



**ANNUAL GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2011**

SEPTEMBER 2011

Warrington Council is committed to the highest standards of corporate governance.

Governance is about how bodies ensure that they do the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.

It comprises the systems and processes, and culture and values, by which bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.

A key aspect of governance is the requirement to put into place “effective risk management systems, including systems of internal control”.

This Annual Governance Statement supports the Council’s Statement of Accounts and outlines how it manages its affairs to deliver high quality services and ensure that public money is effectively spent.

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1. Scope of Responsibility

Warrington Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded, accounted for and is used economically, efficiently and effectively. Warrington Borough Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, Warrington Borough Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Warrington Borough Council approved and adopted a revised local Code of Corporate Governance on 20 April 2011 that is consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and Society of Local Authority Chief Executives (SOLACE) Framework: *Delivering Good Governance in Local Government*, and the governance requirements of the 2010 CIPFA statement on the: *Role of the Chief Financial Officer in Local Government*.

This statement explains how Warrington Borough 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 in relation to the publication of a statement on internal control.

A description of the key elements of the Council's assurance and internal control environment is detailed at Appendix 1.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Council is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables Warrington Borough Council 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 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 Warrington Borough Council's policies, aims and objectives; to evaluate the likelihood of those risks being realised and their

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impact should they be realised; and to manage them efficiently, effectively and economically.

The annual governance statement is the means of reviewing and reporting on the Council's overall governance arrangements. This governance statement is an open and honest self-assessment of the Council's performance across all of its activities, with a clear statement of the actions being taken or required to address areas of concern.

The governance framework has been in place at Warrington Borough Council for the year ended 31 March 2011 and up to the date of approval of the annual report and statement of accounts.

3. Governance Framework

The key elements of the systems and processes that comprise Warrington Borough Council's governance arrangements are included in the 6 principles of good governance identified in the revised CIPFA/SOLACE framework, as follows:

Principle 1 - Focusing on the purpose of Warrington Borough Council and on outcomes for the community and creating and implementing a vision for the local area.

3.1 Strategic Planning

A Sustainable Community Strategy was developed and published in March 2009 by the Warrington Partnership led by the Council. 'One Warrington: One Future' sets out a vision through a set of five ambitions for the Borough; It has been refreshed and updated in 2011. This vision was developed following extensive consultation with members of the Partnership and Warrington's residents and interest groups. In pursuing this vision, the Council and its partners have prioritised closing the gaps in the quality of life experienced by our most disadvantaged communities.

The Corporate Plan reflects the Council's contribution to the Sustainable Community Strategy and its other (largely internally focused) improvement priorities. It is refreshed on a regular basis, taking into account customer insight, latest performance information and public and all-party member consultation. Following the Comprehensive Spending Review 2010 and the ensuing budget cuts, plans have been revised to increase focus on improving efficiency and transformational re-design of services to ensure that we can continue to focus on our priorities with dramatically reduced funding. Under the constitution, the Corporate Plan is approved each year by Full Council.

Service Plans have adopted the 'Golden Thread' approach to cascading objectives and priorities from the Corporate Plan which is well established and embedded in the service planning process. Departmental management teams

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(DMTs) consider corporate, directorate and service objectives when developing their respective plans and involve members in these discussions.

The Council's strategic plans are communicated to a wide range of stakeholders through media; PR; events; and regular forms of communications such as briefings and reports. All of the Council's major plans and strategies are published and available for download on the website/intranet.

3.2 Financial Planning

Budget Consultation was undertaken with residents and stakeholder groups on the proposed savings which informed the development of the Medium Term Financial Plan. This included a dedicated webpage, post cards in all Council buildings and formal meetings held with specific stakeholder groups. Consultation responses were reported to the Executive Board, Overview and Scrutiny Committee and full Council as part of the Annual Budget Report and included comments on specific proposals, new ideas and the overall consultation process.

3.3 Interests in Companies

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and require it to prepare group accounts. In the Authority's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses. The Council had interests in three limited companies during the financial year:

- Warrington Borough Transport;
- Connexions; and
- Golden Gates Housing.

Warrington Borough Transport is wholly owned by Warrington Borough Council and is consolidated into the Group Accounts as a subsidiary.

Golden Gates Housing (GGH) was wholly owned by Warrington Borough Council until the 28th November, when it became an independent Trust separate from the Council. GGH is consolidated into the Group Accounts as a subsidiary for the portion of the year up to its change in operation. At that point the change is shown in the Group Accounts as a disposal of discontinued operations.

Warrington Borough Council owns 33% of Connexions. Connexions is consolidated into the Group Accounts.

3.4 Financial Management

During 2010/11, the Council completely reviewed its Medium Term Financial Plan (MTFP) process, to ensure greater corporate ownership and member

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engagement. Emphasis was placed on delivery of statutory and core services, and providing services in a way that the public require. Despite the extent of the savings needed, focus was maintained on protecting front line delivery as much as possible. The national cancellation of the 'Building Schools for the Future' programme, and Warrington's involvement in this, led to a £988k charge to the Council's revenue budget which would otherwise have been funded through the capital programme.

The Council's 'Service Challenge' process was used to identify a suite of robust savings and efficiency proposals. As part of the process, Council activities were reviewed to identify areas where efficiencies could be made, or lower priority services scaled back. This included full consideration of possible alternative service delivery models, supported by parallel work on operational efficiency streams (procurement, asset management, back office restructuring) ensuring due regard for Value for Money.

The authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

3.5 Performance Management

Warrington's Performance Management framework ensures that progress against key plans and strategies is monitored routinely in order that timely action can be taken to address any performance issues.

The Corporate Plan clearly identifies key Performance Indicators (PIs) for each priority that are used to monitor and manage delivery. In turn, service plans identify measures that enable achievement of priorities to be assessed, taking into account financial, operational, people and customer measures. Resource and risk management are embedded within the service planning framework. Service plans are reviewed annually and approved by Executive Directors.

All performance data is stored on the corporate performance system (Performance Plus), which enables trends to be monitored and holds comparative data for national and local indicators. Quarterly monitoring takes place in Performance Boards in each directorate and Executive Board Member Portfolio meetings. Formal quarterly reports go to Strategic Management Board (SMB) and the Executive Board and to Overview & Scrutiny committees, who use performance data to help determine their work programme and challenge performance.

The general public is able to access performance reports that are taken to the Executive Board or Partnership Board from the relevant pages on the Council/Partnership websites.

The Audit Commission's Local Area Assessment ceased during 2010, however benchmarking exercises take place regularly through well-established groups

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which include: a family group (of close statistical neighbour authorities); Association of Public Service Excellence (APSE); Association of Greater Manchester Authorities (AGMA); and CIPFA statistical neighbours. The CIPFA benchmarking clubs include value for money (VFM) benchmarking exercises. The results of each benchmarking exercise are reported to the relevant DMT and used to inform improvement and efficiency plans.

Principle 2 - Members and Officers working together to achieve a common purpose with clearly defined functions and roles.

3.6 The Constitution

The Council's constitution includes details of the role and responsibilities of the Executive Board; committees; the full Council; and Chief Officers and the rules under which they operate. The constitution is subject to regular review. The Council's political structure and roles and responsibilities of Executive Members are detailed on its website. There is an annual schedule of meetings for all committees agreed at the start of each municipal year.

The constitution defines the process for making key decisions. These are recorded on a corporate pro-forma and are subject to statutory call-in procedures. The Council's scheme of delegation is included in its constitution. Each Directorate is currently in the process of reviewing its own delegated authorities.

The Full Council of democratically elected members annually approves all changes to the Council's constitution. The Council's constitution defines how the Council operates and takes decisions regarding, for example the:

- Strategic aims and objectives of the Council
- Political management organisational structure
- Financial and other procedure rules
- Scheme of delegation to members and senior officers

The Executive Board takes executive decisions jointly. The Executive Board receives regular reports on the overall performance of the Council. Executive members hold regular meetings with their respective portfolio Executive Director in order to ensure effective liaison on key issues.

The Transforming Warrington Board provides strategic oversight on the Council's major transformational programme and projects. The board consists of the senior members from each of the political groups and senior officers. A formal process has been developed to capture progress for the board. Further developments planned include establishing closer links to the capital programme. Terms of reference are reviewed annually and papers are published on the intranet following each meeting. There is a comprehensive information resource on the intranet relating to Transforming Warrington, with supporting information, tools and templates for people managing programmes and projects.

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3.7 Working with Key Partners

Arrangements to establish Warrington's Health and Wellbeing board (HWB) were put into place. The Board will have responsibility for overseeing the production of a Joint Strategic Needs Assessment (JSNA) which will be central to joint commissioning. The development of a JSNA will be led by the Board with input from the Council, NHS Warrington, GP consortia and other partners, and there will be a new legal obligation for these agencies to have regard to the JSNA in exercising their commissioning functions. Warrington HWB will also prepare "a joint health and wellbeing strategy" (JHWS), coordinating intentions from the NHS, social care, public health, and other health determinants such as housing, and education. The post of Assistant Director for Integrated Commissioning is now in place, jointly funded by WBC and NHS Warrington.

Warrington Partnership is the Local Strategic Partnership (LSP) for Warrington. Key public, private and third sector organisations from across Warrington work together to help improve and shape Warrington's future. The Partnership is made up of over 60 organisations, and has the overall goal of tackling long standing problems facing the Borough. A review of partnership governance was undertaken during 2010/11 in order to streamline structures and focus partnership activity on priority areas for action. The main strategic board, referred to as the Partnership Board, is chaired by the deputy leader of Warrington Borough Council, and is supported by priority action groups.

Warrington Safeguarding Children's Board is responsible for co-ordinating delivery of services to children and young people in Warrington and published its annual report in September 2010.

Warrington Children's Trust agreed the need to retain a partnership approach to improving outcomes for children and young people following the government's announcement of proposed reforms in January 2011. The Trust is now the Children and Young People's Partnership and is currently developing a new Children and Young People's Plan to be published in September 2011.

Warrington Borough Transport (WBT) was set up in accordance with the provision of the Transport Act 1985 to take over the Council's passenger transport undertaking. The Council wholly owns WBT but is not liable for any losses; WBT is a company limited by share capital, governed by the Companies Act, and subject to different statutory rules and accounting policies than the Council. The WBT Board includes 7 elected members of the Council. The Council has used its powers as shareholder to provide expert advice and support to the company in the form of Democratic and Member Services involvement; recruitment to Finance Director and Managing Director Posts; and administrative, secretarial/legal support. Financial planning services are provided and have supported introduction of a new accounts system, with People and Improvement providing guidance on HR issues.

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Golden Gates Housing Trust is an independent 'not for profit' housing association which has taken over the ownership and management of the Council's housing stock. Work was undertaken during 2010/11 to transfer the Council's housing stock to Golden Gates Housing Trust following a ballot of tenants in March 2010. This was achieved successfully during November 2010. Golden Gates Housing Trust is run by a voluntary Board of Management made up of 5 tenants, 3 Council nominees and 4 Independents. The Tenant Services Authority (the new regulator of Registered Providers of social housing) regulates Golden Gates Housing Trust.

Principle 3 - Promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

3.8 Governance Arrangements

The Council maintains high standards of governance:

- The Solicitor to the Council & Assistant Director Corporate Governance is the appointed Monitoring Officer for the Council whose functions include maintenance of the Constitution, supporting the Standards Committee and ensuring lawfulness of decision making. The Council's Standards Committee seeks to promote and maintain high standards of conduct of Council's Members.
- The Council has Codes of Conduct for both members and officers together with induction processes and a range of policies and procedures. These are supported by performance appraisal systems.
- The Chief Finance Officer is the responsible Officer to the Council for the proper management of its financial affairs in order to meet the statutory requirements of Section 151 of the Local Government Act 1972. The Chief Finance Officer is a member of the senior management board, as required by the governance requirements of the 2010 CIPFA statement on the: *Role of the Chief financial Officer in Local Government*, and has access to the Chief executive and to other executive directors.
- The Audit and Corporate Governance Committee was re-constituted in June 2010 from the previous Governance committee. Terms of reference have been set out, and the committee is politically balanced and does not include any Executive Board members. The Committee has a dedicated programme of training; during 2010/11 this included financial management and IFRS, and risk management training. A working group from the committee completed a self assessment of the committee's effectiveness in January 2011 using the checklist from CIPFA's 'toolkit for local authority committees' and the committee agreed further training requirements. The committee oversees the work of the Internal and External Audit, and promotes and maintains high standards in relation to the operation of the

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Council's Code of Corporate Governance, ensuring that an adequate risk management framework and associated control environment is in place and that the Council's financial and non-financial performance is properly monitored. The Audit and Corporate Governance Committee, independent from Executive and Scrutiny functions, is required to gain and monitor the necessary assurances as to the Council's internal control, governance, financial management and reporting framework. Support is provided through an officer governance group chaired by the Assistant Chief Executive and attended by the Chief Finance Officer and senior officers across Audit, Legal, Information Governance, Performance and other directorates as required for assurance purposes. The group has established a clear improvement plan; this is regularly monitored and updated.

- The officer register of interests is being improved to allow direct input electronically via the Enterprise Resource Planning System by all members of staff. A reminder to staff of their responsibilities to make a disclosure of related party transactions was issued in January 2011. Given the Council's likely wish to engage in an increasing number of commercial relationships with external providers, the Monitoring Officer has designed a 'declaration of interest' form to be signed by all officers involved in commercial negotiations. This is designed to avoid conflicts of interest, protection of the Council's best interests and the avoidance of corrupt practices such as insider trading.
- The Council's whistle-blowing policy is available to all managers and staff via the Intranet.
- The Council's anti fraud and corruption statement and policy has been updated during 2010/11 to incorporate the requirements of the new Bribery Act that is due to come into force during July 2011. Work has also continued to investigate matches that are highlighted by the National Fraud Initiative. Regular reports are provided to the Audit and Corporate Governance committee on the work undertaken in the Council to combat fraud and corruption.
- The Council's Complaints Handling policy has been reviewed; revised procedures have been developed and training will be undertaken. A corporate customer feedback process is being designed as part of the new Customer Relationship Management System (CRM) which will be implemented in 2011/12.
- Equality and diversity is a key priority area for the Council. One of the Council's stated key priorities is to 'work with partners to eliminate unlawful discrimination and promote equality, diversity, cohesion and inclusion across all communities' and the Council's strategic approach to this agenda is detailed in a comprehensive suite of policies that are subject to regular review. During 2010/11 the Council has taken action to ensure

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compliance with the public sector equality duties set out in the Equality Act 2010.

- All Schools are subject to a rolling programme of audit. Internal Audit Services report regularly to the Schools Forum and the Children and Young People's Services Directorate on findings from schools' audits. Internal Audit work continues to provide assurance that schools in Warrington have effective systems of financial management. Of the schools audited in 2010-11 two achieved a "High" assurance rating and the other ten schools achieved a "Substantial" assurance rating. The Financial Management Standard in Schools formal assessment process was discontinued during 2010/11. Consultation is underway nationally on a revised self assessment process for schools the Schools Financial Value Statement (SFVS).

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

3.9 Decision Making

The Council's Constitution provides the framework for the decision making process; this is currently under review. Reports to the Council's Committees require documented consideration of a range of issues in support of any recommendations made therein. These include consideration of risk, and equality and diversity issues. The Council's Constitution and decision making processes are under review currently in light of the Localism Bill.

The Overview and Scrutiny Committee function scrutinises and reviews decisions made or actions taken in connection with the discharge of any Council functions. A robust scrutiny process has been developed and the scrutiny arrangements with the following committees are currently under review:

- Neighbourhoods and Communities
- Children Young People and Skills
- Economy and Resources
- Environment and Housing
- Health and Wellbeing

Scrutiny committees work closely with the Executive Board and the Strategic Management Board and a call-in protocol is in place. Work plans for the committees are aligned closely with the sustainable community strategy and are drawn up in consultation with LSP partners. Scrutiny Officers support member development across the region by serving on the steering group for the North West Strategic Scrutiny Network.

The Monitoring Officer and Officers from Democratic and Member Services monitor reports to members to ensure propriety of decision making and that legal advice is included where necessary and appropriate. Council lawyers are

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involved in policy development and scrutiny processes. There are regular meetings of officers with statutory responsibility for conduct and ethics issues.

3.10 Risk Management / Resilience and Business Continuity / Emergency Planning

Risk management arrangements are embedded in the Council and there is a risk management policy, strategy and protocol for monitoring and reporting risk, which are reviewed and updated regularly. This explains the methodology which provides a comprehensive framework for the management of risk throughout the Council. The risk management strategy and policy was updated in April 2011. Risk management training was undertaken in 2010/11 for the leadership team along with training at the Welcome to Warrington and New Managers courses. Training for Audit and Corporate Governance committee members was provided in April 2011 and there will be a further programme developed for new members in 2011/12.

The Risk Management and Business Continuity group meets on a regular basis and reviews directorate risk registers and receives updates from the Directorate leads on the risk registers and the business continuity plans. The group acts as a forum for identifying new risks and incidents, ensures they are recorded on the appropriate risk registers and, where necessary, ensures plans are in place to mitigate the risks. The group provides assurance to the officer Governance group that risk management processes are embedded and risks are regularly reviewed and updated.

A strategic risk register is in place and is updated regularly. The strategic risk register identifies risks to the achievement of strategic priorities as set out in the Corporate plan. The strategic risk register was presented to the Strategic Management Board on a quarterly basis during 2010/2011, and was presented in September 2010 and in April 2011 to the Audit and Corporate Governance committee.

Following an incident at one of our high schools in 2009 (Great Sankey High) HSE investigated the incident which resulted in the council being prosecuted and fined £5000 in January 2011. Both the HSE and the courts recognised the proactive way in which the council had responded to the incident. Our staff are continuing to work with all schools to ensure that the health, safety and wellbeing of everyone in the schools is paramount. This has resulted in increasing the health and safety controls in schools which includes increasing the frequency of health and safety audits for all high schools.

3.11 Financial Controls

The Council's financial controls are strong. With specific regard to the Council's financial control arrangements these include:

- A Medium Term Financial Plan 2010-2013.
- Comprehensive budgeting and budget monitoring systems.

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- Clearly defined capital expenditure and treasury management guidelines.
- Regular reporting of the Council's budget and performance to the Executive; Council; Economy and Resources scrutiny committee; and Audit and Corporate Governance Committee.
- Formal project management disciplines.
- Clear targets to measure financial and other performance.
- Clearly defined arrangements for devolved financial management.
- Corporate Financial and Contract Procedure Rules.
- Published fraud response plan for the reporting and resolution of suspected fraudulent activities.

In 2007 the Chancellor's budget announcement introduced International Financial Reporting Standards (IFRS) based accounting for the public sector and government to bring consistency and comparability between financial statements and follow private sector best practice. The Council is required to be fully compliant with IFRS requirements in producing its 2010/11 annual accounts and is also required to provide comparative restated (IFRS based) accounts for 2009/10.

The Corporate Procurement Strategy was reviewed in 2009/10 and an updated version was approved by Executive Board in February 2010. The Strategic Procurement Panel reconvened during 2010/11 and has regular meetings in order to ensure procurement processes and procedures are robust, reflect the Council's core values and support the achievement of its strategic aims and objectives. The Panel will also seek to create a governance framework for procurement that applies appropriate control, but which is more streamlined and efficient, to ensure decision making is at the right level, timely, and promotes a strategic approach.

3.12 Information Governance and ICT Governance

Information governance risks have been highlighted as a key risk area during 2010/11 and the officer Governance Group has requested regular updates in this area. An action plan to address the required action has been presented to the Governance Group. The issue has also been discussed regularly at the Information Governance Group which provides assurance to the officer Governance Group. The nominated lead for Information Governance risk and the Senior Information Risk Owner for the Council is the Head of ICT who chairs the Information Governance Group. The Information Governance Group monitors the required actions to address the risks, and the roll out of the required training to all relevant officers.

The Council has been working on improving data sharing arrangements with its partners and an information sharing framework and protocol is in place. A partnership data sharing programme board the 'Warrington Information Sharing Partnership' (WISP) has also been set up to monitor and review all information flows between partners.

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ICT Governance has been a focus area for the officer Governance Group during 2010/11. The Council replaced its financial and personnel systems with a single enterprise resource planning system (ERP) in 2010/11 - SAP. SAP is a powerful ERP and data management program that provides Warrington Council with a fully integrated Finance, Procurement and HR/ Payroll system. SAP provides for greater communication amongst key financial systems. The system went live on 1 April 2010 and work has been underway during the year to assess the effectiveness of the new system. The Council are still working with the external consultants, Logica, who have provided assistance with the implementation, and a formal post-implementation review of the project will be undertaken to identify successes and areas for improvement. An internal audit report around the security of the new SAP system gave a 'minimal' assurance opinion. A full action plan is in place to improve the security issues highlighted.

A Data Quality code of practice is in place and is in the process of being updated and expanded to cover all corporate information. Internal Audit reviews of data quality completed in 2010/11 included one report with a limited assurance opinion. It is recognised that further work will need to be undertaken during 2011/12 to comply with data quality requirements and to improve the overall quality of management information.

Principle 5 - Developing the capacity of Members and Officers to be effective.

3.13 Member Training and Development

An elected member learning and development framework is in place. This is aimed at ensuring that members are given as much support as possible to aid them when making decisions. The member's personal development plans are undertaken by officers from within Democratic and Member Services. There are regular meetings between the Leader of the Council and the Chief Executive including the Leader undertaking personal review and development interviews with the Chief Executive.

In 2009/10, the Council became one of only six councils in the country to achieve Level 2 (exemplar status) of the NWE0 charter mark for its member development programme. There is an induction process and training programme in place for all newly-elected members.

3.14 Officer Training and Development

The officer development framework takes the form of Performance Review and Development appraisals (PR&D) which are in operation across the Council. The Council introduced a longer term leadership development programme which includes a set of competencies that are aimed at improving the leadership of the Council now and for the future. During 2010/11 training continued as part of the leadership programme and the Futures Programme for middle managers and the

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roll-out of 360 degree appraisal for members of the leadership group was continued.

The people and workforce strategy has been revised for 2011-2014 which links directly to the corporate priorities. Delivery of the strategy is via the annual workforce plan. In 2010/11, this was heavily influenced by the Council's organisational review, which identified a potential reduction in staffing numbers in the future. One of the main challenges for the people and workforce strategy is to develop the capacity and engagement of a reduced workforce in order to maintain service delivery.

An innovative organisational change approach has been adopted where all services have been challenged to deliver improvements and efficiencies within the constraints of current finances. Through this service challenge process, a comprehensive programme of changes have been identified and are in the process of implementation, all supported by business cases and overseen by the Organisational Development Board.

Principle 6 - Engaging with local people and other stakeholders to ensure robust public accountability.

3.15 Engagement Strategy

The Partnership's Engaging Warrington Strategy defines how all the members of the Partnership ensure that local residents are encouraged and supported to have more influence and power to change and improve their lives, through consultation, engagement and involvement. The strategy outlines approaches to engagement with communities of special interest and identity; and also the coordination of engagement across the Partnership.

A number of engagement initiatives have been undertaken during 2010/11, for example:

- The Warrington Together Survey replaced the statutory Place Survey. The results of the Warrington Together Survey are essential for the Council and partners in understanding community perceptions of priorities and service delivery to inform the development of the Council's and partner's offering and enabling us to become an intelligence led organisation.
- The survey was timetabled to combine with the 2nd phase (Mid to end of November 2010) of the financial and business planning consultation. The results of the Warrington Together Survey are therefore beginning to be used to support prioritisation of resources for the Council and partners and also will be included as part of the business planning process, where applicable to services.
- A suite of Customer Insight case studies have been developed which highlights customer insight projects undertaken by the Council's GIS,

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Research and Local Land Charges Team in partnership with Council services and partner organisations. The case studies demonstrate the use of data and information about customers to better understand their needs, wants, expectations, behaviours and experiences. They also show the active application of this understanding in the design and delivery of services that better meet customers' needs. The case studies, including the Benefits 2010 Campaign, Library Review, Closing the Gap and the 2011 Census, will form part of a Warrington Partnership customer insight toolkit currently under development.

- Online Engagement Tools were developed including a consultation database which enables the online production and response to surveys for local residents. The online data observatory (DORIC), currently due to go live to the public in Summer 2011, will enable local people greater access to information, maps and access to online consultations across the Cheshire and Warrington sub-region. Online web mapping which allows residents to find their nearest local community facility and also details of their Ward Councillor, adopted highways, gritting routes and pedestrian crossings for example.

3.16 Freedom of Information

The Freedom of Information (FOI) arrangements were revised during 2010/11 and the Council has a robust process for responding to requests that are received. During 2011/12 the use of the Customer Relationship Management system (CRM), for managing the FOI process, will be explored. The Council has also developed a new online publication scheme. As part Open Data transparency agenda the Council has also published items of expenditure over £500 online.

In addition, there are events throughout the year (e.g. Disability Awareness Day; Beacon Care Forums; Impact – young people's forum) where individuals from all sections of the community can have their say on Council services and contribute to work.

3.17 Neighbourhood Area Boards

Neighbourhood Area Boards and their working groups are developing innovative and localised solutions to the priorities identified in the neighbourhood area plans which were launched in September 2010. In addition monitoring and performance reporting has been developed to account for working group activity and grants awarded that support the neighbourhood plans. Local community researchers have been trained and set up as a social enterprise, and are now being commissioned by a range of partners to identify emerging community needs and ideas. Neighbourhood Area Board activity is reported monthly at the Neighbourhoods Programme Board and to the portfolio holders for Neighbourhoods and Community. Quarterly activity is also reported via the Closing the Gap Score programme in the 10% most deprived areas. All

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councillors receive a monthly briefing on activity in each area and a synopsis of planned activity, this includes activities to be undertaken by the areas' 3rd Sector organisations as well as service providers and partners.

4. Review of Effectiveness

The 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 managers within the Council, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The Council is advised on the implications of the result of the review of the effectiveness of the governance framework by the Overview and Scrutiny committee; the Audit and Corporate Governance committee; the officer Governance Group; and the Corporate Risk and Business Continuity group. The officer Governance Group maintains a comprehensive action plan to ensure continuous improvement of the governance arrangements are in place. The Audit and Corporate Governance Committee review the governance arrangements as part of their Terms of Reference and review the strategic risk register twice a year.

Internal Audit Services examine the effectiveness of the Council's internal controls. Based on evidence from planned audits and any special investigations, the Chief internal Auditor reports to each meeting of the Audit and Corporate Governance committee on any major weaknesses that have been identified and highlights where improvements are considered necessary. Internal Audit have included reviews of all fundamental financial systems during 2010/11 which was the first year of the new SAP accounting system. The work on the accounts receivable system provided a limited assurance opinion and actions have been agreed with managers to improve controls in the system. Based upon the work undertaken, the Chief Internal Auditor provided the Council with an overall substantial assurance opinion on the arrangements for gaining assurance through the governance framework and on the controls reviewed as part of the internal audit work.

Key departmental officers provide formal assurance that the policies and procedures are being applied in the initiation, development and delivery of service plans, by their responses to the assurance statement questionnaires. Where gaps have been identified, action plans have been, or are in the process of being prepared.

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4.1 Assurance in relation to the areas identified as significant control issues in the 2009/10 Annual Governance Statement

Recommendation	Action undertaken
<p>The review of children's Safeguarding services was judged to be inadequate overall.</p> <p>Ensure that the children's Safeguarding improvement plan is delivered in 2010/11.</p>	<p>Children's Services in Warrington Borough Council is awarded an annual performance rating by Ofsted and was judged as 'performs adequately' in 2010-11. In January 2011, a full inspection of safeguarding and services for looked after children found that the local authority's performance was adequate. This represents significant improvement since 2009 when safeguarding services were judged to be inadequate. Statutory requirements for safeguarding services have now been met and considerable progress has been made in recruiting qualified and experienced social work staff. However, the 2011 inspection found that some systems and plans are very recent and have yet to have a demonstrable impact on outcomes for some vulnerable children and young people. The Department of Education Notice to Improve in relation to Warrington Safeguarding issues was lifted by the Minister in March 2011, ahead of schedule.</p> <p>There were also a number of specific service or settings Ofsted inspections in 2010-11:</p> <ul style="list-style-type: none"> • The 2010 inspection of Warrington Borough Council's fostering service and adoption service found both to be satisfactory. The inspector made ten recommendations in respect of the fostering service, four of which relate to breaches in regulations. The inspector noted that both the management and staff team of the adoption service have knowledge and experience in adoption but that the recruitment and quality assurance systems were not sufficiently robust, particularly in relation to the adoption panel members and agency records. The Council has put measures in place to address the recommendations and to ensure continuous service improvement. • 16 nursery, primary and secondary schools were inspected by Ofsted during 2010-11. Nine schools improved their rating, six schools retained their previous rating and one school, previously rated as good, was judged to be satisfactory. Overall, 62.5% of Warrington schools inspected in 2010-11 were judged to be good or outstanding. Currently, 75.7%

Annual Governance Statement for the year ended 31 March 2011

Recommendation	Action undertaken
	<p>of all Warrington schools are judged to be good or outstanding. The one children's centre inspected was judged as satisfactory as were the two children's homes, Ross Close and St Katherine's.</p>
<p>The comprehensive area assessment gave red flags on Reducing health inequalities and Prospects for employment for people in the most deprived communities. The Council's responses to these red flags are being delivered mainly through its 'closing the gap' initiative, which aims to improve co-ordination between partners and to target effort and investment towards those most in need.</p> <p>Continue to deliver the 'closing the gap' initiative and monitor progress against the programme themes</p>	<p>In December 2009 the Audit Commission designated two 'red flags' for lack of progress in reducing inequalities for health and employment outcomes in Warrington. The 'closing the gap' programme was set up to bring partners together to address inequalities in the most deprived areas, in particular in relation to concern over health inequalities and worklessness.</p> <p>The Warrington Partnership invited Local Government Improvement and Development to undertake a peer review of its 'closing the gap framework' in January 2011. A peer review is designed to help an authority or Partnership assess its current achievements and its capacity to change.</p> <p>The peer review concluded that the closing the gap framework and the Stronger Together in Warrington (STiW) pilot have provided a very effective and recognisable focus for action and activity. This has resulted in some noticeable improvements in outcomes in priority areas. The peer review made the following conclusions:</p> <ul style="list-style-type: none"> • Good evidence of improvements across all themes of the Closing the Gap framework, in particular in the areas of health and employment. These are still priority areas for the Partnership in 2011/12 but they are no longer significant control issues • Lots of evidence of practical local initiatives being delivered • The Closing the Gap concept is providing Warrington with a clear focus for activity • There is a strong desire and enthusiasm within Warrington to 'Closing the Gap' • Strong links with the voluntary sector • Improvement Plan agreed by the Warrington Partnership in March 2011.
<p>The Audit Commission's Annual Governance Report for 2009/10</p>	<p>All the weaknesses noted have been addressed during 2010/11:</p> <ul style="list-style-type: none"> • The internal audit plan was thoroughly reviewed and coverage of all fundamental financial systems

Annual Governance Statement for the year ended 31 March 2011

Recommendation	Action undertaken
noted adequate arrangements to secure value for money (except for maintaining a sound system of internal control)	<p>was included in 2010/11.</p> <ul style="list-style-type: none"> • An assessment of the Internal Audit service was undertaken by the new Chief Internal Auditor and the results reported to the Audit and Corporate Governance Committee in January 2011. • The Audit and Corporate Governance Committee undertook a self assessment of its effectiveness in January 2011 and acted upon the results.

4.2 Internal Strengthening of Governance Arrangements - Adult Social Care Services

Adult Social Care Services has in place a major transformation programme funded by the Social Care Reform Grant, with clear corporate governance arrangements; this had widespread operational implications for service delivery during 2010/11. To ensure effective implementation and delivery against the ADASS milestones a Transforming Adult Social Care (TASC) Board and TASC Operational Group respectively oversaw and co-ordinated actions against a cross cutting programme with senior managers attached to priority workstreams and responsible for their delivery. The TASC Programme linked in to corporate governance arrangements through the Transforming Warrington programme. All ADASS milestones including the NI target were achieved in 2010 -11.

The post of Assistant Director for Integrated Commissioning is now in place, jointly funded by WBC and NHS Warrington. The Joint Commissioning Strategy will be incorporated and considered as part of the TASC Programme under the milestone 'Strategic Shift from Intensive to preventative services'. This will amalgamate a range of established plans or strategies including: Re-ablement, Intermediate Care, Assistive Technology and Supporting People Commissioning Plan.

During 2010/11 the Safeguarding Adults Board governance arrangements and structure has been strengthened. This has resulted in a smaller, Safeguarding Adults Executive Board which oversees four sub groups focusing on priority development areas. Terms of reference and objectives have been agreed. The work of the Safeguarding Adults Board is supported and informed by a Partnership Forum. The Safeguarding Adults Board is overseeing a Safeguarding Development Plan and receives regular strategic intelligence assessments that inform its decisions and actions.

An internal Audit report covering the finance systems and financial management arrangements in Adult Services payments procedures issued during 2010/11 contained a 'minimal' assurance opinion. The audit reviewed the plans to implement the replacement of the system which records service packages and client invoicing costs. A full action plan was agreed by management and action

Annual Governance Statement for the year ended 31 March 2011

has been taken to implement the recommendations in the report. Internal Audit will continue to follow up the remaining actions.

4.3 Further External Inspections

- **Adult Services**

The latest Care Quality Commission report of Adult Social Care performance assessed Warrington to be performing “Well” overall and “Excellent” in 3 of 7 outcome areas. This recognises that we consistently deliver services above minimum requirements for people, are cost effective and make contributions to wider outcomes for the community.

- **External Inspection Office of Surveillance Commissioners (OSC)**

The inspection was conducted by one of OSC’s authorised inspectors and was carried out in January 2011. It examined the Council’s use of the powers available to it under the Regulation of Investigatory Powers Act 2000 (“RIPA”). The inspector noted an improvement in the overall standard of applications and authorisation, and made three recommendations which were agreed and acted upon.

- **Investors in People**

The Council was presented with the 'Silver' Investors in People award in April 2011. There are around 30,000 recognised accredited Investors in People organisations in the UK, however only about 200 of these have achieved the Silver Award -less than 1% of the total. The report highlighted excellence in communications; employee engagement; values and recognition; learning and development; and talent management.

- **OFSTED Learning and Skills Inspection - adult and community learning and work based learning**

The Council’s Community Employment Learning and Skills service was inspected by Ofsted in September 2010 and received a grade 2 (good) rating. Services delivered by the team include adult and family learning for residents and work based learning for staff. The visiting inspectors recognised the significant operational improvements made since their last inspection in 2006, when the service was rated as ‘satisfactory,’ and expressed confidence in the prioritisation of the service and drive for further improvement.

The service works well with a range of partners from the public, private and voluntary sector to develop a wide range of courses at foundation and intermediate levels in a variety of convenient locations which also contributed to the good rating the service received.

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5. Significant Control Issues

In April 2011 the Council received an Ombudsman's report regarding an investigation into a planning and enforcement process. The report referred to destruction of planning records by the Council in 2006. Internal Audit were asked to investigate the issues surrounding retention of records and the current controls in place. The investigation provided substantial assurance around the current arrangements in place for processing planning applications and retention of records. The decision taken in 2006 to destroy planning files pre 1996 was in contravention of statutory requirements and the Council's own retention guidelines in place at the time and the Council is reviewing the results of the investigation to assess required action.

The SAP implementation in April 2010 impacts upon the Council's financial systems. Internal audit reviewed the security of the new SAP system and the report resulted in a 'minimal' assurance opinion. A full action plan is in place to improve the security issues highlighted. The report has been addressed by implementing action to a number of the recommendations with immediate effect. Detailed testing is being undertaken by the Internal Audit team to support the work of the External Auditor for the year end accounts. Following the testing, and in discussion with the External Auditors, an assessment will be made as to the significance of this issue.

Conclusion

The review of the Council's governance arrangements for 2010/11 has been undertaken in order to produce this statement. The review highlighted a number of governance issues that require attention and action is being planned and/or taken as noted in the statement. These actions have been combined with additional work being undertaken by the officer Governance Group to form a comprehensive improvement plan. Items of a significant nature as noted above are detailed in Appendix B to this statement.

With the exception of the internal control issues that we have outlined in this statement, our review confirms that the Council has a generally sound system of internal controls that supports the achievement of its policies, aims and objectives and that those control issues have been or are being addressed.

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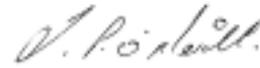
Signed:



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Councillor Fitzsimmons
Chair of the Audit and Corporate
Governance Committee

Date: 16/12/2011

Signed:



.....
Councillor O'Neill
Leader of the Council

Date: 16/12/2011

Signed:



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Timothy Date
Solicitor to the Council and Head of
Corporate Governance

Date: 15.12.2011

Signed:

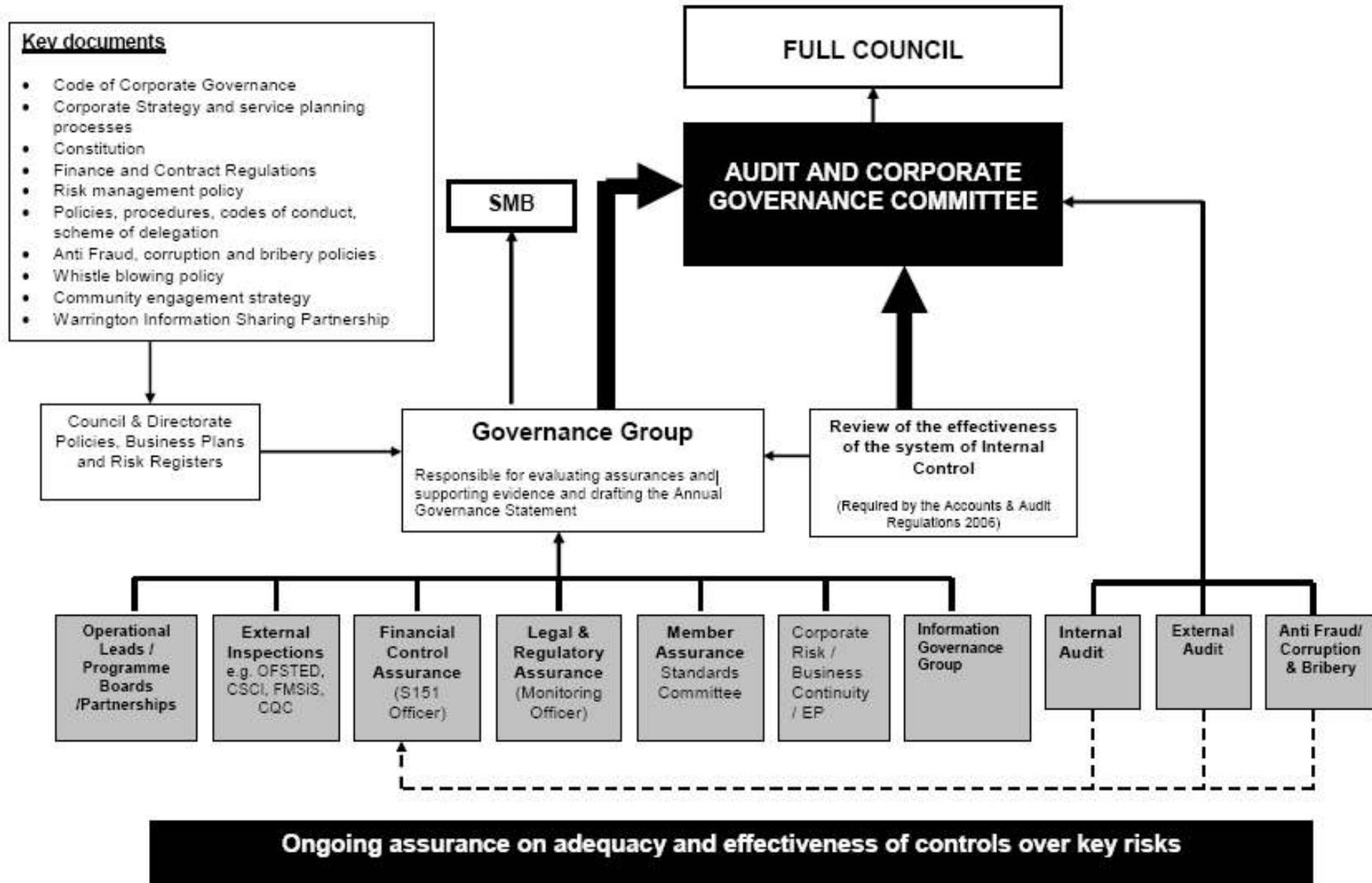


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Diana Terris
Chief Executive

Date: 15.12.2011



Annual Governance Statement Assurance Framework



PRIORITIES

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

OBJECTIVE(s):

The organisation manages its risks and maintains a sound system of internal control

The organisation has structured programme governance arrangements

LEAD	TASKS	Links to	DATE	PROGRESS	% comp
Executive Director Environment and Regeneration	Ensure that the results of the internal audit investigation into the Ombudsman’s report are acted upon and the Council takes the required action.	AGS	June 2011		
Director of people and Improvement	Ensure that the recommendations in the SAP Security report are implemented.	AGS	June 2011		