

## **ANNUAL GOVERNANCE STATEMENT 2014-15**

### **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 cannot 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 2015 and up to the date of approval of the annual statement of accounts.

### **3. Overview of Council Progress**

The Council has continued to progress its plans during 2014-15 to continually strengthen its governance arrangements and build on previous improvements overseen by Wirral's Improvement Board which withdrew in November 2013. Internal governance controls have been strengthened and this is demonstrated by improvements delivered during 2014-15 to address the Council's existing governance issues.

The Council has identified four governance issues in 2014-15 which are outlined in this statement. This presents an improved position from five governance issues in 2013-14 and demonstrates significantly strengthened governance arrangements from the 2012-13 statement which outlined fifteen issues.

The Council has made considerable progress to conclude its 2013-14 governance issue related to its asset management plans and this issue is therefore no longer considered significant. Cabinet approved a revised Asset Management Strategy in June 2014 and has delivered capital receipts of £3.3 million during 2014-15 through disposal of assets with a target of £20 million identified by 2017-18. Other improvements include the introduction of an asset management system and the consolidation of a new asset management function as a single structure within the Council.

There have been no 'new' governance issues identified during 2014-15 which demonstrates the Council is one which is stable and has embedded and consolidated arrangements to strengthen governance. The four remaining issues are related to procurement, ICT business continuity, absence management and organisational culture. These are existing issues which require further work to demonstrate a sufficiently improved position before they can be removed from the Council's annual governance statement. On this basis the Council has decided to retain these as significant governance issues to ensure that there are robust review and scrutiny arrangements in place to ensure they are addressed. Plans have been developed to deliver improvements which will be regularly reported to senior management and elected members.

Further evidence of the Council's improved position can be illustrated by the Council success in its award of 'Most Improved Council' at the 2015 LGC Local Government awards in March 2015. This award highlights that the Council has been recognised by its peers for the improvements that have been achieved. The Council was also shortlisted for awards in a further three categories for entrepreneurialism, efficiency and driving economic growth.

### **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: Focusing 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 Council has in place a three-year corporate plan for the period 2013-16, setting out a clear vision and set of priorities to guide the allocation of 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”.***

An updated Corporate Plan for 2015-16 was approved by Council in December 2014 to further embed the Council’s vision and to respond to emerging local and national policy drivers. The plan provides a clearly defined approach to deliver projects and activity in accordance with the Council’s priorities and within available resources. The plan is underpinned by a range of plans and strategies as defined in the Council’s code of corporate governance.

Directorate plans have also been reviewed and refreshed for 2015-16 to reflect the corporate plan priorities and the Council’s vision. The plans have been approved by the relevant Portfolio Holders and presented to Member-led Policy and Performance Committees during March 2015 for consideration and to inform their future work programmes.

The Strategic Leadership Team review performance of the Corporate Plan on a monthly basis with regular reports provided to Cabinet on a quarterly basis. The Policy and Performance committees receive performance reports on directorate plans on a quarterly basis.

The Council is now focused on developing its future plans to ensure that the Council can effectively respond to meet resident’s needs and deliver its vision and priorities. The Council’s leadership is working with its Strategic Leadership Team under the direction of the new Chief Executive to develop a new Council plan which will shape the way the Council operates over the next three years.

The Council continues to demonstrate strengthened financial management and stability. The Medium Term Financial Strategy was agreed by Council in February 2015 and sets out how we will resource the priorities set out in the Corporate Plan. The Council has achieved a balanced budget for 2014-15 which includes the delivery of £36 million savings. A further £38 million savings have been approved by Council for 2015-16 with early decisions agreed by Council in December 2014.

The Council is currently reviewing its partnership arrangements. During 2015-16, we will work closely with its partners to establish a long term vision for the borough. A Public Service Board is in place with the lead officers of public sector organisations in Wirral meeting on a regular basis to discuss issues relevant to a wide range of public sector

partners, including service redesign and improved integration.

An independent review of Wirral's Health and Wellbeing Board took place during January 2015 and identified the need for a clear vision for Wirral. This will be progressed during 2015-16 to ensure that there is a single agreed vision for Wirral partners.

The Council continues to implement its multi-agency approach to public sector reform supported by a range of national initiatives. Wirral is one of only nine areas in the country and the only metropolitan Council to participate in the Public Service Transformation Network. This includes an innovative programme to tackle health-related worklessness in Wirral through a partnership approach. The Council has also recently been selected as one of nine areas to achieve national vanguard status for primary and acute care services. This status will provide a framework to focus on a whole system 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 way on transport-related initiatives. Wirral Council Leader Phil Davies is the Chair of the Combined Authority and is leading discussions with central government to develop a devolution package for the city region.

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

The Council's political leadership provides the strategic direction for the delivery of the long-term vision of the Council, working closely with senior officers and all elected members.

The Council's Constitution provides a clear framework to ensure that Members and Officers have clearly defined functions and roles. This includes a scheme of delegation and a protocol on Member / Officer relations that clarify the expectations and boundaries between Member and Officer roles and responsibilities.

The Council's Member-led Standards and Constitutional Oversight Committee has undertaken some work to review the Council's Constitution during the 2014-15 municipal year. This work will inform further proposed revisions to the Council's Constitution which it is anticipated will be presented for approval to Council in July 2015 to ensure that it remains fit for purpose.

Three Policy and Performance Committees are in place and 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.

Dedicated planning sessions take place with Cabinet and the Strategic Leadership Team to develop the future direction of the Council. Cabinet portfolios clearly outline the role and responsibility of Cabinet in promoting and delivering the Council's corporate plan and its budget, and to ensure that Cabinet Members champion and deliver activities which will result in improved outcomes for Wirral residents and create a Council fit for the future.

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. 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.

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

The Council has an agreed set of organisational values and behaviours which inform and shape how staff across the Council provides services to Wirral residents, businesses and other stakeholders. The values are for staff to deliver with integrity, ambition, confidence and efficiency.

The Council adopted a new performance appraisal process for 2014-15 which requires managers and staff to evidence how the organisational values have been demonstrated. The 2014-15 target for completion of performance appraisals has not been achieved and this will be considered as part of the Council's approach to organisational culture as set out in the governance issues section of this statement. Targets have been agreed and a timetable is in place for completing performance appraisals during 2015-16.

The Council's Constitution sets out a Code of Conduct for Members to ensure there is clear accountability and clarity. During the 2014-15 municipal year, the Standards and Constitutional Working Group has reviewed the protocol on Member / Officer relations to provide a framework to govern how Members and Officers work together. The protocol gained Council approval in March 2015 and will be embedded into the Council's Constitution.

The Council refreshed its grievance and confidential reporting policies during 2014-15 and the application of the Council's grievance policies received a positive audit report during 2014-15 marking a significant improvement from the previous position.

The Council has launched a new intranet which gives prominence to these policies and others including information security. The Council's Code of Corporate Governance was also made available on the intranet site to provide visibility to all employees.

A new 'dignity at work' policy has also been implemented during 2014-15 to support the Employee Code of Conduct. The policy provides a process to follow when dealing with allegations of bullying and harassment and has been fully communicated to all staff with a briefing session provided to senior managers in October 2014. The Council has also introduced dignity at work advisors to support employees through these processes.

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

The Council reviewed and refreshed its Corporate Risk Management policy during 2014-15 to ensure that the policy sets out clear roles, responsibilities and reporting lines within the Council. The policy was approved by Audit and Risk Management Committee in March 2015 and will be presented to Cabinet for approval in June 2015.

The Council has participated in a benchmarking exercise with other authorities during 2014-15 to further develop its approach to managing risks and incorporating best practice from others. Risk monitoring reports are routinely reported to the Council's Corporate Governance Group and Strategic Leadership Team, as well as 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 ensure there is compliance and robust arrangements for Financial Regulations and Contract Procedure Rules. The Council is currently reviewing its Contract Procedure Rules which will be incorporated into a revised Constitution which will be presented to Audit and Risk Management Committee before being referred to Council for approval. There is still further work required to further strengthen the Council's procurement arrangements and action will be taken during 2015-16 to progress this work.

Plans are in place to strengthen the independent nature of the Audit and Risk Management Committee through the appointment of a majority of external members. Measures are currently being undertaken to progress the recruitment exercise. 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.

***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.***

In January 2014, Wirral began an ambitious programme of transformation designed to remodel the authority in line with the Council's priorities. This programme included a review of all Council services and officer structures to ensure 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.

The Council has a 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.

The Council 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.

The agreed set of management expectations are in place and linked to performance appraisals. The 'Wirral Management Development Programme' provides essential training for managers to ensure that they have the support to meet the expectations framework. The Framework has nine essential modules which contain a mixture of workshops and e-learning modules. A new online Training needs analysis assists in identifying priorities for managers, alongside specific targeted programmes. A calendar of upcoming training sessions is advertised prominently on the new intranet.

The Authority offers members, including the newly elected, a programme of training covering the Member Charter, Code of Conduct, Code of Corporate Governance, Regulatory Framework. All Elected Members also have the opportunity to complete a personal development plan.

***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 completed a major budget consultation initiative in autumn 2014 to ask local residents, staff and stakeholders for their views on proposals for where the Council could deliver savings. Over 8,000 responses were received on a range of budget options during an extensive consultation process and in December 2014, 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 budget decisions recommended for approval by Council. These decisions led to further detailed engagement work with residents, stakeholders and service users.

The Council moved forward its neighbourhood working arrangements which are designed to bring communities closer to the decision-making process via four constituency areas. Constituency Managers work in partnership with the Police, Fire and Rescue, Health and Social Care sectors. Each constituency committee has developed a neighbourhood plan and has been allocated an initial 'start up' grant to spend according to constituency priorities.

## **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.

## **Corporate Management Assurance**

The Council's Strategic Leadership Team 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.

An officer Corporate Governance Group is chaired by the Strategic Director for Transformation and Resources. The group includes 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 monitored and responded to in a timely manner.

The Council's Chief Information Officer has been appointed as the Authority's Senior Information Risk Owner and is a member of the Officer Information Governance Group which is chaired by the Strategic Director for Transformation and Resources.

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.

The Council also complies with the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations 2010. The Chief Internal Auditor provides reports to the Council's Strategic Leadership Team and Audit and Risk Management Committee on a monthly basis. On the basis of the programme of work undertaken, the Chief Internal Auditor has concluded that there is a sound system of internal control, designed to meet the Council's objectives, and that controls are generally being applied consistently.

## **Council**

Council sets the authority's overall policies and budget each year and holds the Cabinet to account. Annual Policy Council meets in July to discuss, debate and further shape the future purpose of the organisation through the consideration of the Council's corporate plan.

## **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 Audit and Risk Management Committee has an important role in maintaining the Council's system of internal control. It provides an 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.

### **External Audit**

Grant Thornton is the Council's independently appointment External Auditor with a broad remit covering the Council's finance and governance matters. The annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. The Auditors work considers the Council's key risks when reaching its conclusions under the Code.

Grant Thornton works closely with the Council to review its governance arrangements and regularly meets with the Strategic Director for Transformation and Resources and other statutory officers to review progress and ensure the Council is fulfilling its responsibilities.

The Council secured an unqualified external audit opinion on its value for money conclusion for 2013-14 and feels confident that it will achieve the same opinion for 2014-15.

### **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 2014-15 and will be addressed through appropriate actions.

### ICT Business Continuity and Resilience Plans

The Council has previously identified weaknesses in its overarching business continuity arrangements which may be susceptible due to the Council not having in place robust ICT business continuity plans. The Council must ensure these plans are in place for its identified critical services to ensure these services can function effectively in the event of an incident.

The Council has identified the need to strengthen its ICT resilience and respond to risks related to the current location of its data centres. Plans are in place to address this issue by December 2015.

### Corporate Procurement Arrangements

The Council has taken action to address previously identified weaknesses in relation to its corporate procurement arrangements. It must now address current structural issues relating to capacity and capability. Plans are in place to strengthen the Council's procurement function and ensure the Council is fully responding to local, national and European policy and legislative requirements.

### Absence Management

The Council has taken action to address sickness absence which has previously been identified as a significant governance issue. These actions include availability of management information to facilitate regular and timely review of sickness absence rates.

The Council's absence monitoring rate remains high at 10.15 average days absence per full time employee against a 2014-15 target of 9.75. Internal Audit has also identified issues relating to under reporting of absence by managers which is currently being investigated.

The Council must now review its approach to ensure that absence is reported and managed effectively in accordance with Council policies.

### Culture

The Council has identified issues within the organisation relating to staff and management adherence to internal controls, including completion of essential training, performance appraisals and procurement procedures.

The Council is developing plans to reinforce its expectations of all staff in relation to the Council's internal controls and ensure that managers are committed to creating a culture where these controls are visible and understood.

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