WARRINGTON
Borough Council

ANNUAL GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 MARCH 2013

SEPTEMBER 2013

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 spent effectively.

CONTENTS	**PAGE NO.**

Annual Governance Statement for the year ended 31 March 2013

1.   Scope of Responsibility

Warrington Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. 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 25 April 2013 which 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*. A copy of the Code is on our website at http://www.warrington.gov.uk/info/200361/council_publications/35/governance statements and reports or can be obtained from: Democratic & Member Services, Warrington Borough Council, West Annexe, Town Hall, Sankey Street, Warrington. WA1 1UH. This statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit (England) Regulations 2011, regulation 4(3), which requires all relevant bodies to prepare an annual governance statement.

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 its activities through which it accounts to, engages with and leads its communities. 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 services and value for money.

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

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

The governance framework has been in place at Warrington Borough Council for the year ended 31 March 2013 and up to the date of approval of the annual report and statement of accounts.

3.   The Governance Framework

3.1   Vision and Aims for the Community

The Council strategy 2012-2015 sets out the vision and key priorities for the Council over a 3 year period.

The strategy is supported by an annual Corporate Plan which sets out the specific aims for each year to ensure that we deliver our vision and goals for the community.   The Corporate Plan is linked to the Council's Medium Term Financial Plan (MTFP); this ensures that our plans are realistic in the context of the continued funding constraints placed on the Council.

The Council's strategic plans are communicated to the community through a number of media events. Regular forms of communications such as briefings and reports are issued. All of the Council's major plans and strategies are published and available for download on the website/intranet. In producing the initial 2012-15 Medium Term Financial Plan (MTFP) residents, businesses and specific stakeholders were consulted on the proposed savings initiatives by way of information on the Council's website, post cards in all public buildings and targeted meetings. We now have a number of reports which form the MTFP including: Budget Reports; the Capital Programme; and Treasury Management Strategy. The MTFP is revisited on a regular basis, and is now embedded into almost everything the Council does.

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. A Performance Management Framework is in place across the Council supported by a Corporate Information Assurance and Data Quality Strategy. Quarterly monitoring takes place at Directorate Performance Boards / Management Teams and formal performance reports are submitted on a quarterly basis to the Strategic Management Team

(SMT); Executive Board; and Scrutiny Committee who use performance data to help determine their work programme and challenge performance. Quarterly performance reports are also available for the public to view on the Council's website. Work continues to ensure that robust management information supports informed decision making.

3.2   Financial Management

The Council has a proven track record of financial management and robust monitoring arrangements in place to manage its finances in year. Revised financial and contract procedure rules were approved by the Audit and Corporate Governance Committee in March 2012 and finalised versions were approved at annual Council on 21 May 2012.

For 2012-13 as part of the Service Challenge process, the Council agreed savings proposals of £14m to be delivered across all services. The main emphasis for the achievement of savings was via alternative methods for service delivery and efficiency projects where possible, including re-focusing of resources to the prevention agenda to avoid more costly reactive solutions. Despite the extent of the savings needed, focus was maintained on protecting front line delivery as much as possible.

The forecast year end position for 2012-13 is a balanced budget as the annual savings target has been achieved. Whilst there was some delay in delivering some savings projects in 2012-13 the majority of savings have been achieved as planned, however where it was evident that some of the original proposals would not be achieved in year, alternative savings were found to offset them. In some cases alternative savings have been found using one off reserves which is not sustainable for the future and for 2013/14 there will be an increased focus on replenishing these reserves to safeguard against future cuts. The balanced budget has been achieved despite Warrington receiving bottom-quartile government funding, bottom-quartile level of Council Tax funding, and being the fifth lowest funded Unitary/Metropolitan Authority within the UK.

3.3   The Constitution and Decision Making

The Council's constitution includes details of the role and responsibilities of the full Council; the Executive Board; committees; Chief Officers; and the rules under which they operate. The Council's constitution provides the framework for the decision making process. The Localism Act received Royal Assent on 15 November 2011; the Act contained a number of provisions which impact upon the Council's governance arrangements. The constitution and decision making processes were revised during 2012/13 to reflect the new legislation and changes to local practices and procedures. New Policy Committee/Scrutiny Committee structure was approved by full Council on 10 December 2012 and revised Standards Committee structure and procedures regarding complaints were introduced. The revised constitution was reviewed by the Audit & Corporate Governance committee in April 2013 and is to be presented to full

Annual Governance Statement for the year ended 31 March 2013

Council in May 2013. Monitoring and review of the revised committee structure will continue during 2013/14. Work continues to ensure the upholding of standards of conduct and behaviour by elected members following the introduction of the Localism Act and the changes to the standards regime and the statutory code of conduct. Local arrangements will ensure the continued statutory duty to promote and maintain high standards of conduct by members and co-opted members of the authority.

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 and the scheme of delegated decisions and financial delegation is embedded across the Council.

The full Council of democratically elected members approves all changes to the Council's constitution annually. 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 and major projects and programmes.

The Council is responsible for a range of functions which cannot by law be dealt with by the Executive. These matters are broadly described as 'regulatory' and include functions relating to planning; licensing; (eg. alcohol licensing, gambling) and road traffic (eg. road closures, speed limits, traffic restrictions.) These functions are discharged through committees established for the purpose.

The Monitoring Officer and officers from Democratic and Member Services monitor reports to members to ensure: propriety of decision making; legal advice is included where necessary and appropriate; consideration has been given to risk; and equality and diversity issues are addressed. Council lawyers are involved in policy development and scrutiny processes. There are regular meetings of officers with statutory responsibility for conduct and ethics issues.

The Council actively uses a wide range of mechanisms to promote consultation and engagement with local residents. We use the Internet to promote our resources and are developing a dedicated web page for consultation to raise awareness of what engagement and involvement activity is taking place. A new addition to the website will see a function whereby anyone wishing to get

involved with consultations can register their interest via an online form. Particular effort is made to reach the views of those who tend to be excluded from the decision making process or who have very specific needs. Warrington Residents Survey was launched on 29th November 2012 and closed on 28th February 2013. The survey asked residents their opinions about the quality of life in their local area as well as satisfaction with local public services. Just over two thirds of those who responded were satisfied with the way the Council runs things. This was an 8% improvement on the 2010 survey and a 20% improvement on the 2008 survey. The results of the survey will be used to provide insights which will allow the Council to understand community perceptions of local priorities and satisfaction with service delivery

3.4   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 companies during the financial year:

- Warrington Borough Transport
- LiveWire
- Culture Warrington

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

3.5   Working with Key Partners

3.5.1 Warrington Borough Transport (WBT)

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 and the Council's Chief Finance Officer attends board meetings. 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; commercial loans; and administrative, secretarial/legal support.

3.5.2 LiveWire Community Interest Company / Culture Warrington

LiveWire is a not for profit distributing organisation which became operational in May 2012 reflecting the Council's priorities in providing leisure, libraries, lifestyles and well-being services. Culture Warrington Trust was also formed in May 2012 to provide culture services previously provided by the Council, including the Parr

Hall, Pyramid and museum. The company and the Trust operate under a shared management team.

3.5.3 Warrington Partnership

Warrington Partnership is the Local Strategic Partnership (LSP) for Warrington. The Partnership Agreement has been updated and approved by the Partnership Board and the improvement plan continues to be implemented. The Partnership Board is reviewing the relationship with the Health & Well Being Board and investigating future governance arrangements.

3.5.4 Health and Wellbeing Board / Integrated Commissioning Board

Warrington's Health and Wellbeing Board (HWB) has overseen the development of a Joint Health and Wellbeing Strategy for the town which forms the basis for revised integrated commissioning strategies to be developed between partner agencies. The strategy coordinates intentions from the NHS, social care, public health, and other health determinants such as housing, and education.

The Integrated Commissioning Board met during 2012/13 and agreed the following: allocations of grant funding across Health and Social Care; Public Health grant review; HealthWatch developments for Warrington; integrated Disabled Chidren's services; and pooled fund and lead commissioning arrangements for assessment for Continuing Health Care services.

Governance arrangements are being expanded to include oversight of commissioning across a broader spectrum involving Children's and Young People services, Environment and Regeneration and all NHS services. The post of Assistant Director for Integrated Commissioning is jointly funded by WBC and NHS Warrington.

3.5.5 Safeguarding Children's Board

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 2012.

3.6   Public Health Transition Arrangements

The Health and Social Care Act 2012 gave responsibility for health improvement and some of the health protection functions to local authorities. During 2012/13 the Authority worked closely with the Primary Care Trust (PCT) cluster to ensure a robust transition of Public Health services. A Public Health Transition Steering Group oversaw the development and delivery of the transition plan for Warrington. The Group included senior membership from health and the local authority. A transition plan and a delivery plan identified the key milestones; delivery dates; delivery leads; and delivery status.

Annual Governance Statement for the year ended 31 March 2013

The ring fenced public health grant to deliver the public health function was published in January 2013. On the 1st of April 2013, legal title transferred to the Council, and Strategic Health authorities and Primary Care Trusts were abolished. The transfer of public health assets, liabilities and staff from Warrington Primary Care Trust to Warrington Borough Council was enacted by two Transfer Schemes agreed by the Secretary of State. An internal audit review of the transition process provided a 'High' assurance opinion on the arrangements.

3.7 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 is politically balanced and does not include any Executive Board members. The Committee has a dedicated programme of training; during 2012/13 this included financial management training and themed updates. A working group from the committee completed a self assessment of the committee's effectiveness in January 2013 using the checklist from CIPFA's 'toolkit for local authority committees' and the committee agreed development actions. The committee oversees the work of Internal and External Audit, and promotes and maintains high standards in relation to the operation of the 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 Director Partnerships and performance 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 maintains a clear improvement plan; this is regularly monitored and updated.

- A reminder to staff of their responsibilities to make a disclosure of related party transactions was issued in April 2013.

- A revised whistleblowing procedure for the Council and a new schools procedure were formally approved and published in October 2012. There is information on the Council's website and the intranet and the procedures are supported by a new dedicated reporting telephone line and on-line form, maintained by internal audit. Awareness raising has been undertaken and an article included in the staff magazine 'Your Voice'. Fraud posters have been distributed referencing the reporting line. The Council is taking part in a whistleblowing pilot exercise carried out by Public Concern at Work (PCaW) and the National Fraud Authority. The revised procedure supports the Council in its obligations in respect of the Bribery Act 2010.

- The Council's anti fraud, bribery and corruption statement and policy incorporates the requirements of the Bribery Act and was updated in 2012/13. Work has 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 Policy has been reviewed and is available on the Council's Internet site together with an overview of the complaints procedure. A leaflet has also been produced to assist the public who want to make a complaint. Revised processes have been developed which should ensure that all complaints are now managed through the Customer Relationship Management (CRM) System. This allows the reporting of performance data and further work will take place to provide information which can be used consistently to inform service delivery. Internal communication, awareness raising and monitoring of the revised policies and processes continued in 2012/13.

- Equality and Diversity continues to be a key priority for the Council. We have set out our commitment in our Equality and Diversity Policy 2012-2015. The policy will be implemented and monitored by an Equality and Diversity delivery plan. In accordance with the Equality Act 2010 we have also published equality monitoring information on our population, our services and who uses them, and our workforce.

- The people and workforce strategy has been revised for 2011-2014 which links directly to the corporate priorities. Work has been developed over 2012/13 to address performance issues and sickness absence, and a comprehensive action plan is in place.

- The Council has an established joint consultation framework with its recognised Trade Unions and this provides a sound basis for effective debate, discussion and full consultation on the introduction of new operational policies and the review and refresh of existing policies. This framework exists not only to satisfy the Council's statutory requirements under collective bargaining and consultation, but also enables the benefits of full Trade Union engagement and involvement to be realised.

3.8   Risk Management / Resilience and Business Continuity / Emergency Planning

The Council has a comprehensive framework for the management of risk. And a revised risk management strategy, policy and guidance document was developed during 2012/13. This is currently under revision to ensure it remains fit for purpose for 2013/14. Risk management training was delivered throughout 2012/13 as part of the New Managers training course.

The Risk Management and Business Continuity group meets on a quarterly basis and reviews both the strategic and 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 to facilitate discussion to monitor existing risks and the Council's general risk environment, ensuring new risks are identified and considered as part of the horizon scanning process. The group also monitors incidents, and the response to incidents, to identify corporate learning and ensure business continuity and recovery plans are fit for purpose. 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 quarterly. 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 Team on a quarterly basis during 2012/2013 in addition to Executive Board. The strategic risk register was also presented to the Audit & Corporate Governance Committee in April 2012, December 2012 and March 2013 for their assessment of required assurance on key risks. The annual risk management report for 2012/13 will be presented to SMT, Executive Board and the Audit and Corporate Governance committee in June 2013.

New risks added in 2012/13 included: impact of forthcoming welfare reforms; introduction of the business rates retention scheme; capital project overspends; public health transition; impact of new inspection frameworks (ofsted).

Annual Governance Statement for the year ended 31 March 2013

A risk workshop was undertaken by the officer Governance Group in April 2013 to evaluate threats to the Council's corporate objectives for 2013/14. The output from the workshop will be used to refresh the risks in the strategic risk register for 2013/14. Risks will be expanded and updated to reflect current status and the refreshed strategic risk register will be taken to SMT for discussion.

3.9   Information Governance and ICT Governance

The Council has stated a commitment to high standards of governance, including information governance. The Corporate Governance Group receives regular updates around information governance at their meetings and has reviewed the information governance action plan in place. The Executive Director Environment and Regeneration has been nominated as the Council's Senior Information Risk Owner (SIRO) and the Chief Officer for Customer Access and Technology is deputy SIRO. Self assessment against the Information Governance Toolkit noted satisfactory outcomes against each requirement, ie. 'achieved Attainment Level 2 or above on all requirements.'

The Information Governance Group (a collaborative group with representation across all directorates and key areas of WBC) monitors the required actions to address information governance risks, and the roll out of the required communication and training to all relevant officers. The 2012-13 internal audit report concentrated upon follow up of actions reported in the previous year's report and noted that agreed action had been implemented or was underway for the majority of the points raised. The audit also reviewed the information governance arrangements in place for the Council's public health responsibilities; these were assessed as satisfactory.

The council is now developing improved data sharing arrangements with its partners to ensure a consistent and effective approach to data sharing agreements.

3.10   Projects and Programmes including Regeneration Schemes

A number of improvements have been made to the financial and project monitoring systems surrounding the whole capital programme during 2012/13 and no significant overspends have occurred on any projects during 2012/13. The close scrutiny by the officer Capital Investment Planning Group has ensured that issues have been addressed early and no unexpected issues have arisen.

Major projects during 2012/13 have included the continued planning of development of the Bridge Street area which is a key component of the Warrington Regeneration Programme. This is a long term project expected to last between 10 and 15 years. The Council supported the infrastructure developments for the Omega site which is a critical part of 'Warrington means Business.' The Council continued the development of innovative invest to save schemes including the Local Authority mortgage scheme, and developed investment schemes with social landlords.

Warrington & Co brings together the private and public sector to promote economic development and physical regeneration in Warrington, under the guidance of a private sector-led board. Warrington & Co's main function is to steer and monitor the implementation of the regeneration framework, as well as providing a forum for all the key agencies involved in regeneration in the town, both public and private sector, to co-ordinate their activities. The Board includes 2 elected members of the Council and the interim Chief executive. The Chief Executive of the Board is a Council officer.

3.11   Freedom of Information and Transparency

The Council has a robust process for responding to Freedom of Information requests that are received. As part of the Open Data transparency agenda the Council has also published items of expenditure over £500 online.

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 reports and 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 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.

Executive Directors and Assistant Directors have responsibility for the development and maintenance of the governance environment and provide formal assurance to Directorate Management Teams 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.

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. Based upon the work undertaken during 2012/13 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.

All eligible schools submitted full Schools Financial Value Standard (SFVS) returns with the exception of one high school which had been issued with an Academy order. The completion of returns in line with the Standard allows the Chief Finance Officer to gain assurance on their financial management and the regularity and propriety of their spending.

Value for money is vitally important to the Council at a time of increasing financial pressures and uncertainty regarding future Central Government funding. We know that the majority of our services perform well and that in cost comparators many are (by way of need) in the lowest cost bracket. Value for money is an important component of the internal and external audit plans that provides assurance to the Council regarding processes that are in place to ensure effective use of resources. Internal Audit reviews of key financial systems along with detailed substantive testing to support the annual accounts 2012/13 provided assurance that controls are robust.

The Audit Commission's Annual Governance Report 2011/12 contained an unqualified opinion on the financial statements and noted that the Council had improved its closure of accounts process. It also noted that the financial statements, received before the 30 June 2012 deadline, were supported by better audit trails and working papers. The Annual Governance Report noted that the Council remains financially resilient despite the ongoing reduction in government funding and increased pressure on services. The action plan from the Annual Governance Report has been monitored by the Officer Governance group.

The Government introduced new legislation for local audit during 2012/13 and in May 2013 published the Local Audit and Accountability Bill. This legislation introduces a new regime for the auditing of public bodies, extends the provisions for council tax referendums and enshrines the legal status of the local authority publicity code. The legislation will abolish the Audit Commission and will create a framework where councils can establish an independent auditor appointment panel. In line with the government changes the Audit Commission appointed Grant Thornton as the Council's external auditors for 2012/13.

4.1   Assurance in relation to the improvement actions identified in the 2011/12 Annual Governance Statement

Recommendation	Action undertaken
Ensure that the results of the barrister's investigation into the Planning department are acted upon and the Council takes the required action.	A Planning Improvement Board was established following the barrister's review with the aim of ensuring the provision of an effective and efficient planning service that provides confidence and transparency in the quality of decisions made by the Council. The Improvement Board is chaired by the portfolio holder and is responsible for driving the planning improvement plan forward and delivering outcomes and benefits in line with the operational plans and priorities of the organisation. The planning improvement plan includes the recommendations from the Ombudsman report; internal audit reports; the peer challenge review; and the Barrister's report. It is expected that the Board will complete its work upon implementation of required action. Monitoring of the recommendations in the barrister's report is also undertaken by way of inclusion in the officer Governance Group action plan. Actions have been completed as appropriate and reported for clearance to the two groups. Progress against any ongoing items continues to be monitored.
Ensure that the recommendations in the Disaster Recovery report are implemented.	Following the 'Minimal' assurance opinion in the Disaster Recovery Internal Audit report in 2011/12, significant improvements have been made to address recommendations in terms of recovery and timely return to normal service, should a major adverse incident occur affecting the main data centre. The Council's 'Top 11' ICT systems have been agreed by the Corporate Risk & Business Continuity Group and endorsed by the Senior Management Team (SMT) in March 2013. ICT have determined the current recovery position for each system and defined and costed a comprehensive improvement plan. The delivery of this improvement plan has progressed significantly during 2012/13. In particular, the ICT Service has progressed enhancements to the underpinning infrastructure (SQL databases, network and e-mail), enabling existing recovery times to be reduced. Furthermore, a tender has been issued

Recommendation	Action undertaken
	to replace the current backup and recovery service. Once this is in place in 2013/14, recovery times will be further improved. A costed proposal to increase resilience of the SAP system has been established. Costs so far have been met within existing resources and there are funds within the capital programme for required work in 2013/14.

4.2 Internal Assurance and External Inspections of Governance Arrangements

4.2.1 SAP System and ICT Governance

The Council's key ICT system SAP underpins the Finance, Payroll, Procurement and Human Resources functions. Continued improvements, in response to audits during the past two years, have been overseen by the SAP governance group. Further assurance was obtained during March 2013 from external auditors (Grant Thornton). The review suggested a number of recommendations all of which were categorised as low risk. These have been considered by the ICT Service and an implementation plan produced. The external auditors did highlight two concerns raised on internal audits: SAP complex passwords, and staff security training. The introduction of complex passwords (self-service) within SAP is in the final test stage of development, prior to implementation in production during May 2013, and formal SAP security training for technical staff has commenced and continues throughout 2013/14. Although both of these audit recommendations have previously been mitigated by other supporting actions, it is considered that these will now be formally completed and closed. The auditors also reviewed the Academy System (Revenues & Benefits) and to date no suggested actions have been received.

During 2012/13 ICT Governance good practice has been sustained and weaker areas strengthened. The certification of conformance to the best practice ISO27001 information security management standard has been revalidated by external accreditation and the management of ICT risks and ICT security incidents continues to be robust and has been highlighted as good practice. by external auditors. Internal audit reports on Mobile Computing and ICT Policies have returned 'Substantial Assurance' opinions.

4.2.2 Adult Social Care Services

Our third Local Account is being developed detailing progress made during 2012-13 against the priorities for adult social care and about the quality of its services. An important aspect is to demonstrate how citizens and consumers have influenced the development and quality of local services. Co-production is an integral part of developing our Local Account and service user and representative groups and partners all contribute to the final publication. Feedback from the

previous year's accounts will help inform this year's report with the account reflecting a partnership approach to developing services. It raises awareness about adult social care in general and important areas such as safeguarding, hate crime, hidden carers and self-funders. It highlights social care in the widest sense working in partnership across and beyond the council.

Key directorate risks regarding safeguarding and the delivery of residential and nursing care, due to the cost and volume pressures on this market and the Council's budget, are linked to the Strategic Risk Register to highlight their importance and ensure thorough monitoring.

Externally commissioned or internally provided Adult Social Care services are subject to a range of robust Governance measures that focus on developing partnerships, monitoring and improving and ensuring value for money. This is underpinned by a range of formal operational activities and forums including:

- Formal contract monitoring and compliance across all Adult Social Care services including scheduled, responsive and unannounced monitoring visits.
- Regular Performance Monitoring reviews with provider agencies subject to Service Level Agreements and Contracts.
- Formal individual service risk assessments for services commissioned under the Supporting People Programme
- Performance reporting to the Supporting People Commissioning Body
- Peer Reviewing Frameworks with Warrington Link/Local Healthwatch and Warrington Speak Up group.
- Key Performance indicators relating to Residential and Nursing Care and Supported Accommodation for adults with a learning disability are incorporated in the Directorate Performance score card.

In order to ensure consistency and quality all statutory agencies in Warrington have signed up to the safeguarding adult board's multi-agency policies, procedures and practice guidance. In addition, all commissioned health and social care providers, as part of their contractual arrangements, also ensure their processes and practices are concordant with the multi-agency policy.

Financial governance of adult social care has been strengthened through a reduction of the cost threshold for cases to be seen by weekly "panels". All care packages with a value in excess of £300 (previously in excess of £400), are scrutinised by the panel for consistency of application of Fair Access to Care Services (FACS) criteria and innovative alternative approaches to meeting needs.

In addition to our usual ways of engaging with local residents including the people who use our services and their carers, we undertook the *Big Care Debate* - a major public consultation about the way in which adult social care is delivered in Warrington - from April to June 2012. The debate focused on eligibility criteria

for adult social care services along with provision of day services. The responses shaped our policy in relation to both of these issues.

Internal audit performed follow up work during the year on the development of the replacement system to record service packages and client invoicing costs. An action plan had been produced by Internal Audit to provide advice regarding future control mechanisms in the development of the CareFirst system's CareFinancials module. The follow up risk report contained a 'limited' assurance opinion on controls in place to mitigate the key financial risks, and the report was used to reiterate the project and other control risks created by the continual delay in implementing the CareFinancials module across the Directorate.

A follow up review by internal audit of client finances noted a number of findings and a further internal audit review of the Council's arrangements for managing clients' finances contained a 'limited' assurance opinion. The findings have been included in action plans for each service, and actions were agreed that will improve the controls in place.

4.2.3 Children and Young People' Services

The pilot inspection of multi-agency arrangements for the protection of children, conducted in January 2013, found Warrington Council and statutory partners to be good on all counts: overall effectiveness of multi-agency work; the effectiveness of help and protection; quality of practice; and leadership, governance and partnership. The focus of the inspection considered the role of early help provision in reducing the need to escalate cases to statutory provision as well as children in need and child protection activity. The inspectors reported that:

The commitment to continuous improvement across the partnership since 2009, when the local authority was judged inadequate in a safeguarding and looked after children inspection, is clearly evident in all services.

The key areas for improvement identified by inspectors are: to ensure that all services consider all historical information relating to a child and; to ensure that all relevant front line practitioners receive regular and high quality child protection supervision. Actions to meet these and other recommendations set out in the report will be monitored through Warrington Safeguarding Children Board.

The majority of regulated services in Warrington have 'good' or 'outstanding' judgements from Ofsted. Specific service or settings Ofsted judgements between 2011-13 are:
- 100% (6) local authority children's homes were 'good'
- 100% (4) children's centres inspected were 'good'
- 23 (61%) of the 38 primary schools inspected were 'good' or better. 1 school (3%) is inadequate
- 3 (38%) of 8 secondary schools (including academies) were 'good' or better

- 100% (2) special schools were 'good'
- 79% of the 107 childminders inspected were 'good' or better.
- 73% of 66 childcare non-domestic settings were judged as 'good' or better.

The Directorate has recognised the risk of reduced influence of the local authority in respect of school improvement with schools which converted to academy status. Five of the 11 community high schools had converted to academy status by 1 April 2013. In addition, reductions in funding direct to the local authority has limited the offer of non-statutory services to schools although many schools have made the decision to buy back these services.

An internal audit report covering the payment of adoption allowances reviewed the processes and controls in place. The review assessed how management gain assurance that all payments are accurate and in line with agreed procedures. The report contained a 'limited' assurance opinion. A full action plan was agreed by management and action has been taken to implement the recommendations in the report.

5. Significant Governance Issues

The Council is committed to high standards of information governance and has made significant progress in developing the information governance framework particularly the elements of data breach reporting; data protection; consistency across all areas of the council; and staff training and awareness. During 2012/13 one information data breach has been reported to the Information Commissioner for consideration; we are awaiting the results of the Commissioner's review. A programme has been developed to ensure all staff have the required knowledge of Information Governance for their role, including planned workshops and the roll out of e-learning. Further development of the information governance framework for the council, supported by an implementation and improvement plan, is a key focus area of the officer Governance group. We believe that the steps we are taking will further enhance our governance arrangements and are satisfied that these steps will address the need for improvements.

The Council continues to face a significant level of uncertainty regarding future Central Government funding from 2013/14 as a result of the Government's action to address the public spending deficit. Whilst sound financial planning and stewardship has ensured the Council is well placed to respond to future financial challenges the Government's intention to review Local Government funding arrangements will affect future funding. Key changes include:

- localisation of Business Rates collected;
- localisation of Council Tax Rebates;
- further reductions in overall Grant funding.

These changes increase significantly the financial risk profile of the Council as any local economic downturn will directly impact on the Council's revenue

generation through business rates and additional direct cost of increased numbers of Council Tax rebate claimants. The balanced budget for 2012/13 has been achieved despite Warrington receiving bottom-quartile government funding, bottom-quartile level of Council Tax funding, and being the fifth lowest funded Unitary/Metropolitan Authority within the UK.

Conclusion

The review of the Council's governance arrangements for 2012/13 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.

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.

Signed: **Signed:**

…………………………..   …………………………….
Councillor Fitzsimmons   Councillor O'Neill
Chair of the Audit and Corporate   Leader of the Council
Governance Committee

Date:…16/10/13…   **Date:**……16/10/13……..

Signed: **Signed:**

……………………………..   ……………
Timothy Date   Steven Broomhead
Solicitor to the Council and Head of   Interim Chief Executive
Corporate Governance

Date:… 16/10/13…   **Date:** 16/10/13…………..

Annual Governance Statement Assurance Framework

Key documents

- Code of Corporate Governance
- Corporate Strategy and service planning processes
- Constitution
- Finance and Contract Regulations
- Risk management policy
- Policies, procedures, codes of conduct, scheme of delegation
- Anti Fraud, corruption and bribery policies
- Whistle blowing procedure

FULL COUNCIL

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

SMT

Council & Directorate Policies, Business Plans and Risk Registers

Governance Group

Responsible for evaluating assurances and supporting evidence and drafting the Annual Governance Statement

Review of the effectiveness of the system of Internal Control

(Required by the Accounts & Audit Regulations 2006)

| Operational Leads / Programme Boards /Partnerships | External Inspections e.g. OFSTED, CSCI, FMSiS, CQC | Financial Control Assurance (S151 Officer) | Legal & Regulatory Assurance (Monitoring Officer) | Member Assurance Standards Committee | Corporate Risk / Business Continuity / EP | Information Governance Group | Internal Audit | External Audit | Anti Fraud/ Corruption & Bribery |

Ongoing assurance on adequacy and effectiveness of controls over key risks