

## **WIRRAL COUNCIL**

### **ANNUAL GOVERNANCE STATEMENT 2008/2009**

#### **1. Scope of Responsibility**

- 1.1 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 and 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.
- 1.2 In discharging this overall responsibility, Wirral Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.3 Wirral Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. A copy of the code is 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 Regulation 4 of the Accounts and Audit Regulations 2006 in relation to the publication of a statement on internal control.

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

- 2.1 The governance framework comprises the systems and processes, culture and values for the direction and control of the Authority and its activities through which it accounts to, engages with and 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.
- 2.2 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 not fully achieving policies, aims and objectives and therefore provides a reasonable rather than 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 policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

2.3 The governance framework has been in place for a number of years at Wirral Council and, in particular, for the year ended 31 March 2009 and up to the date of approval of the Statement of Accounts.

### **3. The Governance Framework**

Key elements of the systems and processes, which comprise the council's governance arrangements, are described in the following paragraphs.

#### **3.1 Vision and Purpose**

3.1.1 Wirral Council has revised its Corporate Plan setting out its objectives; there is an accompanying Performance Plan in which achievement of the objectives is monitored. This information is widely available on the authority's website.

3.1.2 The Council, working with strategic partners and local communities has agreed the following strategic objectives:-

- To create more jobs, achieve a prosperous economy and regenerate Wirral;
- To create a clean, pleasant, safe & sustainable environment;
- To improve health and well being for all, ensuring people who require support are full participants in mainstream society;
- To raise the aspirations of young people;
- To create an excellent council.

3.1.3 These form the basis for the Corporate Plan and Performance Improvement/Departmental Plans referred to above and provide the focus for the improvements which are being made in all areas of the Council.

#### **3.2 Decision Making Structure**

3.2.1 Wirral Council facilitates policy and decision making via a Cabinet Structure with Cabinet Member portfolios.

3.2.2 There are Overview and Scrutiny Committees covering all portfolios.

3.2.3 An Audit and Risk Management Committee provides independent assurance to the Council on risk management and control, and the effectiveness of the arrangements the Council has for these matters.

3.2.4 The Constitution clearly identifies the respective duties of each Committee, and the delegations to members and officers.

3.2.5 The Constitution is codified into one document, which is available on the intranet and external web pages.

3.2.6 The Council has a nominated Monitoring Officer whose role includes ensuring compliance with established policies, procedures, laws and regulations.

### 3.3 Governance and Values

3.3.1 The Council has adopted a local Code of Corporate Governance in accordance with the CIPFA/SOLACE Delivering Good Governance Framework 2007. The local code details how the Council complies with the principles of good corporate governance and contains appropriate monitoring and reporting procedures. It is available on the Council website.

3.3.2 The Council's Constitution contains formal codes of conduct for members and officers. Additionally, the council has established policies and procedures to embed high standards of conduct and governance. These include equalities and diversity and, 'whistle blowing'.

### 3.4 Service Delivery

3.4.1 Services are delivered by trained and experienced people. All posts have a detailed job description and person specification. Individual training needs are constantly identified through the Key Issues Exchange process and fed into the Departmental Training plan and addressed by the Corporate Training Group.

3.4.2 There is a comprehensive corporate induction programme in place and information regarding policies and procedures is held on the intranet, which continues to be enhanced and developed.

### 3.5 Risk Management

3.5.1 The Council has robust systems for identifying and evaluating all significant risks, developed and maintained with the pro-active participation of all those associated with planning and delivering services. The Council adopted a revised Risk Management Policy and Strategy in 2008. This explains the methodology for the management of risk throughout the Council. A Corporate Risk Register is in place and appropriate staff have been trained in the assessment, management and monitoring of risks. The Authority has a Risk Management Officer and the approach to embedding risk management is in accordance with best practice.

### 3.6 Measuring Performance and Value for Money

#### 3.6.1 External Inspection

- The Comprehensive Performance Assessment (CPA) Use of Resources framework assessed the Council as a 'Good' 3 star Authority that is improving well.
- The Audit Commission annual assessment of the Council identified that it is making good progress in a number of its priority areas.

- In its review of Access to Services, the Audit Commission assessed the Council as providing a good service with 'promising prospects for improvement ... because of its impact on improving and providing access to services to meet the needs of the borough's diverse communities – one of the Council's aims'.
- 3.6.2 The Council has in place a three year Financial Strategy, updated annually, to support the medium term aims of the Corporate Plan. This ensures the economical, effective and efficient use of resources, and secures continuous improvement in the way in which its functions are exercised, by having regard to a combination of economy, efficiency, and effectiveness.
- 3.6.3 The Council continues to progress the efficiency agenda and has identified and delivered significant savings in recent years. The identification of efficiencies is an integral part of the financial planning process with the delivery integrated in the performance management arrangements.
- 3.6.4 A rigorous system of monthly financial monitoring ensures that any significant budget variances are identified in a timely way, and corrective action is initiated.
- 3.6.5 The Council has an objective performance management framework. The system is driven by the Corporate Plan, which focuses attention on corporate priorities. This is cascaded through departmental service plans, individual employee key issue exchanges and action plans. It is clearly laid out in the annual service and financial planning and performance management cycle. Committees monitor and scrutinise progress against targets and performance in priority areas affecting relevant service areas, and consider and approve corrective action where necessary.

#### **4. Review of Effectiveness**

##### **4.1 Introduction**

- 4.1.1 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 the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Internal Audit Annual Report, and by comments made by the external auditors and other review agencies and inspectorates. Key controls in the governance review process are identified in the following paragraphs.

##### **4.2 Corporate Review**

- 4.2.1 The Council's Corporate Improvement Group (CIG) has managed the development of the Annual Governance Statement, in consultation with the Council's Chief Internal Auditor. CIG is chaired by the Deputy Chief Executive, and is formed of members of each department's management team. A system which includes Directors' Assurance Statements has been

introduced to review governance systems and procedures; areas of non-compliance are considered for inclusion in the Annual Governance Statement.

#### 4.3 Statutory Officer Responsibilities

4.3.1 The Council Constitution, which is annually reviewed by the Monitoring Officer, sets out the responsibilities of both Members and senior managers. In particular the Council has identified the three statutory posts as follows:-

- Head of Paid Service - Chief Executive
- Chief Financial Officer - Director of Finance
- Monitoring Officer - Director of Law, HR & Asset Management

4.3.2 The Council has designated the Director of Law, HR and Asset Management as the Monitoring Officer. The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect and report to Cabinet annually.

4.3.3 The Council has designated the Director of Finance as Chief Finance Officer in accordance with Section 151 of the Local Government Act 1972. The financial management of the Authority is conducted in accordance with the Financial Procedure Rules set out in the Constitution.

4.3.4 The Council continues to assess how its overall corporate governance responsibilities are discharged. In particular the Council has adopted the CIPFA/Solace Delivering Good Governance Framework, has developed a local Code of Corporate Governance and is working towards the National Good Governance Standard.

#### 4.4 Audit and Risk Management Committee

4.4.1 The Council has an Audit and Risk Management Committee, which oversees various financial matters, the Terms of Reference for which comply with latest Cipfa guidelines.

#### 4.5 Standards Committee

4.5.1 The Council has a Standards Committee, which deals with matters relating to the conduct of Councillors, employees, complaints and probity issues, the Terms of Reference for which comply with latest guidelines from the Standards Board for England.

#### 4.6 Internal Control

4.6.1 The review of the effectiveness of the system of internal control reflects best practice guidance identified by the CIPFA Finance Advisory Network and is informed by:

- Directorate assurance based on management information, performance information, officer assurance statements and Scrutiny Committee reports;
- the work undertaken by Wirral Internal Audit during the year;
- the work undertaken by the external auditor reported in their Annual Audit and Inspection Letter;
- Other work undertaken by independent inspection bodies.

#### 4.7 Internal Audit

4.7.1 The arrangements for the provision of internal audit are contained within the Financial Regulations included within the Constitution. The Director of Finance is responsible for ensuring that there is an adequate and effective system of internal audit of the accounting and other systems of internal control as required by the Accounts and Audit Regulations 2006. The internal audit provision is managed by the Chief Internal Auditor and, as verified by the Audit Commission, operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government 2006.

4.7.2 From the work undertaken in 2008/09 the Chief Internal Auditor was able to provide 'reasonable assurance' on the key areas of risk management, corporate governance and financial control.

#### 4.8 External Audit

4.8.1 Wirral Internal Audit is subject to regular inspection by the external auditors who place reliance on the work carried out by the internal auditors and indicate in their most recent review that "internal audit provide an effective service that makes a good contribution to the control environment of the Council". The Audit Commission through its Inspectorate functions also reviews compliance with policies, procedures, laws and regulations within their remit.

### 5. **Significant Governance Issues**

#### 5.1 Summary

5.1.1 Internal Audit has concluded that, based on the work undertaken, overall throughout the Council there are sound systems of internal control in place. However, improvements in the internal control environment can always be made and reports have been produced and discussed with Chief Officers and Members during the year that recommend appropriate actions to be taken within an agreed timescale to address weaknesses and improve

systems of control in key areas. The following improvement opportunities have been brought to our attention as part of the review of governance.

## 5.2 Governance and Values

### 5.2.1 Governance

The Council will continue to improve its Corporate Governance including:

- the implementation of the new CIPFA/SOLACE Delivering Good Governance Framework via the Corporate Governance and Corporate Improvement Groups;
- the implementation of a revised Code of Corporate Governance;
- raising awareness and understanding.

### 5.3.1 Equality and Diversity

Equality and Diversity is a key element of the Council Plan and through equality impact assessments the Council has identified a number of priority actions to improve ways for people, particularly young people, hard to reach and disengaged groups to communicate with and influence the Council, tackling the causes of community unrest. We have committed to achieving the Equality Standard Level 3: a Peer Review is imminent.

### 5.3.2 Whistle Blowing

Following an internal governance review and subsequent comments by the Audit Commission a revised Confidential Reporting (Whistle Blowing) Policy has been prepared for the Council that has been widely publicised on the Internet site, the local Intranet and through the staff team briefing and Key Issue Exchange processes. An Action Plan to enhance awareness and monitor effectiveness has been agreed and is being implemented.

### 5.3.3 Single Status

The Council has partially completed the Single Status Review, and is expecting to complete the review during 2009: the Council has made financial provision.

## 5.4 Risk Management

The Council has completed significant work to implement the Risk Management Framework within all departments to ensure that risks are identified and appropriate actions taken by relevant individuals to mitigate risks. Consequently, the Council has been assessed against the CIPFA five point Risk Maturity Model as 'Risk Defined' and improving; this is a good mid point score that acknowledges the nature of the work that has been undertaken to date. Further developments are scheduled and will be completed to ensure that the infrastructure remains in place to embed risk management further into the culture of the organisation.

## 5.5 Partnership Working

- 5.5.1 The Council continues to be actively involved in developing the way it works with partners and organises itself to deliver services. Developments are continuing in this area to update the partnership register and clarify the legal status all of the partnerships identified and the applicability of Council Codes of Conduct to partners. The Council is developing a Partnership Toolkit.
- 5.5.2 The Council is developing a Sustainable Community Strategy through Wirral's Local Strategic Partnership (LSP) to bring together shared objectives.

## 5.6 Change Programme

- 5.6.1 The Council has committed to an ambitious Change Programme to improve the quality of service and meet users' needs within approved resources. The Council recognises that change on the scale envisaged represents both significant opportunities and risks, and therefore requires formal governance processes to ensure objectives are achieved and that the resources of the Council are co-ordinated to maximum advantage. The Council will manage all significant change programmes within this process, including:

- Strategic Asset Review
- Customer Service (including the Access to Services Review)
- Information Communications Strategic Developments
- Review of Common Administrative Processes
- Adult Social Services Transformation
- Building Schools for the Future

## 5.7 Information and Data Security

- 5.7.1 The Council has recently updated its ICT Security Policy to reflect both the changes in the structure of ICT delivery across the Council and significant developments in the use of the following:

- Broadband Communications
- Agile Working
- Increased Volume and Sensitivity of Data
- Corporate Change Programme
- Government Connect Initiative

- 5.7.2 The Council will promote the revised policy. Additionally, work is currently taking place to develop policies and procedures regarding the transfer of data and the use of removable media within the Council and with external partners to include periodic risk assessments of these arrangements and more effective guidance and training for the workforce.

**6. Conclusion**

6.1 We propose over the coming year to take any necessary steps to ensure that all of the above matters are addressed as appropriate to enhance our governance arrangements further. Many improvement actions represent work already in progress. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
Chief Executive

Signed: \_\_\_\_\_ Date: \_\_\_\_\_  
Leader of the Council