

## **ANNUAL GOVERNANCE STATEMENT 2013-14**

### **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, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, including as accountable body for the Merseyside Pension Fund, 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 authority's code is available on our website at [www.wirral.gov.uk](http://www.wirral.gov.uk). This statement explains how Wirral Council has complied with the code and also meets the requirements of Accounts and Audit (England) Regulations 2011, regulation 4 (3), which requires all relevant bodies to prepare an annual governance statement.

### **2. The Purpose of the Governance Framework**

The governance framework comprises the systems and processes, 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 and potential impact of those risks being 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 2014 and up to the date of approval of the annual statement of accounts.

### **3. Progress made during 2013-14**

The Council made significant progress during 2013-14 to address weaknesses in its governance arrangements. This progress is evidenced through the withdrawal of the Wirral Improvement Board in November 2013 based on the rapid progress the Council made to tackle some of its most significant challenges and implement the recommendations made by the Improvement Board.

The improvements were endorsed by the Improvement Board and are regarded as an example of best practice for sector led improvement. A case study published by the Local Government Association highlights that the Council has been transformed to one that is stable, well-led, open and far more inclusive.

The 2012-13 annual governance statement identified fifteen significant issues relating to the Council's governance arrangements. An action plan was developed to ensure implementation of key recommendations that is monitored on a regular basis by Internal Audit with a regular report provided to the Council's senior management team.

The monitoring of the action plan demonstrates that significant progress has been made during the year to address important governance issues. Eight governance issues have been completed or significant progress has been made during 2013-14; these include improvements to governance arrangements, information assets, procurement, debt, freedom of information requests, managing workforce costs and business planning.

Progress has been made on a further four issues which were identified as significant in the 2012-13 Annual Governance Statement, however further actions are required in relation to risk management, embedding policies for confidential reporting and grievances, responsibilities in relation to contract procedure rules and ensuring the Council maintains an up to date partnership register. Actions in relation to these issues will continue to be monitored however on the basis of the progress made they are no longer considered to be significant.

There are three governance issues which are considered to continue to be significant and have therefore been included in the 2013-14 statement to ensure that they are addressed. These are regularly reported to senior management and elected members. These issues relate to essential training for staff, asset management and absence management. An overview of the progress that has been made on these issues and future planned activity is provided at appendix 1.

#### **4. 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 focussing on outcomes for the community and on a longer-term vision for the area. The Council agreed a new three-year corporate plan setting out a clear vision and set of priorities to guide the allocation of the Council's resources.

***"Wirral will be a place where the vulnerable are safe and protected, where employers want to invest and local businesses thrive, and where good health and an excellent quality of life is within the reach of everyone who lives here.***

***“We pledge to support this vision and serve our residents, by further improving our organisation and becoming the outstanding Council that the people of Wirral deserve.”***

The Council’s vision is underpinned by the following priorities which were subject to extensive consultation with local residents:

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

The Council has demonstrated strengthened financial management through its delivery of the challenging budget set for 2013/14 which included £48 million savings. £36 million savings have been agreed for 2014-15, with a balanced budget achieved. The early decisions made in December 2013 have placed the Council in the position of being able to implement and realise these savings during the 2014-15 financial year.

As part of the budget-setting process for the next two years, in January 2014 Wirral began on an ambitious programme of transformation designed to identify £45m of savings and completely remodel the authority in line with the organisation’s values. The Future Council programme is designed to review all services to ensure that they deliver the Corporate Plan vision and meet the needs and outcomes of Wirral’s community, whilst at the same time identifying the savings that the Council must make in future years. Challenge has been embedded at all stages of the Future Council programme through external expertise to ensure that the Council’s transformation plans are robust to identify the required savings the Council must deliver.

A business planning framework and performance management policy have been finalised and approved by Chief Executive’s Strategy Group. The Council’s directorate plans were reviewed and refreshed for 2013/14 to reflect the corporate plan priorities and the Council’s vision. The Chief Executive’s Strategy Group review performance of the Corporate Plan on a monthly basis with regular reports also provided to our Member led Policy and Performance committees.

A new performance appraisal process has been undertaken for senior managers and will be rolled out during 2014/15 to all staff with targets set for completion agreed by Chief Executive’s Strategy Group.

The Council is working closely with its partners to establish a long term vision for the borough through the Public Service Board. The Board meets regularly to discuss issues relevant to a wide range of public sector partners, including service redesign and improved integration.

The Council has a partnership register and toolkit in place and a comprehensive review of partnerships has been completed and reported to the Public Service Board in October 2013. This review will inform a revised partnership register to ensure that it remains up to date and fit for purpose.

In 2013, Wirral was selected as one of nine areas to participate in the Public Service Transformation Network to deliver a multi-agency approach to public service reform.

The Council is working closely with partners through the Health and Wellbeing Board to develop a Vision 2018 approach for health and social care integration.

On 1st April 2014 Wirral joined the five other Merseyside local authorities to form Liverpool City Region Combined Authority to promote the economic development of the region, draw down support from central government and European funding streams and work in a targeted and integrated fashion on transport-related initiatives. Wirral's Council Leader Phil Davies was elected as the first Chair of the Combined Authority.

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

Ensuring that members are fully engaged in working together to deliver the transformation of the Council has been a key focus for the organisation. During 2013-14 the Council has held a series of improvement and transformation sessions designed to enable all elected members to take part in discussions to develop the Council's long term vision which is set out in the Corporate Plan.

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.

Three Policy and Performance Committees are in place aligned to the three strategic directorates, and supported by a team of dedicated Scrutiny officers. The Committees 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 responsible for overseeing arrangements and allocating cross cutting activities.

Member surveys carried out in early 2014 gave all councillors the opportunity to comment on changes to the Constitution and committee structures, as well as cultural issues related to individuals' responsibilities to treat each other with respect and promote high standards of political conduct. The survey attracted a strong two-thirds, cross-party return and all proposed amendments to the Council's Constitution were supported by the majority of respondents.

The findings of the surveys were discussed by the Standards Working Group and reported to the Standards and Constitutional Oversight Committee in February 2014 with all party support for the recommended amendments to the Constitution.

Subsequent work will focus on developing an agreement between officers and members in order to positively impact on joint working.

The Leader of the Council has reviewed his Cabinet portfolios to highlight the role of Cabinet in promoting and delivering the Council's new corporate plan and its budget, and to ensure that Cabinet Members champion and deliver activities which will result in transformed service areas and create a Council fit for the future. The portfolios now include a revised Governance, Commissioning

and Improvement portfolio which is held by the deputy leader and includes a strengthened focus on governance and compliance.

Portfolio briefings are working effectively to ensure that Cabinet Members and Strategic Directors meet on a regular basis to discuss items relevant to the portfolio area including performance of services, budget and risk management issues. Dedicated planning sessions take place with Cabinet and Chief Executive Strategy Group to develop the future direction of the Council.

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

During 2013/14, Wirral Council completed a process of sector-led improvement in partnership with representatives of the Local Government Association to address specific issues around corporate governance, including the need to agree a clear framework to deliver the Council's vision supported by strategic financial planning.

At its meeting of 29th November 2013, the Improvement Board considered a wide range of evidence including how the Council had addressed weaknesses in leadership, governance and decision-making and concluded that the Improvement Board was no longer required as the Council has the capability and capacity to manage its own improvement process. The Council invited the board back to a meeting in March 2014 to demonstrate the further progress that had been made to define the future shape of Council services, address significant financial challenges and strengthen decision making.

The Code of Corporate Governance together with evidence supporting compliance was considered by the Audit and Risk Management Committee and has been incorporated into the Council's Constitution and further work is now being undertaken to fully communicate the Code of Corporate Governance to Elected Members and the Council's workforce.

The Council's Constitution sets out a Code of Conduct for Members to ensure there is clear accountability and clarity.

The Council has refreshed its grievance and confidential reporting policies and the Council has launched a new intranet which gives prominence to these policies and others including information security.

Work has also been undertaken with staff across the organisation to develop the Council's new organisational values of integrity, efficiency, confidence and ambition. These will help inform and shape how staff across the Council delivers services to Wirral residents, businesses and other stakeholders.

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

Cabinet has formally adopted a Corporate Risk Management policy setting out clear roles, responsibilities and reporting lines within the Council. The strategy gives a detailed analysis of the role every officer and member of Wirral Council has to play in managing risk, and aims to turn the authority from risk averse to risk aware, incorporating risk management considerations into Service

and Business Planning, Commissioning, Project Management, Partnerships, Alternative Service Delivery Vehicles & Procurement Processes.

The Council has developed new procedures for managing risk and ensuring effective scrutiny via its new constitutional working arrangements. Clear roles and responsibilities are set out in the Council's Corporate Risk Management policy and governance issues are routinely reported to Chief Executive's Strategy Group and regularly presented to the Audit and Risk Management Committee for their review of assurance requirements.

The Audit and Risk Management Committee also has responsibilities to oversee and agree appropriate robust arrangements for Financial Regulations and Contract Procedure Rules. In September 2013, the Committee has agreed a revised set of contract procedure rules and financial regulations to ensure transparent and robust arrangements are in place.

Plans are also in place to strengthen the independent nature of the Audit and Risk Management Committee through the appointment of a majority of external members. Role and person descriptions have been developed for the co-opted members, describing their key roles and responsibilities, duties they will be expected to undertake and a detailed list of criteria including relevant experience, required education or training attainments, knowledge, skills and abilities.

During 2013-14 the Council also established a Commissioning and Procurement Board which includes representation from the three strategic directors to provide the strategic direction for ensuring that the Council is commissioning and procuring services that are delivered in accordance with the authority's objectives and represent the best use of resources and provide value for money. The deputy leader holds the portfolio for Governance, Commissioning and Improvement and reports to Cabinet and Council on a regular basis regarding matters within the portfolios responsibilities.

The Council has made considerable progress during 2013-14 in the implementation of External Audit recommendations outlined in the 2012-13 financial resilience report. It is anticipated that this progress will be reflected through a more positive VFM conclusion in the 2013-14 financial resilience report.

The Council is the administering authority for the Merseyside Pension Fund which received an unqualified audit opinion in 2012-13 for its accounts on the basis that the financial statements and supporting working papers were prepared to a good standard. This demonstrates that effective arrangements are in place.

***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.***

Chief Executive Strategy Group continues to provide the strategic direction for the delivery of the long-term vision of the Council, working closely with the Council's administration. Appointments to permanent statutory posts are complete providing a stabilised management team for the Council.

The Authority offers members, including the newly elected, a programme of training covering the Code of Corporate Governance, Whistle-blowing, Safeguarding, Organisational Excellence and Risk Management, as well as Personal Development opportunities and Leadership. These sessions are

supported by North West Employers, the Centre for Public Scrutiny and the Local Government Association.

Work has also been undertaken with elected members to agree standards and behaviours and ensure engagement with changes to the Council's Constitution, oversight and scrutiny.

The Council has launched its Leadership Development Programme for senior managers from across the organisation which focuses on the Wirral vision, leadership in a changing context, and how to apply their learning in the leadership of the organisation.

Two cohorts of Change Agents have been trained to drive change across the organisation. The agents are helping to support change initiatives within their departments, attending and delivering key change messages at team meetings and supporting senior manager briefings.

The Council also has a 'Skills for Wirral' training and development programme for managers and employees with regular sessions held every month on subjects including demystifying stress, resilient leadership, coaching skills and Wellness and Recovery Action Planning.

An essential 'Wirral Management Development Programme' is in place to provide all managers with the learning, development and support they need. The Framework has nine essential modules which contain a mixture of workshops and e-learning modules. A calendar of upcoming training sessions is advertised prominently on the new intranet. Work is still required to ensure that essential training is carried out throughout the organisation.

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

As set out in the Corporate Plan 2013-16, the Council is committed to engaging and empowering individuals and communities in both the design and delivery of local services. The Council's major budget 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 savings. Over 6,000 responses were received on a range of budget options during a 12-week consultation process and in December 2013, the results of the consultation were reported to Cabinet for recommendations to be approved at Council. The consultation achieved amongst the highest levels of participation in the UK compared to similar exercises and informed the decisions recommended for approval by Council.

The Council is moving forward with its plans for Neighbourhood Working via four constituency areas which are designed to bring communities closer to the decision-making process and to enable services to be offered in a targeted way. All elected members are represented on the four constituency committees which held their inaugural meetings in Autumn 2013. Constituency Managers have been appointed to work in partnership with the Police, Fire and Rescue, Health and social care sectors. Each constituency committee has been funded with an initial 'start up' grant and the Council is currently reviewing which services will be devolved to the constituency areas.

## **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.

On the basis of the programme of work undertaken, the Chief Internal Auditor has concluded that there is a substantively sound system of internal control, designed to meet the Council's objectives, and that controls are generally being applied consistently.

### **Corporate Management Assurance**

The Council's Chief Executive Strategy Group has managed the development of the Annual Governance Statement to ensure a high level of corporate engagement and ownership. A quarterly review of performance management, audit and risk takes place to review and consider emerging governance issues and ensure that appropriate action is in place.

A Corporate Governance Group is also established and led by a Strategic Director with strategic leads for Performance, Risk, Internal Audit, Improvement and Strategy to ensure it has an appropriate profile within the organisation and significant governance issues are responded to in a timely manner.

Arrangements are in place to ensure the Head of Paid Service and Monitoring Officer role and functions are discharged effectively and these functions are set out in the Council's Constitution. This ensures that there is compliance with relevant laws and regulations and internal policies and procedures.

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.

### **Council**

Council sets the authority's overall policies and budget each year and holds the Cabinet to account. Annual Policy Council meets in November to discuss, debate and further shape the future purpose of the organisation and its response to key national and local drivers. Policy Council plays a direct role in informing the annual review of the Corporate Plan and future savings for the Council.

### **Cabinet**

Cabinet has a leading role in ensuring good governance arrangements are in place to drive forward transformation and improvements across the Council. The deputy leader holds the Governance,



Commissioning and Improvement portfolio to ensure that there is a strong and robust leadership approach to governance and compliance across the organisation.

### **Audit and Risk Management Committee**

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.

### **Standards and Constitutional Oversight Committee**

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.

### **Merseyside Pension Fund**

Wirral Council is also the administering authority for the Merseyside Pension Fund which publishes its own statement of accounts on an annual basis and includes a "Governance Compliance Statement". The statement outlines compliance to industry specific governance principles.

## **6. Significant Governance Issues**

The following governance issues have been identified as 'significant' during 2013/14 and will be addressed during 2014-15 through appropriate actions.

- ICT Business Continuity and Disaster Recovery Plans
- Corporate Procurement Arrangements
- Absence Management (**carried forward from 2012/13**)
- Asset Management (**carried forward from 2012/13**)
- Essential Management Training (**carried forward from 2012/13**)

Issues identified in this statement are already being addressed through robust and planned activity. Over the coming year we will continue to ensure that these actions continue to be delivered to further enhance our governance arrangements, and ensure that we are satisfied that they will address the improvements required.

The Council will monitor their implementation and operation as part of our next annual review.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Chief Executive

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

Leader of the Council

## Appendix 1 – Significant Governance Issues 2013-14

Governance Issue identified	Progress and Planned Activity	Lead Officer
<p>Internal Audit identified during 2013-14 that the Council's overarching business continuity arrangements are not robust and that business resilience may be susceptible due to not having in place:</p> <ul style="list-style-type: none"> <li>i) up to date and effective ICT business continuity plans, and</li> <li>ii) ICT disaster recovery plans which reflect the business critical service requirements as documented in Corporate, Departmental and/or Service business continuity plans.</li> </ul>	<p>The Council has enhanced its capacity to address this governance issue and has taken action to resolve the immediate issues that have impacted on the Council's ICT business continuity arrangements.</p> <p>Significant IT infrastructural work has been undertaken to strengthen the robustness of the IT disaster recovery plan.</p> <p>Further work is planned to improve the underlying IT business continuity, and ensure that it supports business priorities</p>	<p>Head of IT Services / Director of Resources</p> <p>Assistant Chief Executive / Head of Universal Services &amp; Infrastructure Services / Senior Manager – Health, Safety &amp; Resilience</p>
<p>Internal Audit identified during 2013-14 that the Council has significant weaknesses in relation to its corporate procurement arrangements including the process required to ensure all formal tender exercises are promptly progressed to completion with a formal contract drawn up and signed / sealed accordingly</p>	<p>Arrangements, including training for key Legal staff members, are in place with regards to the use of the Council's CHEST system as the Council's Central Contracts Register. This will enable more robust arrangements to be established for the drafting, agreement and execution of contracts.</p> <p>The Council is taking the following actions to address this governance issue:</p> <ul style="list-style-type: none"> <li>▪ Review the contract procedure rules and ensure they are fully embedded across the organisation</li> <li>▪ Fully implement a disciplined and corporate approach to procurement through category management, reducing manual invoicing and rationalising procurement activity</li> <li>▪ Identify an effective approach to achieve maximum advantage from a centralised approach and move towards no purchase order no pay</li> </ul>	<p>Strategic Director – Transformation &amp; Resources</p>

### Significant Governance Issues carried forward from 2012-13

Governance Issue identified	Progress and Planned Activity	Lead Officer
<p>The Annual Governance Statement 2012-13 identified that absence monitoring statistics revealed a calculated year end figure of 10.28 days against a target of 9.5 days. This remained 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.</p>	<p>The introduction of a new performance report has improved the targeting of resources and management action and support.</p> <p>The target for 2014/15 is 10.5 days. The projected position is currently 9.49 days. This is an improvement, on previous year's performance of 10.3 days, however there remains further work to do to improve this position.</p>	<p>Head of Human Resources and Organisational Development</p>
<p>The Annual Governance Statement 2012-13 identified that 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.</p>	<p>A new, draft Asset Management Plan has been produced, consulted on within the council and will be presented to Cabinet in June 2014. Following approval of this document, work will progress on a suite of sub-documents in relation to specific asset issues and policies.</p> <p>A new form of consultation with the community and partners in relation to asset matters is being trialled in Moreton. The intention is to secure greater involvement and improve communications with regard to asset issues. The trial will be evaluated and a decision taken on whether to extend to other areas.</p> <p>Work is proceeding in terms of disposal of surplus assets and a total of £2.5m was raised through disposals in 13/14, ahead of the target figure. Work is proceeding on the disposal of the first of three major sites, the Acre Lane Centre, with staff re-location underway.</p>	<p>Assistant Chief Executive / Head of Universal &amp; Infrastructure Services</p>

Governance Issue identified	Progress and Planned Activity	Lead Officer
	<p>The office rationalisation project, which will continue over the next two years has begun with staff being re-located within Wallasey Town Hall, Cheshire Lines and Birkenhead Town Hall, starting a process of having more staff in fewer locations, to generate savings. Appropriate desking to support replacement IT and telephone equipment is being implemented on a phased basis</p> <p>A specialist company has been appointed to deal with the disposal of the large sites identified in a report to Cabinet in November 2013 which will provide the Council with substantial Capital receipts which will form part of the Council's Capital Programme.</p>	
<p>The Annual Governance Statement 2012-13 identified that 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.</p>	<p>A reporting process is in place to monitor the completion of essential programmes. Steps have been taken to improve the ability to monitor and ensure training (essential and statutory) is undertaken.</p> <p>It is expected that completion of the key aspects of the training will have reached an acceptable level by Summer 2014.</p>	<p>Head of Human Resources &amp; Organisational Development</p>