council's priorities in accordance with the revised Corporate Plan framework.
- The Council reports achievement of its objectives in its Annual Report.

3.3   Ensuring that users receive a high quality of service

- The Council has an objective performance management framework. The system is driven by the Corporate Plan, which focuses attention on corporate priorities. This is cascaded through departmental service plans, individual employee key issue exchanges and action plans. It is clearly laid out in the annual service and financial planning and performance management cycle.
- All national indicators, local indicators, projects and activities contained within departmental plans are reported to the relevant scrutiny committee. The performance management areas of the intranet and internet are currently being enhanced and are expected to go live in April 2010. The annual review of Wirral's Local Strategic Partnership/Local Area Agreement (LSP/LAA) by Government Office for the North West (in January 2010) found that Wirral's LSP arrangements were felt to be operating more effectively.
- The Council has improved the quality of data used to support the performance management framework. Our data quality policy has been refreshed and data quality training has now been provided across the council.
- The Council's Customer Access Strategy provides the framework for the development of all Wirral Council's access channels. The overall aim is to make information and high quality services more accessible to our customers in the most efficient and effective way.

3.4   Measuring performance and value for money

- The Council has in place a Medium Term Financial Strategy, updated annually to support the medium term aims of the Corporate Plan. This ensures the economical, efficient and effective use of resources, and secures continuous improvement in the way in which its functions are exercised.
- A rigorous system of monthly financial monitoring ensures that any significant budget variances are identified in a timely way, and corrective action is initiated.
- The Council undertakes Equality Impact Assessments on strategies, policies, services, projects and procedures in order to measure progress towards promoting diversity and equality of opportunity. This process ensures that the Council optimises the impact of services for stakeholders.
- The Local Strategic Partnership has undertaken a sustainability appraisal of its Local Area Agreement looking at environmental, social and economic impacts and recommendations for mitigating these. This work is now being taken forward by Wirral's Climate Change Group.

3.5   Roles and Responsibilities

- Wirral Council facilitates policy and decision making via a Cabinet Structure with Cabinet Member portfolios.
- The roles of the Executive members are clearly defined in the Constitution, including responsibility for leadership and activities of the Authority.
- The roles and responsibilities of all members of the Authority, along with remuneration details, are clearly defined in the Constitution.
- The roles and responsibilities of all senior officers, along with remuneration details, are documented in contracts of employment and job specifications.

3.6   Member/Officer Relations

- A full scheme of delegation is included in the Constitution.
- The Constitution includes the delegation of functions to individual Cabinet members.
- The responsibility of the Chief Executive for all aspects of operational management is clearly stated in the Constitution.
- Protocol on Member and Officer relations is clearly stated within the Codes and Protocols of the Constitution.

3.7   Partnership Arrangements

- A Partnership Framework and Toolkit has been developed and approved.
- Draft departmental service plans for 2010/11 have been produced, identifying partnership working, and using a corporate template to ensure consistency of approach.
- The Council's single equality scheme, a key activity within the Corporate Plan, was developed in full consultation with Wirral's communities, and details the actions that will be taken across the whole Council to eliminate

any discriminatory practices and to promote equality and recognise diversity within employment and service delivery, including in partnership working.

- The Council has adopted a local Code of Corporate Governance detailing how the Authority complies with the principles of good governance.

3.8 Standards of Conduct

- The Standards Committee has a number of roles and functions, which include promoting and maintaining high standards of conduct by Councillors and employees.
- There is a corporate conflict of interest form for completion by Members and Officers.
- Financial Regulations and Contract Procedure Rules are contained within the Council Constitution.

3.9 Demonstrating the Values of Good Governance

- The roles and responsibilities of the various stakeholders are clearly stated within the Constitution.
- The Chair of the Standards Committee is an independent member of the public. The number of independent members is now four which exceeds the statutory requirement for 25 % of the Committee to be independent.
- The Council has a call-in procedure, which allows members to 'call-in' decisions made by committees of the Council for further consideration by the relevant review committee.

3.10 Transparency of the Decision Making Process

- There are 6 Overview and Scrutiny Committees, the chairs are shared amongst the 3 political groups and the statutory functions of each are set out in the Constitution.
- The public has access to all meeting minutes with the exception of exempt items.
- Codes of Conduct for Members and employees are in place.
- An Audit and Risk Management Committee provides independent assurance on risk management and control and the effectiveness of the arrangements the Council has for these matters.

3.11 Quality of Reporting

- The Council has produced a 'guidance to report authors' document detailing the requirements for the production of all Committee/Cabinet reports.

3.12 Risk Management

- The Council has robust systems for identifying and evaluating all significant risks, developed and maintained with the participation of those involved in planning and delivering services. The Council adopted an updated Risk Management Strategy in 2009. This explains the methodology for the management of risk throughout the Authority.

- A Corporate Risk Register is in place and appropriate staff have been trained in the assessment, management and monitoring of risks. The Authority has a Risk Management Officer and the approach to embedding risk management is in accordance with best practice.
- A Confidential Reporting (Whistleblowing) Policy is in place.

3.13 Use of legal powers to benefit citizens and communities

- The Scheme of Delegation of Functions to Officers, included within the Council Constitution, identifies the legal powers of officers.
- The Director of Law, HR & Asset Management is authorised to institute, defend or participate in any legal proceedings in any case where such action is necessary to give effect to decisions of the Council or in any case where he/she considers that such action is necessary to protect the Council's interests.

3.14 Development of members and officers

- All members receive an induction and attend a specifically organised event to introduce them to the Council and its departments.
- All employees to the Council are invited to a corporate induction, departmental induction and an individual induction.
- There is a Members' Development Strategy which is utilised as an assessment to identify generic and specific training needs.

3.15 Developing the capacity of people with governance responsibilities

- The Audit and Risk Management Committee undertakes an annual self assessment exercise, utilising CIPFA's checklist, in order to assess their role and effectiveness. In addition to this a report on the work and performance of the Audit and Risk Management Committee will be submitted to Cabinet at the end of each municipal year.
- Members of the Audit and Risk Management Committee undertake specific training in relation to the competencies required of such a role.
- A member training steering group is in place. Generic and specific training is provided to Members to ensure they are equipped to discharge their duties effectively.
- The Key Issues Exchange (KIE) process which is provided to all Council employees, helps to highlight the requirement to develop skills and improve performance.

3.16 Encouraging involvement in the membership of the authority

- There is an older person's parliament and young person's parliament which seek to obtain views from these sections of the community.
- The Council engages with communities through eleven Area Forums; providing an opportunity to shape services in their neighbourhood.

3.17   Stakeholder Engagement and Scrutiny

- A Comprehensive Engagement Strategy (CES), approved by the Local Strategic Partnership (LSP), is in place to help provide a framework approach within which Wirral's LSP works to create a new environment for partnership development and working.
- A programme of transfer of a number of Council-owned Community Centres to community ownership is underway. A total of 20 such assets have been identified, of which a number of transfers of ownership to community groups has already taken place.

3.18   Public dialogue and accountability

- The Council has established an Equality Watch membership scheme which sets out a clear commitment to ensuring that no person accessing Council services experiences discrimination of any kind.
- The authority's commitment to openness can be demonstrated in, for example:
- Constitution of the Council, publicising the Council's approach to decision-making and standards of conduct.
- Approach to the Freedom of Information Act
- Customer Care Guidelines / Customer Services Strategy.
- Availability of committee minutes to the public except in those areas where it is inappropriate to do so.
- Area Forums, covering the whole of the borough, which give local people a voice.
- A Sustainable Community Strategy and framework for reviewing partnership delivery of Wirral's long term vision has been implemented.

3.19   Responsibility to staff

- The Council regularly consults with Unions on behalf of its employees with regard to significant issues.
- The Chief Executive meets with staff on a regular basis via his 'roadshows'.
- The Council has achieved Level 3 of the Equality Standard, 'Achieving' status and under the Equality Framework.

4.   Review of Effectiveness

4.1   Introduction

Wirral Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Annual Report, and by comments made by the external auditors and other review agencies and inspectorates. Key controls in the governance review process are identified in the following paragraphs.

4.2   Corporate Review

The Council's Corporate Improvement Group (CIG) has managed the development of the Annual Governance Statement, in consultation with the Council's Chief Internal Auditor. CIG is chaired by the Deputy Chief Executive, and is comprised of members of each department's management team. A system which includes Directors' Assurance Statements has been introduced to review governance systems and procedures; areas of non-compliance are considered for inclusion in the Annual Governance Statement.

4.3   Statutory Officer Responsibilities

4.3.1   The Council Constitution, which is annually reviewed by the Monitoring Officer, sets out the responsibilities of both Members and senior managers. Roles and responsibilities have been identified and allocated for the following three statutory posts:

Head of Paid Service: Chief Executive
Chief Financial Officer: Director of Finance
Monitoring Officer: Director of Law, HR and Asset Management

4.3.2   The Council has designated the Director of Law, HR and Asset Management as the Monitoring Officer. The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles operate effectively and an annual report is submitted to Cabinet.

4.3.3   The Council has designated the Director of Finance as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The financial management of the Authority is conducted in accordance with the Financial Procedure Rules set out in the Constitution.

4.3.4   The Council continues to assess how its overall corporate governance responsibilities are discharged. In particular the Council has adopted the CIPFA/SOLACE Delivering Good Governance Framework, has developed a local Code of Corporate Governance and so is working towards the National Good Governance Standard.

4.4   Audit and Risk Management Committee

The Council has an Audit and Risk Management Committee, which oversees various financial matters, the Terms of Reference for which comply with latest CIPFA guidelines.

4.5   Standards Committee

The Council has a Standards Committee, which deals with matters relating to the conduct of Councillors, employees, complaints and probity issues, the Terms of Reference for which comply with latest guidelines from the Standards Board for England.

4.6   Internal Control

The review of the effectiveness of the system of internal control reflects best practice guidance identified by the CIPFA Finance Advisory Network and is informed by:
- Directorate assurance based on management information, performance information, officer assurance statements and Scrutiny Committee reports;
- the work undertaken by Wirral Internal Audit during the year;
- the work undertaken by the external auditor reported in their Annual Audit and Inspection Letter;
- Other work undertaken by independent inspection bodies.

4.7   Internal Audit

4.7.1   The arrangements for the provision of internal audit are contained within the Financial Regulations included within the Constitution. The Director of Finance is responsible for ensuring that there is an adequate and effective system of internal audit of the accounting and other systems of internal control as required by the Accounts and Audit Regulations 2006. The internal audit provision is managed by the Chief Internal Auditor and, as verified by the Audit Commission, operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government 2006.

4.7.2   From the work undertaken in 2009/10 the Chief Internal Auditor was able to provide 'reasonable assurance' on the key areas of risk management, corporate governance and financial control.

4.8   External Audit

Wirral Internal Audit is subject to regular inspection by the external auditors. In its most recent review the Audit Commission's overall conclusion was that Internal Audit generally met the requirements of the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006. The Audit Commission through its Inspectorate functions also reviews compliance with policies, procedures, laws and regulations within their remit.

5.   **Significant Governance Issues**

5.1   Summary

Internal Audit has concluded that, based on the work undertaken, overall throughout the Council there are sound systems of internal control in place. However, improvements in the internal control environment can always be made and reports have been produced and discussed with Chief Officers and Members during the year that recommend appropriate actions to be taken within an agreed timescale to address weaknesses and improve systems of control in key areas.

The following improvement opportunities have been identified as part of the review of governance.

5.2   Opportunities for Improvement

5.2.1   Governance

Wirral Council's Code of Corporate Governance is to be reviewed and updated to ensure it includes all relevant areas from the CIPFA/SOLACE guidance. In addition to this, a means of promoting and communicating the code is to be introduced.

The Constitution of the Council is also to be reviewed so as to ensure it reflects accurately the current governance arrangements.

5.2.2   Single Status

The Council has partially completed the Single Status Review and it is anticipated to be completed during the forthcoming financial year.

5.2.3   Change Programme

The Council's ongoing commitment to introduce efficiencies and service improvements is evidenced through the introduction of the Strategic Change Programme, established to achieve clearly defined targets across six key work streams that include strategic assets, customer access, common administrative processes, ICT, Adult Social Services and Schools for the future. The programme is regarded as a key corporate driver for delivering improvements and cost reductions. In January 2010, Cabinet identified a further expansion of this initiative to in order to maximise the delivery of efficiencies.

5.2.4   Partnership Working

The Council continues to be actively involved in developing the way it works with partners and organises itself to deliver services. A Partnership Framework and Toolkit has been compiled and approved, whilst the Partnership Register is subject to review.

5.2.5   Equality and Diversity

Having recently achieved Level 3 of the previous Equality Standard and migrated to the 'Achieving' status of the new Equality Framework, work is now progressing in order to apply to be assessed for 'Excellent' status.

6. Conclusion

We propose over the coming year to take any necessary steps to ensure that all of the above matters are addressed as appropriate to enhance our governance arrangements further. Many improvement actions represent work already in progress. 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: _____ Date: _____
Chief Executive

Signed: _____ Date: _____
Leader of the Council