

CENTRAL BEDFORDSHIRE COUNCIL

2009/10 ANNUAL GOVERNANCE STATEMENT

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, and which includes 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 and can be obtained from:-

Central Bedfordshire Council,
Legal and Democratic Services,
Priory House,
Monks Way,
Chicksands,
Shefford,
Bedfordshire SG17 5TQ

This statement should be read in conjunction with the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. It explains how Central Bedfordshire Council has complied with the Code and also meets 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.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework is made up of the systems, processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. The governance

framework 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 achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurances of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievements of the Council's 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.

The governance framework has been in place at Central Bedfordshire Council for the year ended 31 March 2010 and up to the date of approval of the statement of accounts.

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:

Central Bedfordshire Council's Vision

The Council has set a clear vision "to improve the quality of life of all in Central Bedfordshire and enhance the unique character of our communities and our environment".

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.

Our members are key to setting the priorities of the Council. Our extensive MORI survey work with the public in 2009 reinforced the Council's stated priorities.

Directorate and the Children and Young People's Plans are in place to drive delivery of the Council's key work programmes.

Service Quality

We have used regular performance reporting to ensure a sustained focus on those things that matter most to local people; our key priorities are set out in our Strategic Plan. We have a focussed and disciplined approach to producing, reviewing and acting on this critical performance information and it has resulted in significant 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 of Corporate Health indicators and key service performance indicators. This report is then presented to the Executive with any specific issues addressed through Overview & Scrutiny. Supporting this strategic approach, each month Directorate Management Teams receive a report setting out the key performance of the directorate, with associated commentary provided by the Assistant Directors.

Central Bedfordshire 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.

The Council conducts Equality Impact Assessments as strategies, policies and services are developed to:

- Consider issues relating to age, disability, gender, gender reassignment, 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;

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 portfolio holders 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 etc). The Constitution is reviewed regularly by a standing Constitution Advisory Group which reports directly into the full Council.

All Councillors meet together as the full Council. Here councillors decide the budget and policy framework, appoint the Leader and committees. It is the forum for major debates and consideration of matters of interest to the whole community of Central Bedfordshire as well as for holding to account Executive members and committees.

The Executive is the part of the Council which is responsible for most of the day-to-day decisions. The Executive has to make decisions which are in line with the budget and policy framework. The Leader appoints the Executive and determines which portfolios Executive members shall hold. The Leader is also able to delegate Executive functions to an individual portfolio holder, a committee of the Executive or an officer. Procedures are in place to record and document any such decisions taken by the Leader. Where major decisions (known as “key decisions” are to be discussed, these are published in the Executive’s forward plan, in so far as they can be anticipated.

The Council has established four overview and scrutiny committees which are aligned to the organisational structure. These committees support the work of the Executive and Council as a whole. They submit reports which advise the Executive on its policies, budget and service delivery. Overview and scrutiny committees also monitor and scrutinise the decisions of the Executive, including powers to “call-in” a decision which has been made by the Executive but not yet implemented. Overview and scrutiny committees allow citizens to have a greater say in Council matters by holding inquiries into matters of local concern, including those raised through the “Councillor Call for Action” mechanism. The overview and scrutiny committees have played a significant role in helping to develop the raft of new policies which have been developed in Central Bedfordshire.

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 Constitution describes the role of the statutory officers, the Head of Paid Service, the Monitoring Officer and Chief Finance Officer as well as those statutory duties that officers are responsible for. 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 of respective roles and expectations.

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

The Chief Financial Officer in a public service organisation:

- (a) is a key member of the Leadership Team, 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 Financial 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 Central Bedfordshire corporate and financial management arrangements did comply with the CIPFA statement for eleven months of 2009/10. However, the Director of Corporate Resources left the Council at the end of February 2010 and as a result the Chief Financial Officer responsibilities moved to the Assistant Director Financial Services on an interim basis. Whilst the post holder was not a full member of the Corporate Management Team (CMT), they did have full access to the agenda, reports and minutes that were presented to CMT. The post holder also has access and can attend where they see necessary, CMT, the Executive and the Leadership Team (combined Executive/CMT) meetings to discharge their responsibilities.

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 for 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 key implications and advice on legal, risk and financial considerations. Member level decisions are made on the basis of reports and recorded.

Codes of conduct and standards of behaviour Officers and Members

Central Bedfordshire Council has embedded a standards regime within which it operates. The Standards Committee for Central Bedfordshire Council consists of 15 Members, 5 of which are Independent, 5 from Town and Parish Councils and 5 elected Members. There is a comprehensive system to deal with local determinations of alleged breaches of the Members' Code of Conduct via Sub-Committees. These are called Sub-Committees (Initial Assessment), (Review) and (Pre-Hearing). All are Chaired by Independent Members. The Sub-Committees to date have dealt with 14 complaints – 7 relating to Town and Parish Councillors and 8 relating to Central Bedfordshire Councillors.

The Code of Conduct for Members is contained within the Constitution, 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. Additionally there is an Ethical Handbook for Central Bedfordshire Council which contains further codes relating to Gifts and Hospitality, Planning Code of Good Practice, Licensing Code of Good Practice, Confidential Code (Whistleblowing) and Members' Guidance on Property and Transactions and Commercial Property Management and details of indemnity for Members and Officers of the Council.

Ethical standards are embedded within the Authority by way of comprehensive training and development to both our own Members and also to Town and Parish Councils. Standards Committee believe "standards matters" and have adopted the slogan to raise its profile. The Council's magazine circulated to all households has run an article from the Chair of Standards. A web page is allocated to standard matters.

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 Monitoring Officer is also the Assistant Director of Legal & Democratic Services and has direct access to the Chief Executive and Management Team.

Decisions, processes and controls

A Constitution Advisory Group has been established which reports directly into the full Council. It is directly supported by the Council's Monitoring Officer.

The Group meets on a bi-monthly basis and has an annual work programme. As well as reactive work, the Group's terms of reference provide for a proactive approach, with the Group being tasked to investigate options for increasing efficiency, transparency of decision taking and public engagement. Any

recommendations for amendments to the Constitution are submitted to full Council.

Any amendments to the Constitution are circulated at least quarterly. The Constitution is available on the Council's website which is also updated at the same time as the hard copy of the document is re-issued.

Training on the Constitution has been provided to Members and Officers and a "Frequently Asked Questions" document with links to the relevant part of the Constitution has been developed and will shortly be published on the intranet.

The Scheme of Delegation to Officers sets out the powers which are delegated to the Chief Executive and Directors, as well as 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 in 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. These were issued to the business at the start of the financial year. This was typically by e-mail setting out the key elements of the procedures. Officers have also been advised as to where they are available on the 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 which are booked through HR Learning & Development. 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

The Council introduced a Corporate Risk Management Strategy in February 2009. Leadership was provided to the risk management process by the Director of Corporate Resources and subsequently currently by the Director of Customer and Shared Services.

The Council has started to embed risk management in accordance with best practice as a 'top down' process, with a Strategic Risk Register supported by Directorate and Service risk registers. Significant project registers are also produced.

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.

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.

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 new Central Bedfordshire Legal Team will be assessed in May 2010. 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.

The Council has established a Constitution Advisory Group which meets regularly to review the workings of the Constitution and to recommend to the Council any changes that may be required.

Whistle-blowing and complaints

The Council introduced a whistle blowing policy known as the Confidential Reporting Policy in the Ethical Handbook section of the Constitution. This was reviewed and updated by both the Standards and Audit Committee in July 2009.

Along side this an Anti Fraud and Corruption Strategy was also approved by both committees and is now included in the Ethical Handbook of the Constitution

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.

Development and training for Officers and Members

The organisation has been developing a set of values, and for senior officers, these are being further developed into behavioural competencies. Every senior manager has an annual appraisal, encompassing a review of performance, target setting, and agreeing individual development needs. The performance management process will also be used to embed the values, and assess senior managers against the behavioural competencies. This in turn will trigger a programme of development. Our top three tiers of senior managers meet regularly as a senior management group, and engage in development activity.

Comprehensive Member induction took place in 2009/10 after the local elections, including specific work with our new Members. The Leader of the Council chairs a Member group seeking to address Member development needs, and a number of activities have taken place, including involvement in a regional programme of Member development.

Our senior management group and a number of Members have recently taken part in facilitated activity to understand respective officer and Member roles, and how all parties can work more effectively together. This work is ongoing.

A comprehensive Councillors' induction and development programme was put in place for 2009/10. This was considered to be critical to the development of organisational capacity given the embryonic nature of the new unitary authority.

All 66 Councillors have undertaken a personal development review to identify their development needs. The outcomes of this exercise have enabled an informed approach to be taken to formulation of the Member Development Programme for 2010/11.

A group of Member Development Champions has been established to take forward the Council's commitment to learning and development amongst its Councillors. As a new Council, Central Bedfordshire has had an unrivalled opportunity to ensure that, from the outset, best practice becomes embedded in our ways of working. Officers and Members together are endeavouring to ensure that the procedures put in place will meet the criteria required to achieve Charter on Elected Member Development status.

Successful bids have been made for regional funding to support the Council's own resources for Member Development. The external funding has helped to support mentoring initiatives and the conduct of the personal development reviews.

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 six times a year. The magazine regularly includes a directory of services and 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 proposes to develop its on line presence 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 development of a bespoke website for the Local Strategic Partnership, Central Bedfordshire Together.

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.

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 Director of Corporate Resources was responsible for ensuring that there was 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 between the period 1 April 2009 until 28 February 2010. This responsibility has subsequently been taken on by the Director of Customer and Shared Services. The internal audit provision is managed, independently, by the Assistant Director, Audit & Risk 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 was undertaken 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. 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 Plan and performance is monitored on a quarterly basis both 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 Senior Management structure in the organisation.

The Council's Standards Committee meets regularly and is updated on National and Local issues. Training Sessions were held for all Members on the Revised Code of Member Conduct.

The Council has established 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, gender re-assignment, race,

religion or belief and sexual orientation as they relate to Central Bedfordshire. The Core Functions of the Forum is:

- 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.

* *Forum members will provide initial advice and feedback, where members feel that they cannot provide an informed analysis of the ways in which a strategy, service or policy proposal will impact on a certain group then secondary consultation will be required. This will be undertaken in accordance with the Council's Engagement and Consultation Strategies.*

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 Governance Steering Group has been established and is chaired by the Statutory Information Reporting Officer (SIRO) to improve and promote information governance.

Shared Services were established with Bedford Borough Council due to the lack of time to disaggregate some 52 services. Service Level Agreements (SLA's) were prepared and signed off by the responsible directors from each authority. These have been subject to a review by the Business Transformation O&S Committee and Audit Commission to confirm the arrangements that are in place are appropriate.

A Contract Review Programme has been developed from the Corporate Commissioning and Procurement Strategy. This review is targeting the highest value and most strategically important contracts using a standard performance assessment framework. During 2009/10 the review has identified a range of performance across the first twelve contracts looked at. Some contracts are performing very well with evidence of some excellent practices but there are

some areas of poor practice. All reviews provide recommendations to improve performance with the intention of embedding best practice in all contracts.

SIGNIFICANT GOVERNANCE ISSUES

Due to the short timescales and complexity surrounding the implementation of the new unitary authority, there was always an acceptance that some significant governance issues could arise as the Council completed its first year. As a result the following issues have been raised as a concern:

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 an improvement 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. A further four areas will be reviewed during 2010/11.

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.

Safeguarding Children

The Director of Children Services has made sure that the audit and review of the standards and procedures in place has focused attention on the Council's safeguarding activity. The resource allocation around this provision will be reviewed further during 2010/11.

Corporate Parenting

Whilst the Council has put in place the governance arrangements for Corporate Parenting, there is recognition that the Council needs to improve ownership of this corporate responsibility.

ICT Resilience

The merging 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. Whilst there was a severe outage of our ICT systems during the year, our business continuity arrangements were actioned and this was a good learning experience for the Council and has further

strengthened our resilience arrangements. We have also commissioned an independent external specialist to undertake a review and recommend further improvements.

Medium Term Financial Strategy

Central Bedfordshire has had to face up to two major financial challenges in its first year. Uncertainty over spend and activity arising from local government restructure and the current economic environment. The Council had a projected overspend of £9m during 2009/10. This was identified at an early stage by the corporate budget monitoring information and actions plan were put in place to address it. Whilst this target was achieved, the main contributor to the savings came following a review of earmarked reserves. It is still recognised that the levels of General Reserves are low although there are plans to increase these are contained within the Medium Term Financial Strategy. Efficiencies targets for 2010/11 and beyond will still provide further challenges and as a result the Council has established an Efficiency Implementation Group chaired by the Director of Children's Services and Deputy Chief Executive, undertaken the 'Every Penny Counts' campaign together with a review of the Senior Management Structure with a target of reducing senior management expenditure by 20%. There are also plans in place to enhance the Council's financial management arrangements.

Results of the Internal Audit Managed Audits

Concerns have been identified 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 be fully tracked by the Audit Committee during 2010/11 to ensure the necessary improvements are being made.

Although there was a Department for Children, Schools and Families requirement for all schools to meet the Financial Management Standard in Schools by 31 March 2010, 17 schools had not submitted the portfolio of evidence required by that date and 8 schools assessed had failed the standard. The Director of Children Services is working with the schools to address the issue.

There was a lack of timely reconciliations of feeder systems, suspense, control and bank accounts within the key financial systems during the year. Work to address these short comings has been undertaken in time to prepare the 2009/10 Annual Statement of Accounts.

In addition to the ICT resilience issues raised above there are a number of other concerns surrounding ICT access and security issues. Recommendations have been made to address these and where high risk will be monitored by the Audit Committee during 2010/11.

Capacity and Capability to Deliver under Financial Pressure

It is recognised that over the medium term the financial pressure that the Council will face will be even greater than the challenges that have been presented so far. This will bring even more pressure for officers and Members to react and still deliver services under those financial constraints. The Council needs to equip and properly prepare the officers and Members for this challenge. The development programme will accommodate this need.

There is also concern about the ability of the specific services within the Customer and Shared Services Directorate to fully resource and have the capability to facilitate the effective modelling, projections and determine the implications of a wide number of future strategic and operational changes that the Council will have to make over the medium term. It is anticipated that a similar improvement board approach, to that implemented in Adult Social Care service area, will be established for a number of work streams within this directorate. This will target the specific areas and focus on the weaknesses highlighted by the managed audits. Proposed changes to the structure and make up of the directorate as a result of the senior management review should also contribute to this improvement process.

CONCLUSION

This statement has been produced as a result of a review of the effectiveness of the governance framework in place during 2009/10.

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.

**P TURNER MBE
LEADER OF THE COUNCIL**

**R CARR
CHIEF EXECUTIVE**

Dated

Dated