

WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

26 MARCH 2012

SUBJECT:	IMPROVING CORPORATE GOVERNANCE
WARD/S AFFECTED:	ALL
REPORT OF:	DIRECTOR OF LAW, HR AND ASSET MANAGEMENT
RESPONSIBLE PORTFOLIO HOLDER:	COUNCILLOR J GREEN
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 At the request of the Committee, the Director of Law, HR and Asset Management had presented a report to its last meeting held on 31 January 2012 to update it on the work of the Corporate Governance Cabinet Committee. At that time the Cabinet Committee had met four times and Members had received details of its terms of reference along with an account of the proceedings of each meeting and the decisions that had been made.
- 1.2 The Director's report had also set out the work being carried out in an attempt to strengthen the Council's Corporate Governance by developing and progressing the Corporate Governance work programme, to ensure that the weaknesses highlighted in the Anna Klonowski Associates (AKA) Report were being properly addressed.
- 1.3 On receiving the report the Committee had

Resolved –

- (1) That the progress made by the Corporate Governance Committee to date in addressing the findings of the AKA Report on Corporate Governance be noted.
- (2) That the Director of Law, HR and Asset Management be requested to present a further report to the next meeting of the Committee on how the weaknesses in the Council's Corporate Governance identified in the AKA Report are being addressed, so that this Committee can monitor how the Cabinet Committee is bringing about improvements.'

2.0 BACKGROUND AND KEY ISSUES

- 2.1 It has been identified that the Council must develop a comprehensive work programme and improvement plans to strengthen its Corporate Governance. Consequently, last year a Corporate Governance Cabinet Committee was established for this purpose.

3.0 PROGRESS MADE BY THE CORPORATE GOVERNANCE COMMITTEE

3.1 The Corporate Governance Cabinet Committee has met once more since the Committee's last meeting and the progress it made is detailed in the table of agenda items and Committee resolutions below:

Meeting on 8 February 2012	
Agenda Items considered	Decisions made
<p>Comprehensive Work Programme Progress Report</p> <p>The report had highlighted progress against the 10 Key Lines of Enquiry (KLOEs) approved by the Committee at its meeting on 16 November 2011 (Minute No. 13 refers). It also updated Members on progress with the ongoing cultural change programme and the resultant communications activities. The Corporate Governance Programme Risk Register was appended to the report.</p>	<p>That the contents of the report and its various appendices as well as the progress made by the Corporate Governance Improvement Team be noted.</p>
<p>Performance Management Update</p>	<p>That</p> <ol style="list-style-type: none"> (1) the progress of this review and that a final report will be presented to an appropriate meeting in March 2012 be noted; (2) the amended Performance Improvement and Management Framework attached as Appendix 1 to this report be agreed and the business planning process for 2012/13 outlined in Appendix 2 to the report be noted; and (3) the Business Planning Process attached as Appendix 3 to this report be agreed.
<p>Future Corporate Governance Improvement Framework</p>	<p>That</p> <ol style="list-style-type: none"> (1) a report that draws out the key strategic linkages and recommendations from across the KLOEs and includes operational information as supporting annexes be presented to an appropriate meeting in March 2012;

	<p>(2) the Corporate Governance Improvement Team (CGIT) be requested to develop an Improvement Framework; and</p> <p>(3) consideration will be given to how improvements and compliance will be driven forward and sustained.</p>
KLOE 5 Review Policy	<p>That</p> <p>(1) the proposals as set out in the report be agreed as the basis of the further work required in establishing the Policy Unit, which will report to the Chief Executive, by April 2012; and</p> <p>(2) the final proposals relating to the establishment of the Policy Unit be considered by the Cabinet at its meeting on the 15 March 2012.</p>
Internal Audit: Appointment of External Reviewer	<p>That the decision of the Deputy Chief Executive/Director of Finance to appoint Peter Derrick, CPFA, as an external assistance to support the Corporate Governance Improvement Programme , at a cost of £15,000 be endorsed.</p>

3.2 Also, at its last meeting the Corporate Governance Cabinet Committee had received an account of the proceedings of the first Improvement Board meeting which had been held on 3 February 2012. The discussion there had centred round the good work that had already been completed and what future issues would require decisions by Members. The Board, in an attempt to avoid duplication, had considered whether it was necessary for both it and the Corporate Governance Cabinet Committee to drive through improvements within the Council. The overwhelming view had been that the Improvement Board was now the best vehicle to take the improvements agenda forward. It had been noted that the Board was not a decision-making body. It had been established in purely an advisory capacity. The Board had agreed to bring this proposal to the attention of the Corporate Governance Cabinet Committee to see if it agreed with the Improvement Board's view.

3.3 The Corporate Governance Cabinet Committee had noted that some very good work was ongoing in respect of the ten Key Lines of Enquiry (KLOEs) and that the Improvement Board had been very clear that it would like this work to continue. The original proposal had been that, by April 2012, the Corporate Governance Cabinet Committee would have the basic building blocks in place for improvements. However, it was also noted that the Improvement Board had been set up for the longer term and

had a two year programme of work to get through. If the Cabinet Committee was to be disbanded, recommendations made by the Improvement Board, must be referred to the Cabinet for its agreement or otherwise.

3.4 Consequently, the Corporate Governance Cabinet Committee agreed that it be disbanded by resolving:

‘That

- (1) this Committee will no longer meet;
- (2) reports scheduled for future consideration by the Committee will now be considered by the Improvement Board instead;
- (3) any recommendations of the Improvement Board will be referred to the Cabinet for decision; and
- (4) the Deputy Director of Finance be requested to draw up an appropriate schedule and timetable of Improvement Board meetings, reports it will be asked to consider at each of its meetings etc. and highlight which Cabinet meetings will be considering referrals and making decisions to bring about the improvements in Corporate Governance required.

4.0 WIRRAL IMPROVEMENT BOARD

4.1 Wirral Improvement Board is a partnership between the Council and the Local Government Association. Its role is to:

- provide support, guidance and challenge;
- identify and signpost appropriate good practice;
- ensure there is a single, integrated and holistic improvement plan that can be clearly understood and communicated internally and externally; and
- ensure the contributions from different external agencies/bodies to Wirral’s improvement journey are co-ordinated.

4.2 The membership of the Improvement Board is as follows:

Wirral Council – Council Leader and Deputy Leader, Leader of the Labour Group, Leader of the Liberal Democrat Group, Chief Executive, Director of Finance, Director of Law, HR and Asset Management and the Deputy Director of Finance.

Local Government Association – Principal Advisor North West, Associate Support Officer, Labour, Conservative and Liberal Democrat Member Peers.

Independent Chief Executive – Chief Executive of Blackburn with Darwen Borough Council.

District Auditor

Advisors – AKA Associates and the Chief Executive of North West Employers

Chair of the Improvement Board

The Chair is an independent person and is not be party political. For the first two meetings the Chair was Dr Gill Taylor, Local Government Association Principal Advisor, North West.

- 4.3 The Improvement Board will meet monthly for the first six months and then its meeting frequency will be reviewed. It has already met twice.
- 4.4 The Improvement Board had a very constructive first meeting **3 February 2012**. It agreed to hold every third meeting in public where it would report on progress and answer any questions posed by the public. At this meeting the Improvement Board received a report on the Council's response, to date, to the reports it had commissioned from Anna Klonowski Associates on corporate governance and on adult services. The Board had noted that the Council had responded positively to these reports and had taken a number of actions to address the findings. Further information had been requested on certain points.
- 4.5 The Improvement Board had agreed that the Council needed a single, integrated and overarching Improvement Plan to focus and drive the improvement of both its corporate governance and key services over the next couple of years. The three Group Leaders had agreed to meet before the next Board meeting to decide on a small number of key priorities for this overall Improvement Plan to focus on. This would take into account the Local Government Association's experience from other councils on what needs to be tackled to secure significant improvement in corporate governance and services.
- 4.6 The next Improvement Board meeting held on **2 March 2012** focused on gaining a common understanding of the views of the regulatory bodies of Wirral's current performance (Ofsted, Care Quality Commission and District Audit). It received feedback presentations from each the three Regulators to this end. It also identified the need for appropriate induction and training around safeguarding.
- 4.7 The Improvement Board has also been informed of the internal improvement capacity available to drive the Improvement Programme and plans for the future. It has requested that the Chief Executive present a report to it on moving the priorities forward, including more detail on them and the plan to progress them.
- 4.8 The next meeting of the Improvement Board will be held in public and, as well as the report detailed at 4.7 above, it will consider a report on the Members' Training Programme.

5.0 RELEVANT RISKS

- 51 Failure to improve the Council's Corporate Governance by addressing the weaknesses identified in the Corporate Governance Report will mean that the Council may be further criticised and suffer further reputational harm.

6.0 OTHER OPTIONS CONSIDERED

6.1 There are no other options to consider at this time. The Improvement Programme addresses the issues raised in the Corporate Governance Report.

7.0 CONSULTATION

7.1 Members have already been consulted on the options available to improve the Council's Corporate Governance. Opportunities for them to review progress by engaging with officers and the public are included in the detailed work programme which Lead Officers are continuing to develop.

7.2 Where appropriate, external agencies, Councillors and officers from other Councils are being consulted and invited to share knowledge.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 Increasingly, the Council works with, and through a range of organisations and partnerships, in order to deliver services and enhance local prosperity. Partnerships are regarded as an essential part of the pattern of local government provision. Working in partnership can bring many benefits that the Council could not achieve by other means. However, partnership working brings governance challenges. A one-size-fits-all approach to governance is inappropriate. Governance arrangements must be proportionate to the risks involved. In future, it is likely that the Council will be less concerned with direct service delivery and more with commissioning and regulation, influencing behaviour and supporting the local community. Community leadership may become the most important feature of local governance.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 There will be a cost to the Council if external resources to implement the Improvement Programme are deployed.

9.2 **IT:** None identified at this stage.

9.3 **STAFFING:** Significant senior resources are required to implement the programme.

9.4 **ASSETS:** None identified at this stage.

10.0 LEGAL IMPLICATIONS

10.1 Until the existing legislation is repealed, the Council could be subject to an external corporate governance inspection under Section 10 of the Local Government Act 1999.

11.0 EQUALITIES IMPLICATIONS

11.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

11.2 Equalities is an area of corporate governance weakness identified by AKA in the Corporate Governance Report.

11.3 No because there is no relevance to equality in this report.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 None

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 None

14.0 RECOMMENDATION/S: That

14.1 the progress made so far in addressing the findings of the AKA Report on Corporate Governance be noted; and

14.2 the Director of Law, HR and Asset Management be requested to keep the Committee up to date by reporting on the improvements being made to strengthen the Council's Corporate Governance arrangements.

15.0 REASON/S FOR RECOMMENDATION/S

15.1 The reason for these recommendations is to ensure that this Committee continues to have an overview, for monitoring purposes, of the work being carried out, in an attempt to strengthen the Council's Corporate Governance, by developing and progressing the Improvement Programme. The Committee needs this information to be assured that the weaknesses that have been highlighted in the AKA Report are being properly addressed.

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APPENDICES

None

REFERENCE MATERIAL

AKA Report on Corporate Governance.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Cabinet	22 September 2011
Corporate Governance Committee	26 October 2011 16 November 2011 7 December 2011 18 January 2012 8 February 2012
Improvement Board	3 February 2012 2 March 2012