

WARRINGTON

Borough Council



ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

SEPTEMBER 2014

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.

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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, 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 24 April 2014 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/200355/budget_and_spending/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

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impact should they be realised; and to manage them efficiently, effectively and economically. It takes into account the increased difficulty in maintaining financial resilience as the Council continues to deliver efficiency savings, and the increased risk level which is reflective of the evolving environment in which the Council has to operate.

The governance framework has been in place at Warrington Borough Council for the year ended 31 March 2014 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 is in the process of developing a new corporate strategy 2015-18, informed by development of strategic commissioning intentions and associated plans.

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

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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 procedure rules were approved by the Audit and Corporate Governance Committee in April 2014 and finalised versions were approved at full Council on 9 June 2014. Contract procedure rules will be subject to revision during 2014/15 to incorporate the new OJEU regulations.

For 2013-14 as part of the Service Challenge process, the Council agreed savings proposals of £13.9m 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 provisional outturn position for the year is an underspend of £0.203m. The underspend reflects much work undertaken during the year to reduce the anticipated overspend reported at Quarter 1. The Council has experienced significant pressures as a result of increasing demand for services and the cost of legacy decisions relating to the children and adult social care. These pressures have been partly offset by use of grant funding and reserves, however the main areas include holding vacancies in anticipation of 2014/15 savings proposals as a result of service redesign. Not all 2013/14 MTFP savings have been achieved via the original means in year, as delays for consultation and formal approval have resulted in other mitigating savings being required. A longer term view to the financial planning strategy is being taken for future years to ensure any further savings are robust and sustainable. The underspend will be taken into the MTFP reserve to support the future financial position of the Council. The underspend 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.

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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. Following the review of Committees in Autumn 2012 and establishment of Policy Committees, work programmes have been established with links from Scrutiny Committee to the Policy Committees and quarterly meetings with chairs of Committees. The current version of the Constitution is to be presented to full Council in June 2014. Work continues to ensure the upholding of standards of conduct and behaviour by elected members following the introduction of the Localism Act in 2011 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

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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 stakeholders i.e. residents, community groups, business etc. We use the Internet to promote our resources and have developed a dedicated web page for consultation (www.warrington.gov.uk/consultation) to raise awareness of what engagement and involvement activity is taking place. There are plans under the emerging Customer Strategy to develop an online community engagement portal for receiving information, being consulted or finding out about what is going on and getting involved in their local community. 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. This is particularly relevant in terms of consultation and engagement activity which underpins service re-designs relating to vulnerable residents i.e. Big Care Debate. A random sample of the resident population is surveyed at least every 2-3 years in order to gauge levels of satisfaction with the local area, services and local priorities; the most recent Warrington Resident Survey was undertaken in 2012.

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 four companies during the financial year:

- Warrington Borough Transport
- LiveWire
- Culture Warrington
- Wire Regeneration Ltd

Warrington Borough Transport is wholly owned by Warrington Borough Council and is consolidated into the Group Accounts as a subsidiary. Wire Regeneration Ltd was established in March 2014 and is a Joint Venture Company for regeneration of the Southern Gateway.

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

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members of the Council and the Council's Director of Finance and Information Services 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 Wire Regeneration Ltd

The Joint Venture Company is set up on a 50:50 shareholding basis between Warrington Borough Council and Langtree Land and Property PLC. Wire Regeneration Ltd 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 Wire Regeneration Board comprises 2 elected members of the Council and the Council's Chief Executive along with 3 members from Langtree Land and Property PLC.

3.5.3 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.

3.5.4 Warrington Partnership

Warrington Partnership is the Local Strategic Partnership (LSP) for Warrington. The Partnership Agreement has been updated and approved by the Partnership Board. Warrington Partnership Board and the Health and Wellbeing Board jointly agreed the Warrington Strategy for Wellbeing; the strategy provides the overarching vision and priorities for Warrington and is used to direct strategic decisions across all partner organisations in the borough. Work is underway to review and update partnerships protocols and code of practice in light of evolving nature of partnership working and the wider integration agenda.

3.5.5 Warrington Clinical Commissioning Group / Health and Wellbeing Board / Integrated Commissioning Governance Board

Warrington Primary Care Trust was disestablished on 31 March 2013 and Warrington Clinical Commissioning Group (CCG) was formed. Work around collaboration for health and social care continues, supported by the post of Assistant Director for Integrated Commissioning which is jointly funded by WBC and NHS Warrington.

Warrington's Health and Wellbeing Board (HWB) has overseen the development of the Warrington Strategy for Wellbeing for the town which forms the basis for revised integrated commissioning strategies to be developed between partner

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agencies. The strategy coordinates intentions from the NHS, social care, public health, and other health determinants such as housing, and education. The Integrated Commissioning Governance Board met during 2013/14 and a set of guiding principles to underpin integrated or joint commissioning was agreed and approved. This Board act on authority from the Health and Wellbeing Board to develop specific integrated arrangements for commissioning or delivery of services including the monitoring of any Section 75 or Section 256 arrangements. Most recently, the Board have been responsible for overseeing the development of Warrington's Better Care Fund plan which will see £28m of health and social care budget pooled in order to address the prevention of acute hospital provision by funding of preventative and community based alternatives to hospital and residential care.

The LSP and Health & Wellbeing Board have a programme of activity to support the delivery of the Wellbeing Strategy and associated integration looking at: barriers to integration; collaborative leadership; and trailblazers projects for integration.

3.5.6 Safeguarding Children's Board

The Warrington Safeguarding Children Board (WSCB) is the key strategic partnership that coordinates and ensures the effectiveness of what is done for the purpose of safeguarding and promoting the welfare of children and young people in Warrington. It provides strong, forward thinking, outcome focused, visible leadership ensuring the delivery of continuous improvements in the care and protection of our children and young people. The Board publishes an annual report in September each year.

3.5.7 Safeguarding Adults Board

All statutory agencies in Warrington are signed up to the safeguarding adult board's multi-agency policies, procedures and practice guidance in order to ensure consistency and quality. 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.

3.5.8 Warrington Schools Forum

The schools forum is an independent statutory body whose main purpose is to be consulted by and advise the local authority on issues relating to the funding of schools. The Council has recognised the risks in the limited influence in respect of school improvement support for schools which have converted to academy status. The Council maintains oversight to ensure that governing bodies are effectively discharging their duties including their statutory responsibilities.

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3.5.8 Warrington Sports Holdings Ltd

The Council holds a 15.7% shareholding in Warrington Sports Holdings Limited. An up to date valuation of the shares has been obtained during 2013/14 for the purpose of the accounts. The purpose of the shareholding in the company is intended as a long term investment to support a community asset, the rugby club, and as such is not held for income generation.

3.6 Public Health

The Health and Social Care Act 2012 gave responsibility for health improvement and some of the health protection functions to local authorities. 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 and the public health team is now an integral part of the Council.

One aspect of the transition work was to ensure that all public health commissioned services were reviewed for quality and value for money. This exercise has enabled the Council to be confident that the ring-fenced public health grant of £10m is being used in the most cost-effective way to deliver real improvements in health and wellbeing for our residents. In this first full year in the Council the public health team completed a major survey of lifestyles amongst adults in Warrington; 6,672 people in total returned the questionnaire and the information has helped build a comprehensive picture of health and wellbeing across Warrington. A similar survey of children and young people will be undertaken in 2014/15. The team has also delivered a comprehensive Public Health action plan in 2013/14. It has re-commissioned several services such as Sexual Health, Infection Control and library services.

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.

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- The Legal Service is accredited and annually assessed against national governance and performance criteria as part of the Law Society 'Lexcel' standard. The standard gives assurance upon the Service's procedures, standards of conduct, business planning and risk management procedures. The accreditation gives assurance on the Legal Service's ability to support the governance of the authority.
- The Director of Finance & Information Services 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 Director of Finance & Information Services complies with the governance requirements of the 2010 CIPFA statement on the: *Role of the Chief Financial Officer in Local Government* and, as required by the guidance, is a member of the senior management team 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 2013/14 this included financial management training and themed updates. A working group from the Committee completed a self assessment of the Committee's effectiveness in April 2014 using revised CIPFA guidance for Audit Committees issued in 2013. The working group considered the role of the Committee and its effectiveness and 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 Solicitor to the Council and Assistant Director Corporate Governance and attended by Director of Finance & Information Services 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 2014.
- A whistleblowing procedure is in place in the Council together with a separate schools' procedure. The procedure supports the Council in its obligations in respect of the Bribery Act 2010. There is information on the Council's website and the intranet and the procedures are supported by a dedicated reporting telephone line and on-line form, maintained by internal audit. Awareness

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raising is undertaken on a regular basis with articles included in the staff magazine 'Your Voice' and fraud posters distributed referencing the reporting line. The Council took part in a whistleblowing pilot exercise carried out by Public Concern at Work (PCaW) and the National Fraud Authority during 2013/14. A questionnaire was completed as part of this exercise to gauge staff perception of the Council's processes.

- The Council's anti fraud, bribery and corruption statement and policy incorporates the requirements of the Bribery Act and was updated in 2013/14. 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 been produced to assist the public who want to make a complaint. Performance against elements of the complaints process was reviewed by the Partnerships and Performance team during 2013/14 and SMT approved recommendations to improve processes. An internal audit review of complaints during 2013/14 contained a 'limited' assurance opinion. Action was agreed to all the recommendations in the report and several of the recommendations linked to the work being undertaken as part of the Council wide Customer Project that has been initiated to further develop the Council's customer service arrangements.
- 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 is being 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 2011-2014 links directly to the corporate priorities. Work has been developed over 2013/14 to develop the staff appraisal process and new learning and development priorities have been set out. A comprehensive action plan is in place to address sickness absence, this is monitored by the officer Governance Group and by a working group from the Organisational Improvement and Development Policy Committee. Significant improvement was recorded by the end of 2013/14, suggesting that the actions taken by HR in liaison with managers are starting to take effect. Further improvement is still required and this will be monitored closely during 2014/15 with significant resource being targeted at achieving the targets set. An internal audit review of sickness absence at an operational level during 2013/14 provided a 'limited' assurance opinion on the arrangements. The actions agreed from the internal audit report have been incorporated into the overall action plan. A staff survey commenced in March 2014 results of which will be reported during 2014/15.

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- 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 2013/14. The refreshed 2013-14 policy was presented to the Audit & Corporate Governance Committee at their meeting in June 2013. Risk management training was delivered throughout 2013/14 as part of the New Managers training course.

The Risk Management and Business Continuity group meets twice yearly and reviews both the strategic and directorate risk registers. The group is supported by Directorate risk groups 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 2013/14 in addition to Executive Board at quarters 2 & 4. The strategic risk register was also presented to the Audit & Corporate Governance Committee in June 2013 and November 2013 for their assessment of required assurance on key risks. The annual risk management report for 2013/14 was presented to SMT, Executive Board and the Audit and Corporate Governance committee in June 2014.

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 was used to refresh the risks in the strategic risk register for 2013/14. New risks added in 2013/14 included: impact of the Care bill; increased pressure on the care purchasing budget; capital loans to external organisations; major local regeneration schemes; and the impact of the public service network requirements.

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Emergency Plans were continually updated throughout 2013 in line with plan anniversaries, statutory timeframes and to account for organisational changes, including consideration of Public Health responsibilities. SMT received a report in November 2013 which outlined a number of considerations and future work to increase organisational resilience in relation to emergency preparedness and response. Work is ongoing to address this area through 2014.

3.9 Information Governance

The Council has stated a commitment to high standards of governance, including information governance. Responsibility for the Council's Senior Information Risk Owner (SIRO) was transferred to the Director of Finance & Information Services during 2013/14 and the Assistant Director Partnerships and Performance is deputy SIRO. 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. A review of the position with regard to Information Governance was undertaken by the SIRO during 2013/14 which highlighted a number of areas for improvement which have been included in the information governance action plan and associated risk register. Work has started to define information asset owners and develop an information asset register. A review of training and awareness raising is underway and a dedicated information governance manager has been appointed.

An internal audit report on data sharing contained a 'limited' assurance opinion. The report acknowledged the amount of work underway to review and improve arrangements around information governance and data sharing. Actions agreed have been included into the information governance action plan and progress will be monitored as part of the Chief Internal Auditor's monthly meetings with the SIRO.

3.10 Projects and Programmes including Regeneration Schemes

Improvements continued to be made to the financial and project monitoring systems surrounding the whole capital programme during 2013/14 and no significant overspends occurred on any projects during 2013/14. The close scrutiny by the officer Capital Investment Planning Group has ensured that issues have been addressed early and no unexpected issues have arisen.

A number of major projects are underway, with project managers and project teams in place to lead the developments. Major projects during 2013/14 have included the following schemes:

- 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 which is expected to last between 10 and 15 years.

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- Establishment of a Joint Venture Company for regeneration of the Southern Gateway, in accordance with the aspirations of the 'Warrington Means Business' framework for business growth and regeneration in the Borough.
- Continued infrastructure developments on the Omega site which is a critical part of 'Warrington Means Business.'
- Continued development of innovative invest to save schemes including investment schemes with social landlords and other corporate loans.

An internal audit review of the regeneration schemes during 2013/14 identified a number of areas where the Council could make improvements in the governance arrangements for the regeneration projects. Action was agreed to the recommendations in the report and a Regeneration Board was established in November 2013 with appropriate Member and officer representation to provide increased Member oversight of decisions taken as the schemes progress.

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. The Managing Director is a Council officer and 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; the Council's Chief Executive is Chair of the Board in a personal capacity.

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.

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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. The process of self assessment for 2013/14 has been subject to review and challenge at Directorate Management Team meetings and evidence to support the assessment collated. 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 2013/14 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. The opinion reflected areas (as identified in this statement) where inadequate design and/or inconsistent application of controls put the achievement of particular objectives at risk, and action plans have been agreed to improve controls. In particular the opinion reflected the work that was undertaken by internal audit during 2013/14 on the regeneration schemes; the report contained a number of high priority recommendations to improve controls and action was agreed to the recommendations made. The actions put into place following the review and the work that has begun recently, to establish robust performance monitoring and reporting mechanisms for all major projects, will need to be developed during 2014/15 in order to provide robust control.

All eligible schools submitted full Schools Financial Value Standard (SFVS) returns. The completion of returns in line with the Standard allows the Director of Finance & Information Services 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 2013/14 provided assurance that controls are in place and operating satisfactorily. A number of the areas reviewed, however, highlighted a need for further training and support for managers with financial duties. Internal Audit will work with the Finance team during 2014/15 to develop the supporting procedures.

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In May 2013 the Government introduced new legislation for local audit and published the Local Audit and Accountability Bill. The legislation came into force in January 2014 with the introduction of the Act. This legislation introduced a new regime for the auditing of public bodies, extended the provisions for council tax referendums and enshrined the legal status of the local authority publicity code. The Council's appointed auditors Grant Thornton issued their Annual Findings Report 2012/13 in September 2013 which contained an unqualified opinion on the financial statements. The report noted that *"the financial statements presented for audit were of a good standard, were supported by high quality working papers and no significant issues were identified."* The report also gave an unqualified value for money conclusion on the Council's arrangements to secure economy efficiency and effectiveness in its use of resources and noted: *"Our overall conclusion is that whilst the Council faces significant financial challenges, particularly from 2014/15 onwards, its current arrangements for securing financial resilience are good (green)."* The report included recommendations around the major capital schemes: *"The Council should review its minimum standards for project management and check that they are being met consistently across the organisation. There is scope to improve and standardise the quality of the project management arrangements in place, in particular the arrangements for evidencing the initiations of a project and the consideration of its associated risks."*

4.1 Assurance in relation to the improvement actions identified in the 2012/13 Annual Governance Statement

There were no specific improvement actions arising from the 2012/13 Annual Governance Statement, however the officer Governance Group has maintained an action plan for continual improvement of governance issues in the Council. These included the following:

Improvement Action	Action undertaken
Continued improvement in information governance processes	<p>The officer Governance Group receives regular updates around information governance at their meetings and has reviewed the information governance action plan in place. During 2012/13 one information data breach was reported to the Information Commissioner (ICO) for consideration and no action was taken by the ICO. No data breaches have been reported to the ICO in 2013/14. Elements of data breach reporting will be a key focus for the SIRO during 2014/15.</p> <p>The self-assessment submitted against version 11 of the Information Governance Toolkit in 2013/14 noted satisfactory outcomes against 38 of 39 requirements, ie. 'achieved attainment Level 2b or above on these requirements. One requirement (scored as not applicable in v10 assessment) was</p>

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Improvement Action	Action undertaken
	scored at level 2a; it is anticipated that level 2b will be reached for this requirement, providing a satisfactory level 2 response, in the v12 submission in 2014/15.
Ensure that the results of the barrister's investigation into the Planning department are acted upon and the Council takes the required action.	The ongoing work around the Planning department continued following the barrister's review. The Planning Improvement Board met regularly throughout 2013 to monitor 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 was chaired by the portfolio holder and was responsible for driving the planning improvement plan forward and delivering outcomes and benefits in line with the operational plans and priorities of the organisation. Actions have been completed as appropriate and reported for clearance to the Board.
Ensure that the recommendations in the Disaster Recovery report are implemented.	Continued improvements have been made to the Council's arrangements for disaster recovery. Significant improvements have been made to address recovery and timely return to normal service, should a major adverse incident occur affecting the main data centre. ICT determined the recovery position for the Council's top 11 systems and defined and costed a comprehensive improvement plan. Delivery of the improvement plan has progressed significantly during 2013/14. 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 the backup and recovery service was replaced during 2013/14 leading to further improved recovery times.

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 have continued to be overseen by the SAP governance group in 2013/14. Further assurance was obtained during April 2014 from external auditors (Grant Thornton). The review

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suggested a number of recommendations all of which were categorised as low risk, apart from 1 medium risk. The external auditors highlighted a concern also raised by internal audit previously in the use of SAP-ALL profile, this provides wide ranging access to the system. Management are currently considering options to remove the SAP-ALL profile from the eight active accounts. The recommendations in the report have been considered by the ICT Service and an implementation plan produced

During 2013/14 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.

The Council has been working to comply with increased compliance requirements, mandated by the Cabinet Office, in order to allow continued connection to the government's Public Services Network (PSN). These enhanced requirements include the removal of all unsupported software, and software with any security vulnerabilities, from all machines that access the Council's data network. A large number of staff use PSN (formerly known as the Government Connect Secure Extranet, GCSx) to access central government ICT systems and allow secure data sharing with partners.

4.2.2 Families and Wellbeing

The new directorate of Families and Wellbeing was formed in October 2013, bringing together the functions of the former children and young people's services; adult services; housing; neighbourhoods; and public health directorates. The role of Executive Director Families and Wellbeing encompasses both statutory roles of the Director of Children's Services (DCS) and Director of Adults' Services (DASS). The roles of operational directors for DASS and DCS provide capacity to ensure all duties within the statutory roles are delivered, with Assistant Director roles in the Directorate also delivering some statutory duties. The Council has issued an assurance statement signed by the Chief Executive to demonstrate that all aspects of the combined post have been considered in combining the DCS role with the DASS and public health related services; the statutory guidance in relation to the DASS has also been considered. The assurance statement was prepared in line with requirements of the Department for Education (DFE) statutory guidance on the roles and responsibilities of the DCS and the Lead Member for Children's Services published in 2005, 2009 and revised in 2012.

In 2013/14 the total budget spend for the directorate was £98,228K – there was a slight overspend of £37K equating to around 0.038% of the overall budget. As part of the service challenge for MTFP more than £23.4 million efficiencies have been delivered over the past three years. Since 2011/12, children's services

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have achieved £8.6 million, adult services £14.8 million and neighbourhoods and housing £396k in savings.

4.2.3 Children and Young People's Services

Children and Young People's Services produce an annual report detailing the progress made against priorities. The report, covering the period 2013-14, was published in May 2014.

In July 2013 the Ofsted inspection of the Fostering Service found that across five of the six key judgments: overall effectiveness; quality of care; safeguarding children and young people; leadership; and management were all rated as 'good'. Outcomes for children and young people, was found to be 'outstanding'. Inspectors also reported that the service is well-run by managers who have a clear understanding of priorities and who put the children and young people at the centre of their work. The children, says the report, "make outstanding progress in achieving their potential in their educational aspirations" and "their life chances in future employment are significantly improved". As a result of the inspection, recommendations were made relating to some aspects of the management and monitoring of records and practice and training, support and development standards portfolios.

The majority of regulated services in Warrington have 'good' or 'outstanding' judgements from Ofsted. Specific service or settings Ofsted judgements include:

- 6 (100%) local authority children's homes are rated 'good' or better.
- 6 (75%) of the 8 children's centres are rated 'good'.
- 24 primary schools were inspected in the period April 2013 to March 2014. Of these, 16 (67%) were 'good' or better. 1 school (4%) was judged 'outstanding'; 15 schools (63%) were judged 'good'; 7 schools were judged 'requires improvement' (29%) and 1 school (4%) was judged 'inadequate'.
- 58 (83%) of all primary schools across the Borough are rated 'good' or better.
- 50% (6 out of 12) are rated 'good' or better and 1 has been judged as 'inadequate' (8%).
- 2 (67%) of the 3 special schools are rated 'outstanding', 1 is rated as 'Requires Improvement'.
- 146 (74%) of the 198 childminders inspected were rated 'good' or better; 3 (4%) were rated 'inadequate'.
- 89 (77%) of 116 childcare non-domestic settings are rated as 'good' or better. 1 (1%) is rated 'inadequate'.

Successes during 2013-14 include:

- Shortlisted for three LGC awards in the categories of campaign of the year (WWiSH); innovation (WWiSH); and children's services (children and young people's services).
- Best performer in terms of the least number of children and young people not in education, employment or training.
- Accreditation for the Careers for Young People service.

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- There was a 40 percent increase in attendance in the annual jobs fair helping Warrington's young people find a job, apprenticeship, college course or training course.
- Following 12 months of building work, the staff and children of Woolston Community Primary have relocated to their new school located on Barnfield Road.
- The Music Hub (on behalf of Warrington Council) has received a grant of 45,000 euros to fund a two year project of staff exchange with Hilden to design a town centre trail App which is hoped will enable them to identify very strongly with Warrington history and cultural heritage.
- Phase one of the single gateway to services for children, young people and families has been established and the Families Information Service (FIS) has extended its role to manage calls from Duty and Assessment.

The directorate has recognised the ongoing risk of deteriorating relationships and limited influence of the local authority in respect of school improvement support for schools which have converted to academy status. In addition, reductions in funding direct to the local authority have limited the offer of non-statutory services to schools, although many schools have made the decision to buy these services from the local authority.

An internal audit of the systems of internal control in place in relation to the financial administration of children's residential and short break homes contained a 'minimal' assurance opinion. The revised structure of the homes has improved the quality of service provision and outcomes for young people, however, our audit identified that the dispersal of key financial administrative procedures has had a detrimental impact upon financial processes and controls. Management responded positively to the recommendations in the report and the action agreed, once implemented, will improve the controls in place.

4.2.4 Adult Services

The fourth local account is being developed detailing progress made during 2013-14 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 service 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. Risks for Adult Services also

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include the impact of the Care Bill, and the take up of personalisation, not just for older people but for people with learning and physical disabilities.

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 review 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.

Financial governance of adult social care in regards to the cost of care and inflation is in the process of being looked at whilst working closely with service providers to deliver a more robust service with effective partnership working. In addition to our usual ways of engaging with local residents including the people who use our services and their carers, we undertook a number of public consultations including:

- The Big Care Debate – re-tender of homecare services to ensure that people in Warrington have good access into domiciliary care services.
- Review of adult social care in-house services - review of how our Adult Social Care in-house services are delivered to see if they can be redesigned to become more efficient, whilst maintain the quality standards service users expect.
- Changes to non-residential charging policy – ensuring that all service users are charged fairly by assessing their ability to pay, in line with the government's charging guidelines (included disposable income and disability related expenditure).
- Residential and nursing fee review – renegotiating the fees paid to independent providers of residential and nursing home care in Warrington.

Successes for Adult Services during 2013-14 include:

- Shortlisted for two LGC awards in the categories of community involvement (Safe Places) and innovation (Support 4 Change).
- Adult social care services remain fully compliant with CQC standards following a number of inspections.
- Plans to deliver service improvements at Gorse Covert day centre.
- Planning is underway to deliver a new learning disability short breaks service at Woodleigh care home.

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- Shortlisted for a lottery bid to address older people's social isolation.
- Continued expansion of telecare and sensory services.
- Support 4 Change project recognised by a national expert on diversion in mental health/criminal justice.
- Ranked second in North West for carer reported quality of life, third for people with learning disabilities in employment, and third for reablement measure.
- Rated best performer in terms of service users reporting services made them feel safe.
- Delivery of focused improvement interventions with providers of residential, nursing and domiciliary care using multi-agency intelligence.
- New contract for services for adults with a learning disability, valued at £5.5 million, delivering efficiencies and improved models of service.

An internal audit review of the Council's arrangements for managing clients' finances, issued in August 2013, contained a 'limited' assurance opinion. Corporate financial support was put into place to assist with implementation of key financial controls. Follow up work during 2013/14 has noted that a number of the recommendations and agreed action remain outstanding. Further detailed work by internal audit is underway currently to gain assurance that controls have been implemented.

4.2.5 External Inspection Regulation of Investigatory Powers Act 2000

An inspection was undertaken in January 2014 by an inspector from the Office of Surveillance Commissioner to review the Council's management of covert activities. The report noted that the Council's policy and guidance regime is of a very high standard. The inspector noted that the Council engages powers under RIPA for a limited range of investigations but does so on a relatively frequent basis. Two of the three recommendations made in the previous review undertaken in 2011 were noted as discharged by the inspector. The outstanding recommendation is in relation to applications and authorisation of directed surveillance. The report recommended improved day to day oversight of RIPA processes and recommendations were made covering Central Record and Oversight; Directed Surveillance; Internet and social networking sites; and Training. The recommendations have been accepted by management.

4.2.6 Data Quality and Management Information

Errors were discovered during 2013/14 in processing of 2012/2013 performance data for Children & Young People's Service (CYPS). Upon discovery of the processing errors, Partnerships and Performance team carried out checks on all CYPS critical performance indicators, issued a report into the incident and reviewed the validation processes in place. A detailed action plan was prepared as part of the report by the Performance, Policy and Partnerships Manager to improve data quality procedures; this identified 7 specific actions to improve existing processes. An internal audit review into the processing errors obtained evidence to determine progress against these actions. The review obtained

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assurance from the Partnerships and Performance team that action had been taken to address a number of areas including: more thorough staff induction processes; written guidelines and procedures; adoption of a risk based sampling process; and closer partnership working with CYPS management. The embedding of the actions contained in the Performance, Policy and Partnerships Manager's report, together with actions in the internal audit report, will improve controls in processing performance data.

4.2.7 External Inspection Food Standards Agency

An audit was undertaken by the Food Standards Agency on the 16th May 2013 on the directorate's arrangements on data management and intelligence. The audit reported only one minor recommendation. Items reported were actioned and a response to the auditors submitted; no follow up visit was deemed necessary following this response.

A Cheshire & Merseyside inter-authority peer review was carried out by Sefton & St Helens Councils on 26 June 2013, looking at the Authority's prioritisation in respect of health & safety interventions and how we determine our incident selection criteria against national guidance. Action was agreed to the areas raised in the report and no further visit was deemed necessary. A further inter-authority audit is due to be carried out on 9 & 11 July 2014, by officers from Sefton & St Helens Councils.

5. Significant Governance Development Areas

Major Capital Schemes

The Council is committed to high standards of governance and has recognised during 2013/14 that as the Council enters into a number of schemes to deliver regeneration, along with innovative invest to save schemes, then the governance and risk management arrangements need to be robust. It has been recognised by officers that more robust programme management arrangements are needed and work is underway to develop improved programme governance and monitoring arrangements:

- A Regeneration Board was established in November 2013 with appropriate Member and officer representation to provide increased Member oversight of decisions taken as the regeneration schemes progress. Work is underway in the Economic Regeneration, Growth and Environment Directorate, supported by the Council's business improvement team, to establish robust performance monitoring and reporting mechanisms for all major projects.
- The Council has provided commercial loans to registered social landlords (RSLs) to stimulate housing development in Warrington in 2013/14. Loan facilities of £140m have been provided to 3 RSLs in order to help stimulate housing growth, support economic regeneration and help to provide local

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employment in the borough. Resources have been put into place in the Finance team to monitor the corporate loans.

Management and Monitoring of Contracts

The Council continued to develop new partnership arrangements and complex contracts for delivery of services during 2013/14. It is recognised that, as such contracts are developed, robust management and monitoring of contracts needs to be undertaken. A fraud investigation underway into one of the Council's contracts, led by the Police with support from Council staff, has highlighted the need for more robust processes. Police enquiries are ongoing and lessons learned from the investigation will be acted upon during 2014/15.

The areas noted above demonstrate that the Council continues to face a significant level of challenge given the requirement to deliver efficiency savings whilst maintaining services. Delivering the savings and maintaining financial resilience is becoming increasingly difficult for the Council and during 2013/14 the strategic risks faced by the Council broadened. It is considered that the increased risk level is reflective of this evolving environment in which the Council has to operate.

Conclusion

The review of the Council's governance arrangements for 2013/14 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.

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Signed:



Councillor Fitzsimmons
Chair of the Audit and Corporate
Governance Committee

Date:

Signed:



Councillor O'Neill
Leader of the Council

Date: 26.09.14

Signed:



.....
Timothy Date
Solicitor to the Council and Head of
Corporate Governance

Date: 2.10.14

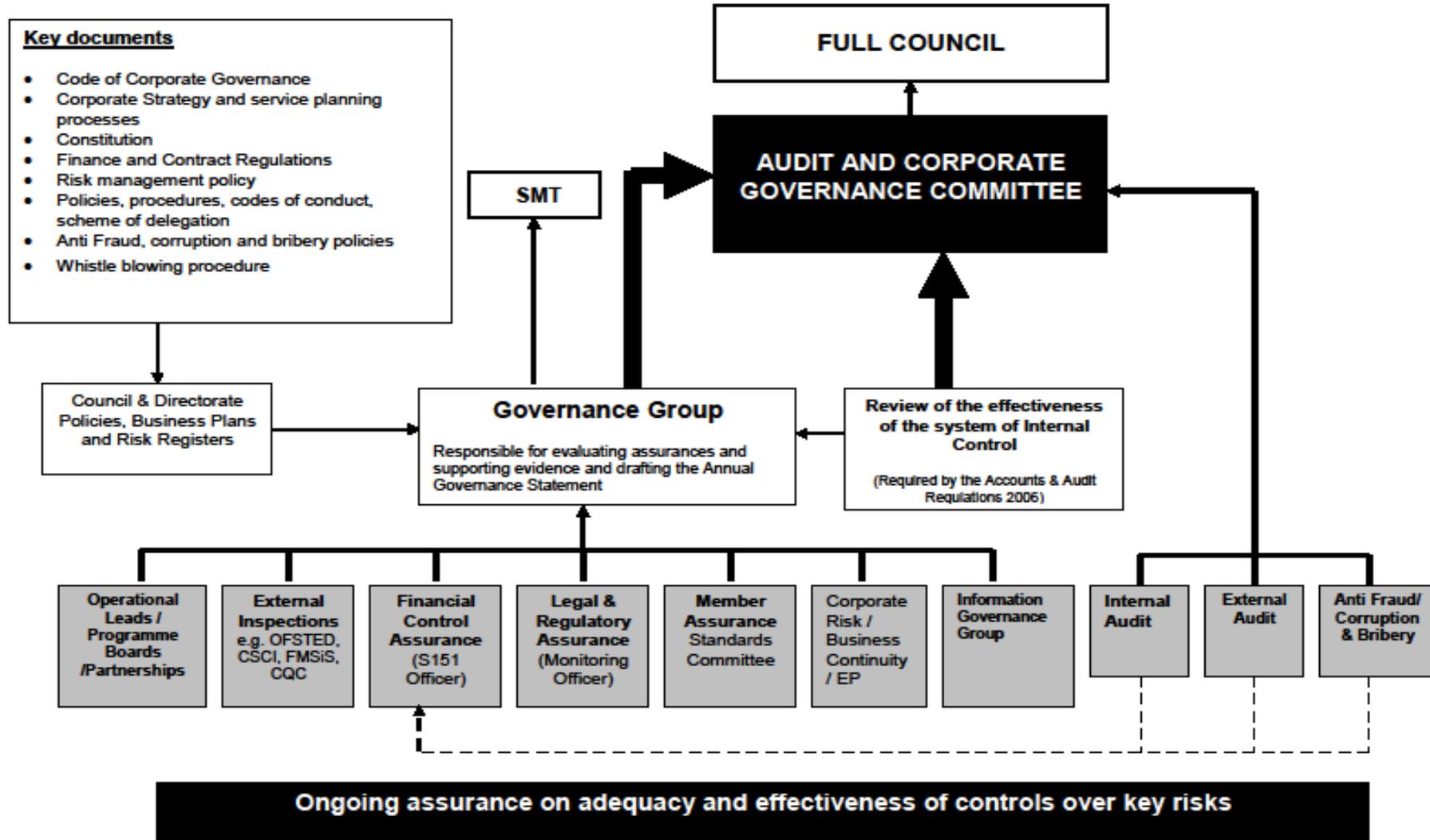
Signed:



.....
Steven Broomhead
Chief Executive

Date: 26.09.14

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	Improved programme governance arrangements for major regeneration schemes				
Director of Finance & Information Services	Monitoring of loans to RSLs and other Corporate Loans				

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
Deputy CE	Robust contract management and monitoring of contracts				
Deputy CE	Improved Partnership working arrangements				

AGS Principle 5: Developing the capacity and capability of members and officers to be effective

OBJECTIVE(s):

Making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles.

LEAD	TASKS	Links to	DATE	PROGRESS	% comp
Director of Finance & Information Services	Developing standard documented procedures and training to assist staff in financial controls				
Director of Finance & Information Services	Develop more robust controls over the management of Client Finances				