

Central
Bedfordshire
Council
Priory House
Monks Walk
Chicksands,
Shefford SG17 5TQ



**TO ALL MEMBERS OF THE
AUDIT COMMITTEE**

28 March 2012

Dear Councillor

AUDIT COMMITTEE – MONDAY, 2 APRIL 2012

Further to the agenda and papers for the above meeting, previously circulated, please find attached the following report which was marked to follow:-

9. Annual Governance Statement

To consider the draft Annual Governance Statement.

Should you have any queries regarding the above please contact me.

Yours sincerely

Leslie Manning
Committee Services Officer

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Meeting: Audit Committee
Date: 2 April 2011
Subject: Annual Governance Statement 2011/12
Report of: Head of Legal and Democratic Services
Summary: The report seeks the Committee's comments on the draft Annual Governance Statement.

Contact Officer: John Atkinson, Head of legal and Democratic Services
Public/Exempt: Public
Wards Affected: All
Function of: Audit Committee/Leader and Chief Executive

CORPORATE IMPLICATIONS

Council Priorities:

A sound system of corporate governance provides the framework and assurance within which the Council can deliver its priorities with confidence. The opening paragraph of the draft Code of Corporate Governance (Appendix A) describes corporate governance as the means by which the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

Financial:

The Annual Governance Statement will be included in the Council's Statement of Accounts for 2011/12, but this report has no financial implications.

Legal:

The Accounts and Audit Regulations 2003 require the Council to conduct an annual review of its systems of internal control. The preparation of an Annual Governance Statement forms part of that process.

Risk Management:

The Annual Governance Statement identifies significant governance issues and these have been identified by reference to the Council's Corporate Risk Register.

Staffing (including Trades Unions):

There are none.

Equalities/Human Rights:

None arise directly from this report.

Community Safety:

There are none.

Sustainability:

There are none.

RECOMMENDATION:

1. **that the Audit Committee considers and comments on the draft Annual Governance Statement.**

Background

1. The Audit Committee's terms of reference include responsibility for overseeing the production of the Council's Annual Governance Statement. Ultimately, the Annual Governance Statement is signed by the Leader and Chief Executive.

Annual Governance Statement for 2011/12

3. The Annual Governance Statement (AGS) adopts the same format as last year.
4. The Annual Governance Statement is intended to demonstrate how the Council has achieved the principles contained in the Code of Corporate Governance in the current financial year.
5. The draft AGS has been considered by CMT who have suggested that the document should be more succinct and focused by referencing other key documents, including the Corporate Risk Register. The draft AGS has been revised to take account of this approach but further work is required to ensure that the AGS reflects significant governance issues as identified in the Corporate Risk Register.
6. The Audit Committee is asked to consider whether the draft AGS accurately reflects the governance arrangements and the management of risk.

Conclusion and Next Steps

7. At this stage, the AGS remains a draft document. It will be subject to further review and amendment in the light of any comments made by the Audit Committee before it is submitted to the Leader and Chief Executive for formal adoption.

Appendices:

Appendix A – Draft Annual Governance Statement 2011/12

Background Papers: (open to public inspection)

Code of Corporate Governance

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CENTRAL BEDFORDSHIRE COUNCIL

ANNUAL GOVERNANCE STATEMENT 2011/12

1.0 SCOPE OF RESPONSIBILITY

Central Bedfordshire 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.

Central Bedfordshire also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvements in the way in which its functions are exercised having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Central Bedfordshire, is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

Central Bedfordshire Council has 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 this code is on our website www.centralbedfordshire.gov.uk.

This statement should be read in conjunction with the Code of Corporate Governance. It explains how Central Bedfordshire Council has complied with the Code and how it has met the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 (as amended by the Accounts and Audit (Amendment) (England) Regulations 2006) on the publication of a statement of internal control.

2.0 THE GOVERNANCE FRAMEWORK

This section of the Annual Governance Statement describes the key elements of the systems and processes that make up the authority's governance arrangements.

2.1 Central Bedfordshire Council's Vision

The Council has committed itself to the vision for Central Bedfordshire that has been developed and adopted by Central Bedfordshire Together (the local strategic partnership) as part of the Sustainable Community Strategy. This vision

is to realise the area's economic potential to be globally connected, delivering sustainable growth and ensuring a green, prosperous and ambitious place for the benefit of all.

Beneath this vision, the Council has five priorities set for the period 2009-11:

- Supporting and caring for an ageing population
- Educating, protecting and providing opportunities for children and young people
- Managing growth effectively
- Creating safer communities
- Promoting healthier lifestyles.

The Council's Budget and Policy Framework contains specific plans, policies and strategies driving delivery of the Council's priorities and key work programmes.

The Council has adopted a set of organisational values that describe the type of organisation we want to be and the principles that will guide us in achieving our priorities and vision. These set out the way the Council will work and interact with its customers, members and staff.

The Council's values are:

Respect and Empowerment – we will treat people as individuals who matter to us.

Stewardship and Efficiencies – we will make the best use of the resources available to us.

Results Focused – we will focus on the outcomes that make a difference to people's lives, and

Collaborative – we will work closely with our colleagues, partners and customers to deliver on these outcomes.

The Council is in the process of developing a new Medium Term Plan, which is likely to be formally adopted by the Council in June 2012.

2.2 Service Quality

The Council has used regular performance reporting to ensure a sustained focus on those things that matter most to local people. We have a focussed and disciplined approach to producing, reviewing and acting on this critical performance information and it has resulted in success in both delivering short and medium term priorities and in the continuing improvement in performance of our services.

At a strategic level, the Corporate Management Team (CMT) receives a quarterly report setting out the overall performance of the Council. This comprises the key directorate and corporate health performance indicators. This report is presented

to the Executive with any specific issues addressed through Overview & Scrutiny. At an operational level, Directorate Management Teams receive reports on a regular basis setting out the key performance of the directorate, with associated commentary provided by the Assistant Directors.

Central Bedfordshire Council has a statutory duty to promote equality of opportunity, eliminate unlawful discrimination, harassment and victimisation and foster good relations. The Council wants to ensure that it provides services which address the needs of all members of the community and employs a workforce that at all levels is representative of the community it serves and which experiences fairness and equity of treatment.

The Council conducts equality analysis by means of Equality Impact Assessments as strategies, policies and services are developed to:

- Consider issues relating to age, disability, sex, pregnancy and maternity, gender reassignment, marriage and civil partnerships, race, religion and belief and sexual orientation;
- Obtain a clearer understanding of how different groups may be affected;
- Identify changes which may need to be built into an initiative as it is developed;
- Comply with legislative requirements;
- Identify good practice.

2.3 Key roles and responsibilities

The Council's Constitution sets out how the Council operates. It indicates clearly what matters are reserved for decision by the full Council itself, those powers which have been delegated to committees and officers. The powers of the Executive and those delegated to individual Executive Members are also defined. The Council has adopted an innovative approach to the design of its Constitution with separate chapters covering each of the main areas of operation (i.e. Council, Executive, Overview and Scrutiny, Officers, Joint Arrangements, Ethics and Standards). The Constitution is reviewed regularly.

The key policies of the Council are defined in the "Policy Framework" which is set out in the Budget and Policy Framework Procedure Rules within the Constitution. The Council, via the Constitution Advisory Group, reviews the Policy Framework annually to ensure that it is fit for purpose and contains the most strategically important plans and those closely aligned to its corporate priorities. The Policy Framework was last updated by the Council on 24 November 2011.

The Constitution describes the role of the statutory officers (the Head of Paid Service, the Monitoring Officer and Chief Finance Officer) as well as describing in the Scheme of Delegation those statutory duties for which officers are responsible. It also includes a Member/Officer protocol which sets out a

framework to guide officers and members in their joint working. Role definitions covering the responsibilities and accountabilities of key member offices (e.g. Leader, Portfolio holder, Overview and Scrutiny Chairman, Chairman of the Council) have also been developed to assist in understanding their respective roles and expectations.

The governance arrangements for the Chief Finance Officer are set out in the CIPFA statement on the Role of the Chief Finance Officer in Local Government (2010) and are as follows:

The Chief Finance Officer in a public service organisation:

- (a) is a key member of the strategic management of the Council, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest;
- (b) must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and alignment with the authority's financial strategy; and
- (c) must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

To deliver these responsibilities the Chief Finance Officer

- (1) must lead and direct a finance function that is resourced to be fit for purpose; and
- (2) must be professionally qualified and suitably experienced.

The Council's Chief Finance Officer is not a full member of the Council's Corporate Management Team (CMT) but he/she has access to the agenda, reports and minutes of CMT and attends CMT meetings.

The powers of officers are clearly defined in the Scheme of Delegation to Officers and the Scheme also sets out the circumstances in which delegations are not to be exercised and principles which should be taken into account by decision takers in taking decisions. High level Codes of Financial and Procurement Governance set out the constraints within which officers may work and these Codes are supported by more detailed procedure rules.

Internal systems are in place with the aim of ensuring that Members are presented with the appropriate information to make decisions, including corporate implications with advice on legal, risk and financial considerations. Member level decisions are made on the basis of reports and are recorded.

2.4 Codes of conduct and standards of behaviour Officers and Members

Central Bedfordshire Council has adopted arrangements to promote high standards of ethical governance.

The Council has appointed a Standards Committee consisting of 15 Members, 5 of whom are Independent, 5 from Town and Parish Councils and 5 elected Members. The Council's Standards Committee meets regularly and is updated on National and Local issues.

The Council has adopted a Code of Conduct for Members as required by the Local Government Act 2000, together with a Code of Conduct for Officers, a Protocol for Members/Officer Relations, a Monitoring Officer Protocol and a Protocol of ICT at Home. These Codes and Protocols are included in the Council's Constitution.

Additionally, there is an Ethical Handbook which contains further codes relating to Gifts and Hospitality, Planning and Licensing Good Practice, Confidential Reporting (Whistleblowing) and guidance for Members on Property and Transactions and Commercial Property Management.

There is a comprehensive system to deal with local determinations of alleged breaches of the Members' Code of Conduct via Sub-Committees, which assess, review and determine complaints. . All are chaired by Independent Members. In 2011/12 the Council received a total of XX complaints alleging breaches of the Code of Conduct. Of these, XX concerned members of Central Bedfordshire Council and XX related to members of Town and Parish Councils.

Ethical standards have been embedded within the Authority by way of comprehensive training and development to Members.

The Chief Executive and the Leader of the Council meet with the Chair of Standards Committee to ensure the profile of standards remains high on the agenda.

The Council's Head of Legal & Democratic Services has been appointed to the position of Monitoring Officer and has direct access to the Council's Corporate Management Team.

The Localism Act received Royal Assent on 15 November 2011 and as a consequence the arrangements described above have been subject to review to reflect the changes that are contained in the Act. An Ethical Standards Task Force has been undertaking this review and it is proposed that the Council will adopt a new Code of Conduct at its Annual Meeting on 19 April 2012.

The Members' Code of Conduct was the subject of an internal audit during the year. The audit had three objectives: to check whether the Council's Code of conduct was compliant with the model Code issued in 2007; to assess whether Members were fully aware of the Code of Conduct and of their responsibilities; and to determine whether failures to comply with the Code are reported and properly dealt with. Following the audit a report was issued indicating that all these aspects were in place and that the Council's arrangements were fully compliant.

2.5 Decisions, processes and controls

The Scheme of Delegation to Officers sets out the powers which are delegated to the Chief Executive and Directors, as well as setting out the general principles governing the circumstances in which decisions may not be taken under delegation and considerations to be taken into account by a decision taker when making a decision. Procedures are in place to enable Directors to sub-delegate to other officers and to notify the Monitoring Officer of any such arrangements made.

The Code of Financial Governance sets out the limits within which officers may make decisions on spending, within the budget approved by the Council. The Code is supported by detailed procedure rules which are maintained on the Council's intranet.

The Code of Procurement Governance defines the procurement process and the relevant levels of authority dependant upon financial thresholds. The Code is supported by detailed procedure rules which are maintained on the Council's intranet. The rules are promoted to staff through bespoke training courses. They are also embedded in a Procurement Tool Kit which is made available to all members of staff who are involved in procurement. A two page pictorial summary of the rules is also made available on laminates of A3, A4 and credit card size as aides memoires

During August 2011, the responsibility for risk management transferred to Internal Audit. The Council's Risk Management Strategy and Policy Statement were approved by the Audit Committee in April 2011 and the Strategic Risk register has been regularly reviewed and refreshed during the year. CMT endorsed the updated Risk Management Strategy and Policy Statement and have received regular risk reports during the year, which have also been presented to the Audit Committee.

Committee reports require officers to set out the risk management considerations in terms of current and potential risks and how they will be managed and mitigated.

2.6 Functions of the Audit Committee

The terms of reference of the Audit Committee are set out in the Council's Constitution, and are broadly in accordance with the CIPFA guidance document. The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

2.7 Compliance with relevant laws and regulations

The Council maintains an in-house team of professional legal staff with specialist knowledge of its functions who advise on relevant laws, regulations and constitutional issues to ensure that the Council acts lawfully. The Legal Services Team inherited the Lexcel accreditation, a quality standard designed specifically for public and private sector legal practices, which was awarded to the County Council's Legal Services Team in January 2007. The Central Bedfordshire Legal Team was assessed in May 2010 and achieved Lexcel accreditation in its own right. This accreditation applies for three years with annual maintenance visits. Compliance with the Lexcel standard provides assurance that the in-house service provides a service in accordance best practice. There is a strong focus on continuous professional development to ensure that staff are well-trained and have up-to-date knowledge of all the relevant specialist areas of law that govern the Council's activities.

All reports that are considered by the Executive, the Council's regulatory committees and by Overview and Scrutiny Committees include advice on the legal implications and risks of the proposed decisions. These reports are reviewed by a senior legal adviser to ensure that the legal implications have been accurately reflected.

A senior lawyer attends meetings of the Council, the Executive and regulatory committees to advise on legal issues as they arise.

3.8 Whistle-blowing and complaints

The Council introduced a whistle blowing policy known as the Confidential Reporting Code in the Ethical Handbook section of the Constitution. This has been regularly reviewed and updated to reflect changes to roles and responsibilities, most recently by the Audit Committee in January 2012

An Anti Fraud and Corruption Strategy was also approved and is included in the Ethical Handbook of the Constitution. This was also approved by the Audit

Committee in January 2012 to reflect the introduction of the Bribery Act 2010 and changes to reporting channels within the Council.

The Council welcomes feedback on its services and has a three stage complaints procedure for customers. There are timescales for remedying complaints. If more time is needed the complainant will be informed.

The Three Stages of the Complaints Procedure:

Stage 1 Complaints – local resolution by a manager of the service. A response is required to be made within five working days.

Stage 2 Complaints – senior service level investigation. A response is required to be made within 15 working days.

Stage 3 Complaints – investigation by someone outside of the service area complained about. A report is to be produced within 15 working days. The service Director responds to the findings in the report.

There are separate procedures for Children's Services and Adult Social Care where complaints procedures are governed by Regulations.

2.9 Development and training for Officers and Members

A number of Leadership and Management Qualities have been developed and agreed by the Senior Management Group (SMG) which comprises of the top 3 tiers. SMG will undergo a 360 degree assessment to identify development needs and support a future Leadership and Management Development Programme. One outcome of this project will be a more robust Performance Development Framework for Senior Managers.

Various Training and Development Programmes offer a wide range of activities linked to the Corporate Vision, Values and Priorities. These are designed to support individuals and the organisation in meeting their objectives and statutory requirements in the context of the changing environment of local government.

Member induction took place in 2011 after the local elections. The Member Development Programme has been developed to support new and returning Members. It has been ratified by the Member Development Champion and Corporate Management Team. Members will undergo a 360 degree assessment process in Spring 2012 to identify their future development needs and inform the ongoing programme.

2.10 Channels of communication

Central Bedfordshire Council has developed a Corporate Communication Strategy with the aim of improving customer satisfaction through the delivery of planned, sustained and two way communications with the public, staff and other stakeholders.

Specifically, the strategy commits the Council to:

- a) raise awareness and understanding of the organisational purpose, vision, priorities and values
- b) develop and improve its channels of direct communication with customers and stakeholders
- c) prioritise core campaigns
- d) enhance internal communications to facilitate change and increase staff engagement
- e) enhance media relations to enable accurate reporting of the decision making and service developments of the council
- f) support effective relationships with national and regional stakeholders.

Core channels for public communication include our community magazine, News Central, which is delivered to all households on a regular basis. The magazine regularly includes information about all access routes to the Council, by phone, on line or face to face.

The magazine also includes features on policy and service developments, promotes consultations and invites feedback from customers. Copies of the magazine are available in alternative formats and it is published on line.

The Council's website is an alternative channel to provide news and information to residents and other stakeholders. In order to strengthen our ability to engage with all elements of our community and particularly with younger people, the Council has developed a presence online to embrace social media through sites such as Wordpress, Facebook and Twitter.

Proactive media relations services also ensure that Council decision making and service developments are effectively reported to the media, which continues to be a key communication channel to the public.

Staff communication mechanisms combine a series of face to face, on line and written media. These include regular staff briefings, a weekly electronic bulletin, a monthly management team cascade, blogs and updated news on the intranet.

Stakeholder communications channels comprise a stakeholder ezine, regular face to face fora and the publication of information on the Central Bedfordshire Together website, a bespoke site for the Local Strategic Partnership.

2.11 Partnership governance

The Council's Constitution includes a detailed Partnerships Protocol that sets out the arrangements and principles for established and future Public and Private Sector Partnerships. These are defined as:

Public Sector Strategic Partnerships: *one or more public bodies, including voluntary organisations and charities that determine strategies for service delivery, but which have little or no resource management responsibilities;*

Public Sector Delivery Partnerships: *one or more public bodies, including voluntary organisations and charities that commission or deliver services on behalf of the partners and which have significant resource management responsibilities; and Private Sector Partnerships: private companies, either in their own right or as part of a public sector partnership entering into a contract with the Council for a considerable period.*

The Partnerships Protocol was developed in line with the Audit Commission's report on partnership governance and includes the following statement:

"All partnership arrangements entered into by the authority will follow the Audit Commission's guidelines on partnership governance outlined in the Governing Partnerships: Bridging the Accountability Gap (October 2005) document, the recommendations of which are to:"

The Partnerships Protocol then sets out all of the key requirements to ensure accountability (internally amongst partners and externally to communities), value for money, leadership, decision-making, scrutiny and risk management.

All partnerships are required to have detailed terms of reference that fully set out all of the arrangements and key partnerships, such as the Local Strategic Partnership, review these on an annual basis to ensure they are fit for purpose and aligned to the Partnership's future work programme.

3.0 REVIEW OF EFFECTIVENESS

Central Bedfordshire Council has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Management Team within the authority who have responsibility for the development and maintenance of the governance environment, the Head of

Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates:

The Council continues to assess how its overall corporate governance responsibilities are discharged. In particular the Council has adopted the CIPFA/SOLACE framework, "Delivering Good Governance in Local Government" and continues to learn from experiences and makes necessary changes to improve its local code of governance. The Council's review process uses the Key Roles and Core Principles included in this guidance and this Statement sets out how the Council meets these roles and principles in its control and governance arrangements.

The Council's review of the effectiveness of the system of internal control is informed by:

- Directorate assurance based on management information, performance information, officer assurance statements and Scrutiny reports;
- the work undertaken by 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.

The arrangements for the provision of internal audit are contained within the Council's Code of Financial Governance which is included within the Constitution. The Chief Finance Officer is responsible for ensuring that there is an adequate and effective system of internal audit of the Council's accounting and other systems of internal control, as required by the Accounts and Audit Regulations (amendments) 2006. The internal audit provision is managed, independently, by the Head of Internal Audit and Risk who reports to the Chief Finance Officer on an administrative basis, and operates in accordance with the CIPFA Code of Practice for Internal Audit in Local Government 2006.

The Internal Audit plan is prioritised by a combination of the key internal controls, assessment and review on the basis of risk and the Council's corporate governance arrangements, including risk management. The resulting work plan is discussed and agreed with the Directors and the Audit Committee and shared with the Council's external auditor. Regular meetings between the internal and external auditor ensure that duplication of effort is avoided. All Internal Audit reports include an assessment of the adequacy of internal control and prioritised action plans to address any identified weaknesses. These are submitted to Members, Directors and Head Teachers as appropriate.

The internal audit function is monitored and reviewed regularly by the Audit Committee. The Committee also reviews progress in implementing high risk recommendations made in audit reports.

A self assessment review is undertaken annually by the Head of Internal Audit on the effectiveness of the Internal Audit function in addition to a similar exercise carried out by the Audit Commission during 2009/10. No issues of concern were raised as a result of this work by either review.

The Council has established Overview and Scrutiny Committees which receive reports on key issues including budget monitoring, performance and efficiency information.

The Council's performance is monitored on a quarterly basis by the Executive and Overview and Scrutiny Committees. Directorate and service plans contain a variety of performance indicators and targets that are regularly reviewed.

The Council has established a number of mechanisms to review and develop its efficiency targets. These include the 'Every Penny Counts' campaign, an Efficiency Implementation Group chaired by the Director of Children Services and Deputy Chief Executive as well as a review of the rates of pay and terms and conditions of employees.

The Council supports an Equality Forum (Central Bedfordshire Equality Forum) of voluntary sector representatives which acts as an advisory and consultative body to the Council on statutory service delivery and employment duties and issues relating to age, disability, gender re-assignment, pregnancy and maternity, marriage and civil partnership, race, religion or belief, sex and sexual orientation as they relate to Central Bedfordshire. The Core Functions of the Forum are:

- To provide a mechanism for consultation and liaison with community groups and other voluntary sector agencies.
- To advise on the overall development and implementation of the Council's Single Equality Scheme.
- To provide advice and feedback on the impact of new policies and functions.
- To consider and quality assure Equality Impact Assessments undertaken by the Council, or in conjunction with partners, relating to strategy, policy and service development. Recommendations will be fed back to the Equality Officers Working Group and relevant services.
- To raise awareness within the Council of the potential barriers to inclusion and equality of opportunity experienced by vulnerable and disadvantaged groups.

The Equality Forum meets four times a year and quality assures all the significant Council Strategies and Policies and the accompanying equality impact assessments. The Forum has already reviewed a number of key initiatives

spanning all parts of the Council including that of the budget setting process. Extracts from impact assessments and minutes can be provided if required.

An Information Assurance and Security Group is in place and is chaired by the Senior Information Risk Owner (SIRO) to improve and promote information governance.

4.0 SIGNIFICANT GOVERNANCE ISSUES

In previous Annual Governance Statements certain significant governance issues have been identified, together with the measures that the Council intends to take to manage the risks associated with these issues. In 2011/12 the following issues have been identified.

4.1 Adult Social Care performance

At a very early stage, there was concern that the performance of the Adult Social Care service was very poor and needed urgent attention. As a result a recovery board was created, chaired by the Chief Executive, that has led, completed and introduced improvement plans for eleven service areas as part of phase one of the an overall recovery programme. The phase two programme in 2010/11 is targeting four areas for improvement. The Council still recognises this as a risk, and oversight by the recovery board continues.

4.2 School Improvement

The Council has recognised that this is an area where there is under performance and as a means to raise the results at all key stages, has approved a vision which should set firm foundations for higher achievement in our school trusts, federations and partnerships.

4.3 Safeguarding Children

The Council recognises that there is a risk that a failure to improve service provision within Children's Services or a failure to implement new child protection procedures, and update guidance and share good practice could lead to death of vulnerable children, reputational damage and/or failure to identify children at risk of significant harm. There is a Children's Workforce Development Plan in place to achieve a significantly qualified workforce in the areas where staff are working with the most vulnerable children, and a clear communications strategy for managing high publicity cases within the media.

4.4 ICT Resilience

The merging of any ICT system or infrastructure is always a potentially risky operation. Having to merge the three different ICT infrastructures and

departments into one was highly complex operation and the first phase of which was carried out under extremely short timescales. During this process we have taken steps to ensure good ICT governance and improve the resilience of our infrastructure and systems. The main objective of the resilience programme is to reduce the number of networks from four to one and good progress has been made on this during the last year. There was a severe outage of our ICT systems last year. Our business continuity arrangements were actioned and this was a good learning experience for the Council and has further strengthened our resilience arrangements.

4.5 Medium Term Financial Plan

The Council's financial health is critical to its future progress. In 2011/12 the Council has achieved its target of over £19M in efficiency savings. To date the Council has achieved a total of c.£40M in efficiency savings, and continues to build on this track record. The Medium Term Plan (MTFP) for 2012 – 2016 identifies a further £40M of efficiencies and savings which must be achieved to secure a breakeven position over the longer term. The development of the MTFP enables the Council to look ahead and anticipate, so far as possible, the future funding requirements and changes that may arise. Potential savings to deliver a longer term balanced position have been identified as part of the budget setting process.

4.6 Results of the Internal Audit Managed Audits

There remain concerns within the Payroll systems resulting in a limited assurance opinion. Controls in this area need to be strengthened and recommendations that have been made to management will continue to be fully tracked by the Audit Committee during 2012/13 to provide assurance that the necessary improvements are being made. The payroll service will be brought back in house from 1st April 2012. This has resulted in a review of processes, which will continue during 2012/13..

Progress has been made during the year to address the control weaknesses identified during the first two years of the Council in respect of the managed audits of the key financial systems Improvements have been noted in the reviewing and monitoring of control and suspense accounts and bank account reconciliations. However, further work needs to be undertaken to ensure that the Council's Financial Procedures are comprehensively documented and reviewed.

There has been a significant turnover of senior finance staff during the year and until a more permanent and stable management structure is in place there remains an inherent risk within the financial systems relating to capacity, experience and expertise.

Internal Audit has continued to track the implementation of high risk recommendations. This work has highlighted that an IT Disaster Recovery Plan has still to be finalised. Owing to a re-sequencing of activities to address urgent and immediate priorities, the full plan is now due to be implemented by September 2012.

4.7 Capacity and Capability to Deliver under Financial Pressure

In order to address concerns raised about the capacity and capability of Customer & Shared Services, a similar improvement board approach to that implemented in Adult Social Care has been established for a number of work streams within the Directorate.

The Recovery Board oversees the delivery of the Programme and meets every six weeks to review progress. The Recovery Board is comprised of Corporate Management Team and is chaired by the Chief Executive. Additionally a Member Reference Group also reviews progress. This is comprised of the Deputy Leader, Portfolio Holder for Finance, People & Governance, Portfolio Holder for Customers, Systems & Assets and chaired by the Leader of the Council.

The Recovery Programme supports improvement across the core service areas of ICT, Human Resources, Finance (including Revenues & Benefits), Asset Management and Procurement. This will be achieved by:

- Delivering stable service solutions that are fit for purpose and that will enable Frontline Directorates to improve and develop their services, and indeed drive out the necessary efficiencies to balance their increasingly pressurised budgets.
- Addressing the issues identified by recent perception surveys and feedback from front line services.
- Providing a process to accelerate, prioritise and focus capacity on the critical recovery activities required to achieve the objectives above.

5.0 CONCLUSION

This statement has been produced as a result of a review of the effectiveness of the governance framework in place during 2011/12.

The Council proposes to take steps over the coming year 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 in the review of effectiveness and will monitor their implementation and operation as part of our next annual review.

**J JAMIESON
LEADER OF THE COUNCIL**

**R CARR
CHIEF EXECUTIVE**

Dated

Dated

DRAFT