

ANNUAL GOVERNANCE STATEMENT 2017-18

1. Scope of Responsibility

Wirral Borough Council has continued with its ambition to continually improve upon the manner in which it strives to discharge its governance responsibilities.

The 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.

The Council also retains a best value 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

By discharging this responsibility (including as accountable body for the Merseyside Pension Fund), the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions which includes arrangements for the management of risk.

The Council has approved and adopted the Code of Corporate Governance, which is consistent with the principles of the CIPFSA / SOLACE Framework for Delivering Good Governance in Local Government 2016. A copy of the Code is available on our website: www.wirral.gov.uk.

This statement explains how the Council has complied with the Code and also meets the requirements of Regulation 6 (1) (b) of the Accounts and Audit (England & Wales) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

2. What is Corporate Governance?

Corporate Governance generally refers to the processes by which organisations are directed, controlled, led and held to account.

The Council's governance framework aims to ensure that in conducting business it:

- Operates in a lawful, open, inclusive and honest manner
- Ensures that public money is safeguarded, properly accounted for and used economically, efficiently and effectively
- Has effective arrangements for the management of risk
- Secures continuous improvements in the manner in which it operates.

3. The purpose of the Governance Framework

The governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

Adhering to this framework enables the Council to monitor the success of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate / cost effective services.

Both risk management and internal control measurements are a significant part of the Council's corporate governance framework and are designed to manage risk to a reasonable level.

These safeguarding processes cannot eliminate all risk of failure to achieve the goals set by our policies, aims and strategic objectives and can therefore only provide reasonable, rather than absolute assurances of their effectiveness.

The system of risk management and internal control are based upon an ongoing process, designed to identify and prioritise the risk to the achievement of the Councils' policies, aims and strategic objectives, to evaluate the likelihood and potential impact of those risk being realised and to manage them efficiently, effectively and economically.

This statement builds upon those of previous years. Many of the key governance mechanisms remain in place and are referred to in previous statements that are available on the Council's website. This statement therefore describes the key changes and developments within the Council's governance framework during 2016-17 and up to the date of the approval of the annual financial report.

The progress that has been made in dealing with significant governance issues last year is included and those governance issues that have been identified from the governance review are highlighted.

4. The Governance Framework

The CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' identifies seven core principles of governance best practice. Wirral Council's governance framework is aligned to these core principles. The key elements of the systems and processes which comprise the Council's governance arrangements (as detailed in the Code of Corporate Governance) and where assurance against these is required are shown below.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

This is achieved by:

- Applying a set of standards (the Nolan principles) of conduct and behaviours expected from Members with constitutional oversight.
- Ensuring all Officers receive performance appraisals linked to the organisational priorities and values.
- Equality Impact Assessment is embedded in all decision making.
- Applying clear conflict of interest policy approaches for employees and Members and maintaining a Register of Interests.

Principle B: Ensuring openness and comprehensive stakeholder engagement

This is achieved by:

- Developing constructive relationships with stakeholders.
- Ensuring consultation responses inform future developments.

- Ensuring residents engage in budget proposals to influence decision making.
- Taking an active and planned approach to dialogue with the public.
- Utilising the Wirral View publication and associated website to communicate and share information with stakeholders.
- Using social media to reach a wider community demographic.
- Publishing an annual report which communicates the authority's activities and achievements, its financial position and performance

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

This is achieved by:

- Clearly communicating the outcome focused vision of the Wirral Plan.
- Continued working with all partners and stakeholders to provide outcome focused delivery.
- Making best use of resources and providing services that are good value for money including development of commercial opportunities.
- Seeking the views of residents to inform the development of planning and improvement.
- Ensuring the inclusion of the regional dimension to maximise outcome delivery.
- Effective medium term financial planning within a transparent financial framework, thus ensuring that the Council retains its commitment to stability, utilising available resources, whilst monitoring income and expenditure levels.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

This is achieved by:

- Utilising insight to develop evidence based decision making.
- Robust reporting, monitoring and review to support delivery of impact and benefits.
- Optimise partnership approaches including integration to derive best value.
- Effective use of transformational expertise and capacity.

Principle E: Developing the entity's capacity including the capability of its leadership and the individuals within it

This is achieved by:

- Clearly setting out the roles and responsibilities of Members and Officers.
- Setting out executive and non-executive functions and roles and responsibilities of the scrutiny function.
- Embedding the Councils restructured Operating Model approach.
- Providing appropriate training and developmental opportunities.
- Delivering the Wirral Leadership Programme – a shared partnership approach to developing leadership skills and behaviours.
- Delivering the Transformation programme.
- Ensuring clarity on what is expected from partners.
- Effective and regular strategic and operational communication.
- The Council is currently working in partnership with the LGA to develop the Member's Development Plan. The Members Development Steering Group has been convened to oversee this process.

Principle F: Managing risk and performance through robust internal control and strong public financial management

This is achieved by:

- Ensuring the risk management approach is effective and embedded in practice
- Delivering the Business Planning and Performance Management Framework
- Having rigorous and transparent decision making processes in place
- Maintaining an effective scrutiny process
- Acting within the law
- Effective medium term financial planning

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

This is achieved by:

- Providing good quality information, advice and support to Members and partners.
- Published information is accurate and reliable.
- Delivering an effective audit function.
- Adhering to the Transparency Code requirements.
- Publicising a robust complaints process and responding effectively to complaints.
- The Council's new complaints process "Customer Feedback" went "live" in April 2017, with the 1st reports to be available June 2017.
- Adhering to all access to information statutory requirements

The Council carries out regular review of the elements that make up the governance framework to ensure it remains effective. In 2016-17 key changes that impact on the framework include:

- The establishment of an Improvement Board to oversee improvement in response to the Ofsted inspection report published in September 2016 that provided an overall judgement of inadequate for Children's Services.
- The appointment of a new Wirral Safeguarding Children Board (WSCB) Chair to oversee improvement in response to the Ofsted inspection report published in September 2016 that provided an overall judgement of inadequate for WSCB.
- A restructure of the Council in November 2016 resulting in an Operating Model approach designed to create a focus on delivery of the Council and Wirral partnership priorities and to modernise operations.
- The operating model also reflects the Ofsted findings in that Children's Services functions remain as one entity reporting directly to the Chief Executive to ensure robust focus on all requirements in relation to responding to inspection findings.
- The establishment of a new Transformation function reporting directly to the Chief Executive to enable the delivery of key initiatives.
- The establishment in June 2016 of a new Scrutiny model designed around the Wirral Plan themes of People, Business and Environment to ensure a focus on priorities.

- Liverpool City Region Combined Authority Mayoral Model was adopted by Wirral Council in December 2016 to allow powers to be transferred to the City Region and enable the Council to work collaboratively on a wider footprint.
- A review of the Code of Corporate Governance was carried out and agreed by Audit and Risk Management Committee in November 2016, this code ensures our commitment to the principles of good governance.

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.

This review 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. It also reflects feedback and comments provided by Chief Officers and managers within the Authority who have responsibility for the development and maintenance of the governance environment.

Internal Audit

Internal Audit is a key component of the Council's governance framework. Internal Audit has completed a self-assessment of its compliance with the Public Sector Internal Audit Standards. Wirral is fully compliant with 88% of the standards with full compliance expected by the statutory deadline of March 2018.

One of the key assurance statements the Council receives is the annual report and opinion of Internal Audit. The opinion of the Chief Internal Auditor for the 12 month period ending in March 2017 is:

On the basis of our programme of work for the year, Internal Audit can provide moderate assurance overall that there is a generally sound system of internal control, designed to meet the Council's objectives, and controls are generally being applied consistently. However some weaknesses in the design and inconsistent application of controls put the achievement of particular key objectives at risk.

Key areas of weakness have been included in the significant governance issues in Section 7.

External Audit

Grant Thornton is the Council's independently appointed 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 National Audit Office and includes nationally prescribed and locally determined work. The Auditors work considers the Council's key risks when reaching its conclusions under the Code.

External audit of the Council's statutory financial statements for 2016-17 is currently being undertaken and will be reviewed by the Council's Audit and Risk Management Committee 21/11/17.

Responsible Financial Officer

This role is a member of the Senior Management Team which permits direct access to the CEO and other team members and has responsibility for delivering and overseeing the financial management arrangements of the Council. The role conforms to the good practice requirements within the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015).

The Responsible Financial Officer has been involved in reviewing the Code of Corporate Governance and prepared this Statement. He is satisfied with the arrangements that are in place for managing finances and is satisfied that no matters of significance have been omitted from this statement.

Children's Services Ofsted Inspection 2016

In 2016 Ofsted completed an inspection of services for children in need of help and protection, children looked after, care leavers and the effectiveness of the Wirral Safeguarding Children's Board (WSCB) and reported its findings in September 2016. The inspection provided an overall judgement that children's services are inadequate and made nineteen recommendations for action. They also concluded that WSCB was inadequate and made seven recommendations for action. An Improvement Notice was issued by the Secretary of State for Education (30th September 2016).

In response to the findings an Improvement Plan has been established and delivery of improvement is underway with oversight provided by the Improvement Board with an independent chair.

This has resulted in a new significant governance issue for 2016-17.

Serious Case Review

A Serious Case Review is currently underway in relation to a specific case of child sexual exploitation. The Review is chaired by Jane Booth, who is nationally recognised and respected in the field of children safeguarding. The Local Safeguarding Children Board undertakes the Serious Case Review in accordance with statutory guidance and is completely independent of the Council and other agencies. The scope of the review was determined by the governing Board and focuses on a single case and what learning can be taken following an in-depth analysis and review of the case. OFSTED is aware of the Review being undertaken. The final Serious Case Review report and response of the Board must be published.

ICT Business Continuity and Resilience Planning

In 2015-16 a review of ICT Business Continuity Plans for all 30 identified critical services was carried out. The findings are that a greater focus is needed by business plan owners and relevant Directors to ensure business continuity plans are kept up to date and subject to supportive challenge and review by advisers in the business continuity and IT teams.

In November 2016 the findings of the scrutiny review Panel set up to review the Council's IT disaster recovery arrangements were reported to Cabinet. The report noted that *'it was clear to the Panel that Wirral does not have a current, fit for purpose IT disaster recovery plan...* The IT disaster recovery plan presented to the Review Panel was out of date and did not provide a comprehensive overview of the Council's IT infrastructure. The plan did not outline steps to take to recover key systems in the event of an IT disaster and it was clear to the Review Panel that this plan had not been reviewed or tested for a number of years'.

Although a number of projects were underway or completed the Panel requested a need for this work to be consolidated into a comprehensive IT disaster recovery plan. Cabinet approved the recommendations, with the Chief Information Officer to report on progress to future Cabinet. The report noted that it is planned that the recommendations will be implemented by September 2017 which will increase IT resilience and reduce the risks of IT disaster. It is planned that preparation of a comprehensive disaster recovery plan will follow the successful completion of the project.

These findings have resulted in a two new significant governance issues for 2016-17:

- ICT Business Continuity Planning
- ICT Resilience Planning.

Information Commissioner's Office Voluntary Audit 2016

In January 2016 the Council agreed to a voluntary audit by the Information Commissioner's Office (ICO) of their processing of personal data, focussing on the areas of subject access requests and records management (manual and electronic). The overall conclusion of the review was that "there is a limited level of assurance that processes and procedures are in place and delivering data protection compliance". The Council meets its legal obligations in relation to information governance however the audit considers areas for improvement beyond the minimum legal obligations.

The Council chose to subject itself to the audit as part of its drive for continuous improvement.

The Council Information Governance Delivery Group (IGDG), which is an officer group led by the Acting SIRO, has oversight of the information governance / security issues and additionally reports into the Corporate Governance Group.

The Council delivered an update against the action plan to the ICO on the 12th May 2017. Since September 2016, 69% of the action plan has been completed. The follow up Data Protection ICO Audit report of the ICO confirmed in May 2017, concluded that significant improvement had been made by the Council in completing the action plan.

The outstanding action plan items will be addressed over the next 12 months to ensure that the Council continues with its information governance improvements. The action plan will also be amended to ensure the council completes all relevant actions to ensure compliance with the new General Data Protection Regulations (GDPR).

Corporate Management Assurance

An officer Corporate Governance Group is chaired by the Strategic Director for Business Services. The group includes strategic leads including Governance, Performance, Risk, Internal Audit 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. This group has managed the development of the Annual Governance Statement and oversees the monitoring arrangements of the action plan, holding officers at all levels accountable for delivery of actions.

A quarterly governance report will be prepared by the Corporate Governance Group, to be circulated to the Leader of the Council and Audit Risk Management Committee.

The Council's Strategic Leadership Team has approved the Annual Governance Statement to

provide a level of corporate engagement and ownership.

Council

Council sets the authority's overall policies and budget each year and holds the Cabinet to account. Council has an agreed policy framework that is embedded within its constitution.

Cabinet

The Leader of the Council leads on ensuring the effective governance of the council on behalf of the Executive. However, all Cabinet Members along with Elected Members and officers play a vital role in ensuring good governance arrangements are in place across the Council.

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.

Audit and Risk Management Committee receive and review internal and external audit reports and the Chair of the Committee produces an annual report. The Committee also complete an annual self-assessment based on CIPFA guidance.

Standards and Constitutional Oversight Committee

The Standards and Constitutional Oversight Committee is responsible for keeping the Council's constitutional arrangements under review and recommends constitutional amendments to Council which support the Council to better achieve its aims and objectives. The Committee also oversees and agrees minor changes to the Council's constitutional arrangements as recommended by the Monitoring Officer.

The Standards and Constitutional Oversight Committee plays an important part in ensuring the council's governance arrangements are fit for purpose.

Overview and Scrutiny Committees

Overview and Scrutiny (O&S) supports good governance by holding the Council's Executive and key partners to account.

This function is discharged through four Overview and Scrutiny Committees which reflect the Wirral Plan themes of Business, People and Environment. Due to the large scope of the People theme, this has been split across two committees: the Adult Care and Health Committee and the Children and Families Committee. This provides the extra capacity needed for oversight of children's safeguarding and the Ofsted Improvement Plan.

Each committee develops a work programme for the year prioritising topics for examination in support of improved outcomes for Wirral residents.

The committee work programmes ensure that statutory responsibilities for scrutinising local health provision, the Community Safety Partnership and flood and coastal erosion risk are

effectively delivered.

Each committee meets at least five times a year, interspersed with workshops and task and finish groups to deliver the work programme.

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.

As part of this review of effectiveness, progress against the issues identified in 2015-16 has been assessed and an update of the progress included in Section 6. Where sufficient progress has not been made, the issues and outstanding actions have been carried forward and included in the 2016-17 significant governance issues list for continued action. Three new key areas have also been included.

The significant governance issues, associated review and action plans are outlined below.

6. Progress of the Governance Issues from 2015-16

The table below describes the significant governance issues identified during 2015-16 and the progress that has been made against the implementation of actions to address these issues during 2016-17. Where evaluation determines that the progress is not sufficient for removal as a significant governance issue this is noted, and the issue will be carried forward into the 2016-17 statement.

Key Area for Improvement	Update on Position and Implication for the 2016-17 Annual Governance Statement
<p>Organisational and Managerial Compliance (Including Council processes and procedures, performance appraisals, absence management, contract procedure rules and essential training).</p>	<p><u>Performance Appraisals</u></p> <p>The percentage of performance appraisals completed has improved significantly (98% of managers and 96% of all staff at 31/03/17) and adequate explanations have been provided for the shortfall in completion compared to the 100% target. This no longer remains a significant governance issue.</p> <p>Complete</p> <p><u>Absence Management</u></p> <p>The overall 2016-17 target was achieved. However, an Internal Audit review identified that the application of the absence management policy is inconsistent; and managerial accountability for absence management requires strengthening.</p> <p>Carry forward</p> <p><u>Contract Procedure Rules (CPR)</u></p> <p>Compliance with the CPR was the reason for inclusion in the 2015-16 AGS. The introduction of electronic approval forms has helped to strengthen compliance with the CPR, alongside the procurement team’s training for managers. The complexity of the current procurement procedures is acknowledged and the same is being retained as an issue for 2017-18.</p> <p>Carry forward</p> <p><u>Essential Training</u></p> <p>The requirement that 100% of management staff and employees complete 2016-17 corporate essential management training and corporate essential training by 31 March 2017 was not been met. Actions taken, to embed this practice across the organisation, include:</p> <ul style="list-style-type: none"> • Communication with all staff through a number of relevant channels to raise awareness of the training modules and completion dates. • Production of training materials in different formats to ensure all staff can access training effectively • Monthly monitoring reports to Senior Leadership Team. <p>It is clear that, in terms of training, this remains an issue.</p> <p>Carry forward</p>
<p>Improvement Notice issued by the Secretary of State for Education (30th September</p>	<p>Ofsted’s <i>“Inspection of services for children in need of help and protection, children looked after and care leavers and Review of the effectiveness of the Local Safeguarding Children Board”</i>, in July 2016 found significant weaknesses in each area reviewed.</p> <p>The Council has put in place and is delivering an Improvement Plan to address the</p>

Key Area for Improvement	Update on Position and Implication for the 2016-17 Annual Governance Statement
2016)	<p>identified findings.</p> <p>The Wirral Improvement Board meets each month to consider progress against Ofsted recommendations and monitor the impact of delivery of the Improvement Plan.</p> <p>Carry forward</p>

7. Significant Governance Issues and Action Plan for 2017-18

Based on the Council's established risk management approach, the following issues have been assessed as being "significant" in relation to the Council achieving its vision. In 2017-18 appropriate actions to address these matters and further enhance governance arrangements will be taken. These actions will address the need for improvements identified in the review of effectiveness and their implementation and operation will be robustly monitored.

Key Improvement Area and Actions for Implementation	Responsibility and Implementation Date
<p>Improvement Notice issued by the Secretary of State for Education (30th September 2016)</p> <p><i>Ofsted's "Inspection of services for children in need of help and protection, children looked after and care leavers and Review of the effectiveness of the Local Safeguarding Children Board", in July 2016 found significant weaknesses in each area reviewed.</i></p> <p>The Council has put in place and is delivering an Improvement Plan to address the identified findings.</p> <p>The Wirral Improvement Board meets each month to consider progress against Ofsted recommendations and monitor the impact of delivery of the Improvement Plan.</p>	<p>Director of Children's Services</p> <p>March 2018</p>
<p>ICT Business Continuity Planning</p> <p>A greater focus is needed by business plan owners and relevant Directors to ensure business continuity plans are kept up to date and subject to supportive challenge and review by advisers in the business continuity and IT teams.</p> <p>ICT are supporting the Business Continuity team to ensure effective Business Continuity Plans are being put in place, should a disruptive incident occur. ICT have recognised a marked improvement in the ownership of the IT element of the Council's business continuity plans over the last quarter</p> <p>Six monthly and annual reviews are planned for all business critical plans.</p>	<p>Head of Community Safety / Acting Head of Digital</p> <p>September 2017</p> <p>March 2018</p>
<p>ICT Resilience Planning</p> <p>A Scrutiny review in November 2016 identified that the Council's IT disaster recovery arrangements required further work and that the Council does not have a current, fit for purpose IT disaster recovery plan.</p> <p>A working group is in place to monitor progress with the key project to relocate the Treasury Building Datacentre. It is planned that a comprehensive disaster recovery plan will be prepared following the successful completion of this project, scheduled to be completed by September 2017.</p> <p>The project remains on course for completion within the proposed timeline. The Council has successfully negotiated with Merseytravel to host the data centre and the network connection through the Mersey tunnel is in place. The tendering to relocate the data centre was won by SCC. The process to plan and then move the data centre to Merseytravel will shortly be underway.</p>	<p>Acting Head of Digital</p> <p>September 2017</p>

Key Improvement Area and Actions for Implementation	Responsibility and Implementation Date
<p>Compliance - Absence Management</p> <p>Ensuring compliance with the Council’s sickness absence policy remains a Significant Governance Issue for the 2016-17 AGS.</p> <p>An action plan has recently been agreed and is being delivered in response to the audit review. The action plan includes a focus on support and training for managers including targeting of identified groups. Additional work is being put in place to strengthen the organisational approach and ensure that all managers recognise their accountability and accept and discharge their responsibilities to comply with all aspects of the Council policy.</p> <p>HR are realigning resources to provide further dedicated support and monitoring of management actions in relation to absence.</p>	<p>Assistant Director: Human Resources and Organisational Development March 2018</p>
<p>Compliance - Essential Training</p> <p>Compliance with supporting staff development through the provision of essential training remains a Significant Governance Issue for the 2016-17 AGS.</p> <p>A project plan to adopt a refreshed approach to the delivery of essential training in 2017-18 has been developed and is being implemented with a robust communication approach / monitoring to rapidly address non-compliance.</p> <p>In addition to the roll out of essential training for 2017-18 led by the Senior Leadership Team corporate ownership must be displayed by all management and staff to ensure routine compliance with training.</p> <p>There has been a complete refresh of the Ulearning portal, with a regular staff compliance report available to all managers. Essential training will subsequently be linked to appraisal accountability statements, to promote compliance across the organisation. This will in turn hold both staff and their managers accountable for the completion of the training program.</p>	<p>Assistant Director: Human Resources and Organisational Development March 2018</p>
<p>Compliance - Contract Procedure Rules (CPR’s)</p> <p>Compliance with the Councils CPR’s remains a Significant Governance Issue for the purposes of the 2016-17 AGS.</p> <p>Development work is underway in 2017-18 to address this issue; a number of actions are being implemented. These include a new procurement model structure to be in place by September 2017. Additional training will be provided to officers and a targeted approach based on insight of areas of non-compliance put in place.</p>	<p>Head of Procurement March 2018</p>

8. Certification

On the basis of the programme of work undertaken, the Chief Internal Auditor has concluded that he can provide moderate assurance overall that there is a generally sound system of internal control, designed to meet the Council’s objectives, and controls are generally being applied consistently. However some weaknesses in the design and inconsistent application of controls put the achievement of particular key objectives at risk.

To the best of our knowledge, the governance arrangements, as outlined above have been effectively operating during the year with the exception of those areas identified as requiring improvement. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.

Signed: _____ Date: _____

Eric Robinson, Chief Executive

Signed: _____ Date: _____

Phil Davies, Leader of the Council