

DRAFT ANNUAL GOVERNANCE STATEMENT 2012/13

1. Scope of Responsibility

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, 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.

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 activities for the management of risk.

Wirral Council 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 available 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 Act 2011 in relation to consideration of the findings of a review of the system of internal control and approval and publication of an annual governance statement.

2. The Purpose of the Governance Framework

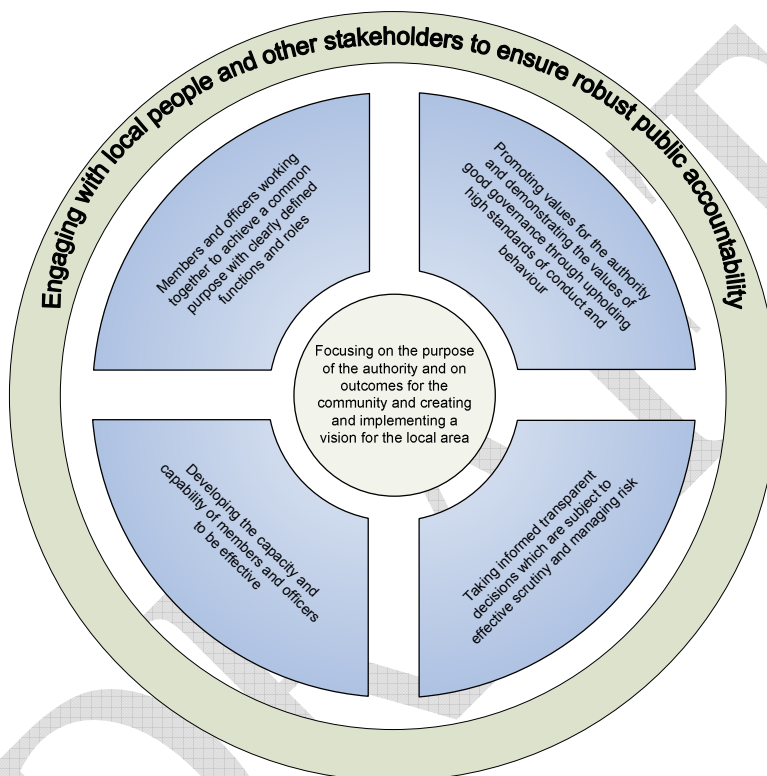
The governance framework comprises the systems and processes, and culture and values, by which the Authority is directed and controlled, together with the activities through which it accounts to, engages with and, where appropriate, leads the community. It enables the Authority to monitor the achievement 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 can not eliminate all risk of failure to meet the targets in our 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 Wirral Council's 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.

The governance framework has been in place at Wirral Council for the year ended 31 March 2013 and up to the date of approval of the annual statement of accounts.

3. The Governance Framework

The CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' identifies six key principles of governance best practice:



Wirral Council's governance environment is consistent with these six core principles. Key areas of assurance of the systems and processes which comprise the Council's governance arrangements are as follows:

Principle 1: Focussing on the purpose of the Authority and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.

The Council can demonstrate that it is focusing on outcomes for the community and on a longer-term vision for the area. The authority has:

- Put in place a new Corporate Plan which has been independently commended through an LGA peer challenge;

- Developed a budget strategy aligned to the Corporate Plan which places the Council in a stronger position to meet future financial challenges;
- Reinvigorated strategic partnership working to ensure that the Council's vision for Wirral is shared by, and collectively delivered with, the wider public sector (see Principle 6).
- Agreed an approach to neighbourhood working which will place communities, citizens and service users at the heart of service design and delivery (see Principle 6).

The views of citizens and service users have been critical to the Council in developing its Corporate Plan. The recent 'What Really Matters' consultation captured the views and aspirations of local residents and stakeholders and directly informed the Council's vision.

"We will ensure this Council is in the future focussed upon serving and protecting local people and in particular those who are most vulnerable and in need. We will do this through the engagement and empowerment of individuals and communities in both the design and delivery of local services, and by working together with partners in the public, private and the community, voluntary and faith and independent sectors."

Wirral Council Corporate Plan 2013-16

This vision is underpinned by the following priorities, which were identified by local residents and stakeholders as being 'what really matters' to Wirral:

- Protect the vulnerable in our borough
- Tackle health inequalities
- Drive growth in our economy

Whilst putting in place a forward-looking vision for Wirral, the Council focused on the need to make budget savings and address the most challenging financial position the local authority has ever faced. The 'what really matters' consultation also emphasised the need to identify the budget savings necessary for 2013-14 and demonstrated the highest level of engagement in the UK when compared with similar exercises. The broad consultation was complemented by a range of specific consultations to involve residents in service redesign linked to budget savings.

The budget savings programme for 2013-14 is now being delivered, with a longer-term plan outlined in the Council's Medium-Term Financial Strategy. The timetable for setting the Council's budget for 2014-15 in line with its longer term financial strategy has now been agreed.

Ensuring greater long-term stability in organisational leadership along with a clear and a sustained focus on the vision for the area and on delivering the Council's budget strategy, the Chief Executive's position has now been designated as permanent. The Council has also significantly increased its capacity to deliver its purpose and vision through the appointment of three strategic directors to oversee the following programme areas and drive forward service transformation:

- Transformation and Resources
- Families and Wellbeing
- Regeneration and Environment

Delivery of the Corporate Plan is also underway across these programme areas, with Directorate Plans being developed and performance management arrangements being refined to ensure that the implementation is effectively monitored and remedial action taken where necessary.

An annual Policy Council meeting will take place with the first scheduled for November 2013 in order to discuss, debate and further shape the future purpose of the organisation and its response to key national and local drivers. Policy Council will play a direct role in informing the annual review of the Corporate Plan and future savings for the Council, as well as contributing to the development of a longer-term vision for the borough in 2030 in partnership with other key stakeholders. A state of the borough report is being prepared as the foundation for developing this long term vision.

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

The Council's Corporate Plan and budget strategy have been collectively developed by Elected Members and officers and provide a clear framework for working together to achieve a common purpose.

A Chief Executive's Strategy Group has been formed to provide the strategic direction for the long-term vision of the Council and its transformational programme, working closely with the Council's administration. The Chief Executive has also established regular meetings with Heads of Service and Senior Managers to ensure that there are clear lines of communication and effective arrangements in place to facilitate joint working across Council directorates.

The Council complies with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government 2010 and the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations 2010. The Council has taken immediate action when required to ensure that there are continuous arrangements in place with regards to statutory officer posts to enable the Council to fully comply with its statutory obligations.

The Council currently has stable political leadership which facilitates timely and robust decision-making in reviewing and addressing governance issues. Briefings for the political leadership are working effectively and dedicated planning sessions involving the Chief Executive's Strategy Group and Cabinet are regularly taking place to develop the Council's future direction and identify the key transformational projects that will be delivered over the next three years.

Cabinet has now endorsed an ambitious programme of transformation to deliver further savings which includes the following projects:

- Review of Asset Management
- Technical Functions
- Neighbourhood Working
- Transforming Business Support
- Strategic Review of Leisure Services
- Strategic Commissioning
- Transforming Children's and Adults' Services

At this stage each project is being reviewed to consider the different ways that the services can be delivered in the future.

There has been a recent review of the Council's portfolio areas to ensure they reflect organisational changes and priorities and assistant portfolio holders have been appointed.

The Leader has put in place a Leaders' Board to engage on an ongoing basis with political group leaders about the Council's strategy and future plans.

An important factor in the Council's leadership developing a shared collective vision and working together to achieve it has been the role of the LGA Improvement Board. The Improvement Board is a partnership between Wirral Council and the Local Government Association. The Board was established in February 2012 to support the authority to address the serious weaknesses identified in a series of external reports. Through the development and implementation of a coherent improvement plan, the Council has been able to report on progress and identify that it is learning from previous governance issues and working more transparently and openly.

During recent organisational change, including senior management and service restructuring and changes to staff conditions of service, recognised trade unions have been engaged and consulted with extensively to ensure the most equitable outcomes for staff and the organisation. Negotiations with unions have been decisive in finalising revised staff terms and conditions.

The Council's Constitution has been reviewed and a revised version agreed and adopted by the Council in April 2013, ensuring that it remains lawful and fit for purpose and introduces a new scheme of delegation and member/officer protocols that clarify the boundaries between Member and Officer roles and responsibilities. The Council's Constitution sets out a Code of Conduct for Members and Officers to ensure there is clear accountability and clarity.

As outlined in relation to Principle 4, the new constitution sets out new arrangements for scrutiny which will allow for the pre-scrutiny of decisions and policy development and facilitate collective debate about the best outcomes for local people.

The Standards and Constitutional Oversight Committee is responsible for keeping the Council's constitutional arrangements under review and making recommendations to the Council for ways in which the Constitution should be amended in order to better achieve its purposes. The Committee also oversees and agrees minor changes to the Council's constitutional arrangements as recommended by the Monitoring Officer.

Principle 3: Promoting the values of the Authority and demonstrating the values of good governance through behaviour.

As highlighted in respect of principle 2, the Improvement Board has been important in developing good governance through its advisory role providing oversight, support and challenge to the Council's improvement and transformation journey. At its first meeting the Board agreed that the authority needed a single, integrated and overarching improvement plan to focus and drive the improvement of both its corporate governance and key services. The Improvement Plan developed in response was endorsed by the Board in July 2012 and approved by Cabinet in September 2012. There are clear mechanisms in place for the Council to report progress on the Improvement Plan and receive feedback from the external members of the Board. Discussions undertaken by the Board are transparent, with key messages from those discussions published. The Board has regular public question and answer sessions which allow the public to ask questions and raise specific concerns.

Following the latest update on overall progress of the plan, the Board agreed that the Council needs to complete the actions in the existing plan, as well as develop some outcome measures that will provide assurance that the improvements are becoming embedded. This will be monitored closely by the Council's Chief Executive's Strategy Group.

The Council can demonstrate that it is promoting the values of good governance through behaviour, not least in welcoming external review

and challenge and in its transparency in relation to the serious budget challenges faced by the authority.

Significant headway has been made to identify savings and identify and eliminate 'bad budgets'. As a result the Council's finances are beginning to stabilise and there is an increasing emphasis on robust financial management and monitoring. The progress that has been made places the Council in a better position to face the major challenges ahead and to manage the substantial risks associated with identifying further significant budget savings.

There have been improvements to the Council's Internal Audit function including a review of resources and a newly developed three year audit plan. External expertise is utilised as appropriate such as the internal investigation that was commissioned to establish the Council's position on bad debts, which emerged as a significant governance issue due to the income/debt recovery processes within the Department of Adult Social Services. The internal investigation has been reported to Cabinet and an action plan is in place to address these findings.

Internal audit work has been completed on the Council's procedures for gifts, hospitality and conflicts of interest following a critical Audit Commission review of this area. A number of key risks were identified with high priority recommendations which have contributed to new policy documents being approved.

The Council invited a Peer Challenge facilitated by the LGA in October 2012 and a follow up in May 2013, providing an external and critical assessment to complement and add value to the Council's own performance and improvement. Both reviews indicated that the organisation was making progress on improvement, highlighting:

- The organisation feels more confident and decisive about the issues it faces
- External recognition of improvement and greater role in city region
- Significant headway has been made to identify savings and begin to stabilise finances
- Key changes to governance are being implemented and/or proposed
- Learning and challenge has been sought from others
- New corporate plan with clear priorities

Areas for continued focus, including financial risk management, organisational development, transformation, governance and decision-making, were also identified and are being addressed as part of the Council's improvement programme.

As indicated in respect of Principle 2, the Improvement Board has been important in developing good governance through its role as an advisory and supporting body and 'critical friend' underpinned by clear

mechanisms for the Council to report progress and receive feedback. Discussions undertaken by the Improvement Board are transparent, with every other meeting held in public.

An additional Adult Social Care Peer Review in June 2012 concluded within the Executive Summary that the peer review team found clear evidence of improvement and a change of culture within the department moving towards greater openness and transparency. It was stated that overall the direction of travel is positive and there are some examples of good practice.

Communication within the organisation is timely and planned; with weekly, monthly and quarterly messages being disseminated to all staff to keep everyone informed throughout current and future organisational change. A robust internal communications and marketing strategy has been developed, including regular communications from the Chief Executive through the intranet and weekly emails that update staff on organisational change and important decisions being taken, as well as promoting the achievements and positive work carried out within the organisation. A staff survey is planned to take place in September 2013 and a programme of changing organisational culture will be launched in autumn.

The Council has updated its policies on whistleblowing and grievance. Further work is now required to ensure that the updated policies are fully communicated to make all staff aware of the policies and provide consistent operation.

The Council's Code of Corporate Governance will be reviewed on an ongoing basis to ensure it is fit for purpose and fully communicated to staff.

The Equality Duty 2010 came into force on the 1 April 2011 with the aims of eliminating any unlawful discrimination, harassment or victimisation, advancing equality of opportunity and fostering good relations between different groups of people. The Duty places a legal requirement on the Council to publish an equality plan, at least every 4 years. The Council will be developing a new 3-year Corporate Equality Plan during 2013/2014.

Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

Cabinet has a leading role in driving forward transformation and improvements across the Council with Cabinet Members presenting their own reports at meetings. Regular Cabinet briefing and development sessions take place which are supported by individual portfolio holder briefing meetings. The procedure for Council meetings has been changed to focus on reports from the leader and Cabinet Members and the Chairs of the new Policy and Performance

Committees. All Elected Members will have the opportunity to ask questions on the reports with the aim to focus on issues for which the Council has responsibility.

The Corporate Risk Register has recently been reviewed by the Chief Executive Strategy Group and agreed by Cabinet to ensure that there is consideration and ownership of the register at the most senior level of the organisation. Appropriate controls have been put in place to address the identified risks, and these will be the subject of regular monitoring by the Chief Executive Strategy Group on a quarterly basis at a dedicated meeting to consider audit, risk and performance issues.

The integration of Public Health into the Council from 1st April 2013 provides additional capacity and expertise to strengthen the Council's approach to performance management, business intelligence and commissioning.

Directorate plans are being developed to ensure that the priorities outlined within the Corporate Plan are delivered. The plans also identify the related risks associated with delivering the Council's key objectives.

Further work is taking place to establish a new process for performance management which ensures the hierarchy of organisational targets are integrated, and logical, and are directly aligned to our resources, systems and strategic objectives. The new system also promotes ownership and accountability of targets and performance – as well as fostering a culture of corporate challenge.

The model is built around a cycle of analyse, plan, do and review. Effective performance management is also designed to ensure that accurate, timely, consistent, reliable and relevant information guides all decision making within the Council.

Three Policy and Performance Committees have been established, aligned with the three strategic directorates, and supported by a team of dedicated Scrutiny officers. The Committees will have clear responsibilities to inform policy development and to enable pre-scrutiny of decisions within the remit of the strategic directorate. A Co-ordinating Committee is now responsible for overseeing arrangements and allocating cross cutting activities. Nominated senior officers will be assigned to support scrutiny proposals on a cross-departmental basis.

The Council's Audit and Risk Management Committee provides independent assurance and scrutiny of the Council's financial and non-financial performance, including an assessment of the adequacy of the Council's risk management arrangements.

Recent constitutional amends to the terms of reference for the Audit and Risk Management Committee give additional responsibilities to the

Committee to oversee and agree appropriate robust arrangements for Financial Regulations and Contract Procedure Rules. The Committee also has responsibility for discharging the Council's responsibility as trustee with respect to sundry trust to allow decisions to be taken in a timely and regulated fashion.

The Council has a clear procedure established for dealing with complaints, with timescales and departmental responsibilities established and complaints being recorded even if immediately resolved at point of contact.

In December 2012, the Information Commissioner's Office announced that Wirral would be monitored for three months after concerns emerged regarding the timeliness of responses to freedom of information requests. The Council has also put in place robust processes to respond to freedom of information requests which are regularly reviewed by the Chief Executive's Strategy Group to ensure that a timely response is provided. These improved processes are having a significant impact on the Council's response to freedom of information requests.

The Audit Commission published a Public Interest Report into the Highways and Engineering Services Contract Management and Award in June 2012, detailing significant corporate failings surrounding the contract award in 2008. Cabinet acknowledged and accepted the findings and recommendations set out in the report and approved an action plan to address all 21 recommendations. Many of the actions have been completed; however there is still work to do in implementing a robust risk management framework across the Council and improved liaison between Legal and Members Services and the Procurement Unit regarding the completion and signing of contracts. These areas being closely monitored by the Chief Executive's Strategy Group as well as being supported by the re-invigorated Corporate Procurement Board. The board has recently been re-established with new terms of reference and will be chaired by the Strategic Director for Transformation and Resources to ensure that there is clear strategic direction at the most senior level of the organisation.

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

The Authority provides newly elected Members with an induction and an opportunity to attend a specifically organised event to introduce them to the Council and its departments. An individual training plan is also put in place from a programme of 'Skills for Wirral Councillors' training events, covering the following themes: basic skills; organisational excellence; personal development; community leadership and leadership.

Councillors have also recently been invited to take part in a number of visioning events intended to raise awareness of the challenges facing local government, develop a long term vision for Wirral in 2030, inform the Council's three year corporate plan, enable the Council to understand the opportunities to deliver services differently and plan ahead to respond effectively to future challenges.

A 'Skills for Wirral' training and development programme is also available for managers and employees with regular sessions held every month covering organisational policies, management skills, personal development, professional development and health & safety. During recent organisational change, dedicated training and support has been available to all staff developing skills in resilience, stress management and career development. Further work is required to ensure that mandatory training is being carried out throughout the organisation.

The Council's absence rate for staff is higher when compared to other local authorities and additional short term resources have been put in place to enable Human Resources to work with managers and ensure that cases are managed in accordance with the Council's policy. The Council also provides a 24 hour employee assistance programme.

Council services and individual staff regularly achieve awards and recognition from national and local bodies and achievements are regularly publicised through the Chief Executive's weekly emails and the Council's quarterly staff magazine.

The recent organisational restructure, including the creation of the three strategic directorates, departmental and management structures are being streamlined and rationalised, aims to provide the most effective service delivery possible. Ensuring that staff and managers have the appropriate capacity and support has been a key consideration in service redesign.

The Council has been required to use short term measures to ensure that there is adequate capacity in key areas of the Council through the use of short term and agency contracts. These arrangements will be regularly reviewed to ensure that adequate controls are in place for the use of external capacity. In addition a savings target has been set to ensure that expenditure is effectively controlled.

The restructure at the Chief Officer and Head of Service level has achieved approximately £800,000 net savings and reduced the senior management structure by 11 posts. The next level of restructuring is almost complete, which will deliver further savings of £4.2 million and a further reduction of approximately one third of management posts, which will facilitate a more effective and focussed level of service transformation and delivery across the authority.

Principle 6: Engaging with local people and other stakeholders to ensure robust local public accountability.

As set out in the new Corporate Plan, the Council is committed to “the engagement and empowerment of individuals and communities in both the design and delivery of local services”. The Council’s major consultation initiative ‘What Really Matters’ provided the opportunity to ask local residents, staff and stakeholders for their views on the Council’s future priorities and proposals for where the Council could deliver the savings.

The Council has developed and accessed a wide variety of channels and forums in order to engage with the local community. Existing organisations such as the Older People’s Parliament, various youth forums and the Youth Parliament and user groups across all services are both supported and engaged with the organisation. The Council also delivers extremely effective public consultation exercises, with the highest levels of citizen engagement in the UK, to ensure participation and involvement from our residents in all aspects of service design, budget setting and Council business.

The Council is also in the process of implementing a Neighbourhood Working approach, which will help to develop a closer relationship between the Council and residents, promote improved partnership working across the public sector and ensure future service delivery reflects an improved understanding of residents’ views through consultation and participation.

This arrangement potentially offers a more cost-effective approach to the future delivery of services by joining up frontline delivery and tackling issues at their source, changing ways of working for all public, private and social sector providers to deliver improvements for neighbourhoods.

Public sector partners in Wirral are committed to working with the Council through the newly established Public Service Board as new arrangements for neighbourhood working are implemented. This includes redefining operational management to be co-terminus with constituency areas to provide a more consistent footprint where possible and aligning services and engagement activities.

Constituency Committees will be responsible for producing Constituency Plans that will outline priorities for each area. It is proposed that each Committee would consist of local Councillors and Voluntary and Community and Faith Sector Representatives. Consideration will also be given to the local MP being invited to participate. Underpinning robust governance arrangements being put in place are the principles of enhancing civic life, deepening democratic

participation, strengthening community voice and strengthening the Council's responsiveness to residents.

Alongside an increased focus on public accountability through the Constituency Committees, the Council has begun to explore the implications of the Audit Bill which will formally abolish the Audit Commission and replace it with a new local audit framework and improve 'direct democracy' over Council Tax.

The Council proactively seeks to work with others and recognises the added value that working in partnership can bring to projects, services and initiatives. The drive to work in partnership has never been greater than in the current financial climate.

The Council's key mechanism for pursuing this agenda is Wirral's Public Service Board which brings together key partners to develop approaches to integrating services and maximising the use of public sector resources. The recent Corporate Peer Challenge highlighted that the Council needs to undertake further work to clearly identify the linkages of the Public Service Board with other strategic partnerships, and an up to date partnership register is also required.

The Council also works strategically with partners through leading and supporting a range of other forums and partnerships. This activity is currently being reviewed to ensure that the role of individual partnerships is clearly understood. The Council is also renewing arrangements for its Local Strategic Partnership to put in place an overarching partnership executive which takes responsibility for shaping Wirral as a place and championing a long-term vision for the borough and hold to account the Public Service Board and other key partnerships. A Wirral conference is being planned for September to take forward the development of the long-term vision.

Examples of this approach to partnership working include joint responses to the changes that have resulted from the Welfare Reform Act 2012, including the introduction of Universal Credit, and the changes to service delivery through the neighbourhood working approach.

In working with the Council's partners to drive economic growth and increase investment in Wirral, the Council has developed a strong private/ public sector Investment Strategy Board. Members hold significant experience and expertise to provide oversight and guidance of Wirral's economic strategy.

The Council also holds a strong position in the Liverpool City Region. The Leader of the Council is taking the lead in developing a new EU Structural Funds Programme for the period 2014-2020. Wirral is also the lead local authority in the Liverpool City Region for sustainable energy, shared services and youth unemployment at both Elected

Member and officer level. The Leader reports to Council on matters relating to the City Region and Elected Members are provided the opportunity to question the Leader on the report.

The Council's website and other customer access channels are currently being developed and better coordinated to ensure that residents and other stakeholders are able to find information, access services and contact the authority as simply as possible.

During recent organisational change, including senior management and service restructuring and changes to staff conditions of service, recognised trade unions have been engaged with and consulted on a regular basis to ensure the most equitable outcomes for staff and the organisation. Negotiations with unions have been decisive in finalising revised staff terms and conditions.

5. Review of Effectiveness

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 Internal Audit and the Chief Internal Auditor's Annual Report; findings and reports issued by the external auditors and other review agencies and inspectorates; and feedback and comments provided by Chief Officers and managers within the Authority who have responsibility for the development and maintenance of the governance environment.

The Council's Chief Executive Strategy Group has managed the development of the Annual Governance Statement to ensure high level corporate engagement and ownership.

6. Significant Governance Issues

The Council has identified the following areas as significant governance issues that emerged during 2012/13 and which be the subject of regular monitoring by the Council's Chief Executive's Strategy Group and Audit and Risk Management Committee.

An action plan will be developed to outline the actions that are being taken to respond to these issues and to assign a lead senior officer.

- The Council's position regarding £31m accumulated bad debts over the years, as well as the financial situation regarding income/debt recovery within the Department of Adult Social Services, has been identified and was subject to an independent investigation which has been reported to Cabinet. A plan and initial actions are in place to prevent future occurrence.

- The Council must conclude the work of the Improvement Board and ensure completion/implementation of the associated actions.
- Corporate and Departmental plans have lacked clear linkages and consistency, the aim being that the integration with Public Health will assist in improvements in timetabling, approvals, content and reporting. Steps must be taken to implement a robust performance management framework across the Council that is adhered to in practice.
- There must be continued emphasis on the importance of corporate and departmental risk management throughout the Council. Risk management must be seen as an integral part of policy and performance processes. Steps must be taken to implement a robust risk management framework across the Council and which is adhered to in practice.
- There has been no evidence of an up to date partnership register within the Council. This is important given the emphasis on partnership working within the developing commissioning processes and across the Council. As a minimum, partners that the Council works with on specific initiatives, as opposed to commercial partners, should be identified in a central reference source.
- It is essential for the Council to implement processes and procedures to ensure proper governance and management of its information assets.
- In December 2012, the Information Commissioner's Office (ICO) announced that Wirral was included in a list of four public authorities that were to be monitored for three months in the new year over concerns about the timeliness of their responses to Freedom of Information requests. Focus must be maintained in monitoring response times and take corrective action as necessary.
- It has been identified that the Council's policies on whistleblowing and grievances require improved communication across the organisation with clear responsibilities and consistent operation. It is important that employees are clearly made aware of how to raise a whistleblowing issue, and this should be publicised on a regular basis.
- Improved liaison and responsibilities must be clearly established between Legal and Member Services and the Corporate Procurement Unit regarding the completion of contracts and the required signing. There are clear financial and reputational risks in the event of a problem with the service delivery if the Council has not formalised contracts. It is noted that this issue is covered in the draft new Contract Procedure Rules with reference to disciplinary

action if these rules are breached and the exceptions process in operation here.

- The Corporate Procurement Board has not met since November 2012. This has been acknowledged as a significant issue by senior management and the aim is to re-establish this board with the first meeting taking place in May 2013 with a new terms of reference in place.
- Absence monitoring statistics have revealed a calculated year end figure of 10.28 days against a target of 9.5 days. This remains a high position in comparison with other Councils and additional short term resources have been added within Human Resources to review all long-term cases and to work with managers to ensure there is an action plan in place and that cases are managed appropriately in accordance with policy.
- It must be ensured there is adequate control of workforce costs (including short-term contracts; agency costs; and control of establishments). The use of consultants should be subject to the same controls.
- Mandatory training across the Council has proved difficult to monitor and control. It is important that any training requirements deemed to be mandatory, such as Equalities and Diversity, should be communicated to and undertaken by all employees, including officers who do not have computer access.
- Asset Management was in a position of constant change of policy and priorities during the 2012/2013 year. It is important in order to obtain maximum benefit from its property assets that the Council focuses on a clear policy and strategy, fees and charges are regularly reviewed, updated and income monitored, and a clear separation of duties and evidence trail exists regarding valuations. This is currently the focus of a transformational project for 2013/14.

7. Conclusion

We recognise that considerable progress has been made to address the significant governance issues identified and this is acknowledged by the Council's recent Corporate Peer Challenge. However it is also recognised that a number of the developments that are being put in place have recently been agreed and require implementation and robust review. On the basis of the programme of work undertaken, the Chief Internal Auditor has concluded that the Council's internal control environment, taken as a whole for the year has provided less than adequate assurance although improving.

We have been advised on the implications of the review of the effectiveness of the governance framework and a plan to address

weaknesses and ensure continuous improvement of the system is in place.

We will take prompt actions over the coming year 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 and we are committed to increase the pace of these actions. 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

DRAFT