

# WARRINGTON

## Borough Council



### ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

SEPTEMBER 2015

**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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# Annual Governance Statement for the year ended 31 March 2015

## 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 21 April 2015 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](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. The 2014/15 governance arrangements in Warrington Council are described in detail in Annex 1 of the Code of Corporate Governance. 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

## Annual Governance Statement for the year ended 31 March 2015

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. 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 2015 and up to the date of approval of the annual report and statement of accounts.

### 3 The Governance Framework

The Council's control environment encompasses: strategies; policies; plans; procedures; structures; and processes required to assure the people of Warrington of the Council's sound governance. This document covers those arrangements which were in place during 2014/15. The key elements are noted below and further detail is provided in Appendix 2.

The Council maintains high standards of governance:

- 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 Council has developed a new corporate strategy 2015-18, informed by development of strategic commissioning intentions. The council has developed an engagement process with residents through its 'Growing a Strong Warrington' programme (including communications & digital strategies). <http://www.warrington.gov.uk/strongwarrington>
- Warrington's Performance Management framework ensures that progress against key plans and strategies is monitored routinely in order that timely action can be taken to address any performance issues.
- The 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 current version of the Constitution was agreed at full Council in June 2015. <http://www.warrington.gov.uk/info/200349/committees/664/constitution>

## Annual Governance Statement for the year ended 31 March 2015

- 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 Legal Service is accredited and annually assessed against national governance and performance criteria as part of the Law Society 'Lexcel' standard.
- The Council has Codes of Conduct for both members and officers together with induction processes and a range of policies and procedures including the requirement for members and officers to make declarations of interests.
- 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 2014/15 this included financial management training and themed updates.
- The Council has a proven track record of financial management and robust monitoring arrangements in place to manage its finances in year. A new process for Outcomes Based Budgeting (OBB) was established during the year to take effect from 2015/16 budget.
- The Council has a comprehensive framework for the management of risk and has a risk management strategy, policy and guidance document in place. A strategic risk register is in place and is updated quarterly.
- The Council has a Chief Internal Auditor who leads the internal audit team. The Chief Internal Auditor has direct access to the Chair of the Audit and Corporate Governance Committee and the role conforms to the guidance laid down in the *CIPFA Statement on the Role of the Head of Internal Audit (2010)*.
- An officer Governance Group meets, 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.

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- 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.
- 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.
- A Health & Social Care Transformation Programme is being developed led by five major funders: the three major health provider organisations in Warrington; the Council; and NHS Warrington Clinical Commissioning Group (CCG). A Transformation Director has been appointed to lead on the programme. Warrington's 'Better Care Fund' has been developed which will see £26.5m 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.
- A refresh of the joint Health and Wellbeing Strategy for Warrington is underway with extensive consultation taking place with all key stakeholders. The Integrated Commissioning Team has led on the development of the refreshed strategy with support from colleagues in the Council and the CCG.
- 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.
- The Council's anti fraud, bribery and corruption statement and policy incorporates the requirements of the Bribery Act and was updated in April 2014. Regular reports are provided to the Audit and Corporate Governance committee on the work undertaken in the Council to combat fraud and corruption. CIPFA launched its Code of Practice on Managing the Risk of Fraud and Corruption in October 2014. The Code is currently voluntary, but during 2015-16 we will be carrying out an assessment against the Code and identifying any gaps in compliance.
- The Customer Complaints and Feedback Policy has been refreshed as part of the Customer Strategy.

## Annual Governance Statement for the year ended 31 March 2015

- Equality and Diversity delivery plan in place. 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 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.
- The people and workforce strategy 2011-2014 links directly to the corporate priorities. Staff appraisal processes are in place and new learning and development priorities have been set out.
- 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.

### 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 effectiveness of the governance framework by the work of 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 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. The Committee ensures 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. In line with CIPFA best practice guidance, the Committee performs an annual self-assessment of their own effectiveness and acts on recommendations identified; the Committee Chair also produces an annual report to full Council of the work performed by the Committee during the year.

The Standards Committee has continued to promote high standards of ethical behaviour by refreshing the Code of Conduct for members and officers during 2014/15. A review of the impact of the Policy Committees has been undertaken

## Annual Governance Statement for the year ended 31 March 2015

by the Solicitor to the Council. A review of members' allowances commenced during 2014/15 by the independent remuneration committee.

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 2014/15 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 2014/15 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.

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 2014/15 provided assurance that controls are in place and operating satisfactorily.

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 2014/15, suggesting that the actions taken by HR in liaison with managers continue to take effect. Further improvement is still required and this will be monitored closely during 2015/16 with significant resource being targeted at achieving the targets set. An internal audit review during 2014/15 of the action plan and management of sickness absence, at an operational level in a sample area in the Council, provided a 'substantial' assurance opinion on the arrangements.

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In March 2015 Ofsted conducted an inspection of services for children in need of help and protection; children looked after; and care leavers. The review concluded that the Council 'required improvement' overall. The Council was judged to be 'good' in three areas: children achieving permanence; adoption performance; and experience of care leavers. The report noted that improvements were needed in two areas and the Warrington's Safeguarding Children's Board was also judged to 'require improvement'. The report did not highlight any serious failures and Ofsted said: *"No children or young people were found to be unsafe and not being supported during the course of this inspection."* The Council has developed improvement plans to address the recommendations.

The Council's appointed auditors Grant Thornton issued their Annual Findings Report 2013/14 in September 2014 which contained an unqualified opinion on the financial statements. The report noted that:

- *the Council continues to improve its arrangements for closedown and compilation of the draft statements;*
- *the Council provided good quality working papers at the start of the audit; and additional working papers were produced as required;*
- *finance staff were available during the majority of the audit to answer our questions promptly and provided additional information in a timely manner.*

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 The Council continues to demonstrate good financial resilience and strong financial planning and management. The medium-term financial plan (MTFP) identifies a budget gap of £50m over the period to 2017/18. Having already delivered substantial financial savings, the scale of the future challenge is significant. As part of its response to this challenge, the Council has embraced new ways of working and is investing in the regeneration of the area to encourage and support continued growth. Whilst this is undoubtedly an appropriate response the challenges faced, it is important that the Council continues to identify and manage the risks associated with these developments."*

During the year the Council began work on achieving a credit rating from Moody's, one of the world's leading credit rating agencies. The credit rating was published in May 2015, awarding Warrington one of the highest ratings available of Aa2.

All eligible schools submitted full Schools Financial Value Standard (SFVS) returns. These are reviewed and queries are raised as necessary; queries have been raised on the submissions from three schools which will be subject to further review. 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. Children and Young People's Services also maintain a "Keeping all schools under review"

## Annual Governance Statement for the year ended 31 March 2015

process which is a comprehensive review and uses information from internal audit reviews, the SFVS returns and other sources, to identify schools at risk.

### 5 Significant Governance Development Areas

#### Major Capital Schemes

The Council is committed to high standards of governance and has continued to develop robust governance and risk management arrangements for schemes to deliver regeneration, and innovative invest to save schemes. It has been recognised by officers that robust programme management arrangements are needed and work continues to develop improved programme governance and monitoring arrangements:

- The Council's Regeneration Board has met regularly throughout 2014/15 and has received updates on all the major capital regeneration schemes, including specific risks and decisions taken by officers, some of which have been undertaken under delegated authority from the Executive Board. Work continues to establish robust performance monitoring and reporting mechanisms for all major projects.
- The Council has been providing loans to Registered Providers since 2009 to stimulate house building in the borough and the surrounding area. At 31<sup>st</sup> March 2014 the Council had £222m of loan facilities in place with six regional registered providers; to date £35.8m has been drawn down from the facility. The Council at the 31<sup>st</sup> March 2015 also had two other commercial loan facilities in place with Warrington Borough Transport of £1.150m and OMEGA Warrington Ltd of £7.5m. The Council has stringent corporate governance arrangements in place around the granting and monitoring of these loans. All loans are agreed by the Council's Executive Board after the carrying out of an independent due diligence exercise. Robust contract management arrangements are in place and the loan contracts are monitored on an ongoing basis by the Council's Corporate Finance Team. Regular monitoring reports are taken to the Treasury Management Board, Audit & Corporate Governance Committee, Capital Investment Planning Group and Directorate Management Team on an on-going basis. The risks of the programme are also dealt with by the Council's Corporate Loans Group consisting of specialists from the various departments of the Council.

#### Client Finances

The Council has a duty of care to protect vulnerable adults in the community from financial abuse and to provide support to those who no longer have capacity to manage their own finances in cases where there is no alternative (ie. family, friends). An internal investigation was undertaken to review the management of client funds and detailed testing of a sample of client accounts was undertaken by the Council's financial investigators to gain further assurance around the

## Annual Governance Statement for the year ended 31 March 2015

integrity of the fund balances. The Office of Public Guardian was informed of the actions taken and they are currently undertaking a review.

### Information Governance

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 2014/15 two information data breaches were reported to the Information Commissioner for consideration. The Commissioner's review has resulted in no penalties being applied, however the Council has been advised to review information governance arrangements and to make training mandatory for relevant staff. The recommendations from the Commissioner's review will be actioned and a programme has been developed to ensure all staff have the required knowledge of Information Governance for their role, including training, 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 SIRO and the Information Governance Group. We believe that the steps we are taking will further enhance our governance arrangements and are satisfied that these steps will continue to improve the processes in place.

### Management and Monitoring of Contracts

A fraud investigation into one of the Council's contracts, led by the Police with support from Council staff, highlighted the need for robust contract management processes. Police enquiries are ongoing, awaiting a decision on whether to prosecute; lessons learned from the investigation have been acted upon during 2014/15.

## 6 Future Developments

### Strategic Development

The changing nature of the Council's business means that partnership working and complex contracts for delivery of services continue to increase. It is recognised that as such arrangements develop, then robust management and monitoring of the arrangements needs to be in place.

### Financial Management

A new process for Outcomes Based Budgeting (OBB) focuses on the long term sustainability of the Council by transforming service delivery and investing in preventative solutions to reduce future demand. Looking forward the Council still has to find a further £35m savings to 2017/18 and with Government funding progressively decreasing to virtually zero, other methods of funding such as retention of business rates, invest to save and generation of income are being explored. The generation of income and cost avoidance projects focus heavily in the Council's future financial plan.

# Annual Governance Statement for the year ended 31 March 2015

## Staff Development

As the Council's business changes and develops the need for highly trained, high performing staff continues to be a key requirement. Work continues to address training needs and robust appraisal systems continue to be developed. Whilst improvements have been seen in the level of sickness absence it is accepted that further improvement is still required, and work will continue to support managers in managing and monitoring this closely.

**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 2014/15 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 2014/15 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:**

.....  
Councillor Fitzsimmons  
Chair of the Audit and Corporate  
Governance Committee

**Date: ...6.10.2015.....**

**Signed:**

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

**Date: 30.9.15.....**

# Annual Governance Statement for the year ended 31 March 2015

**Signed:**

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

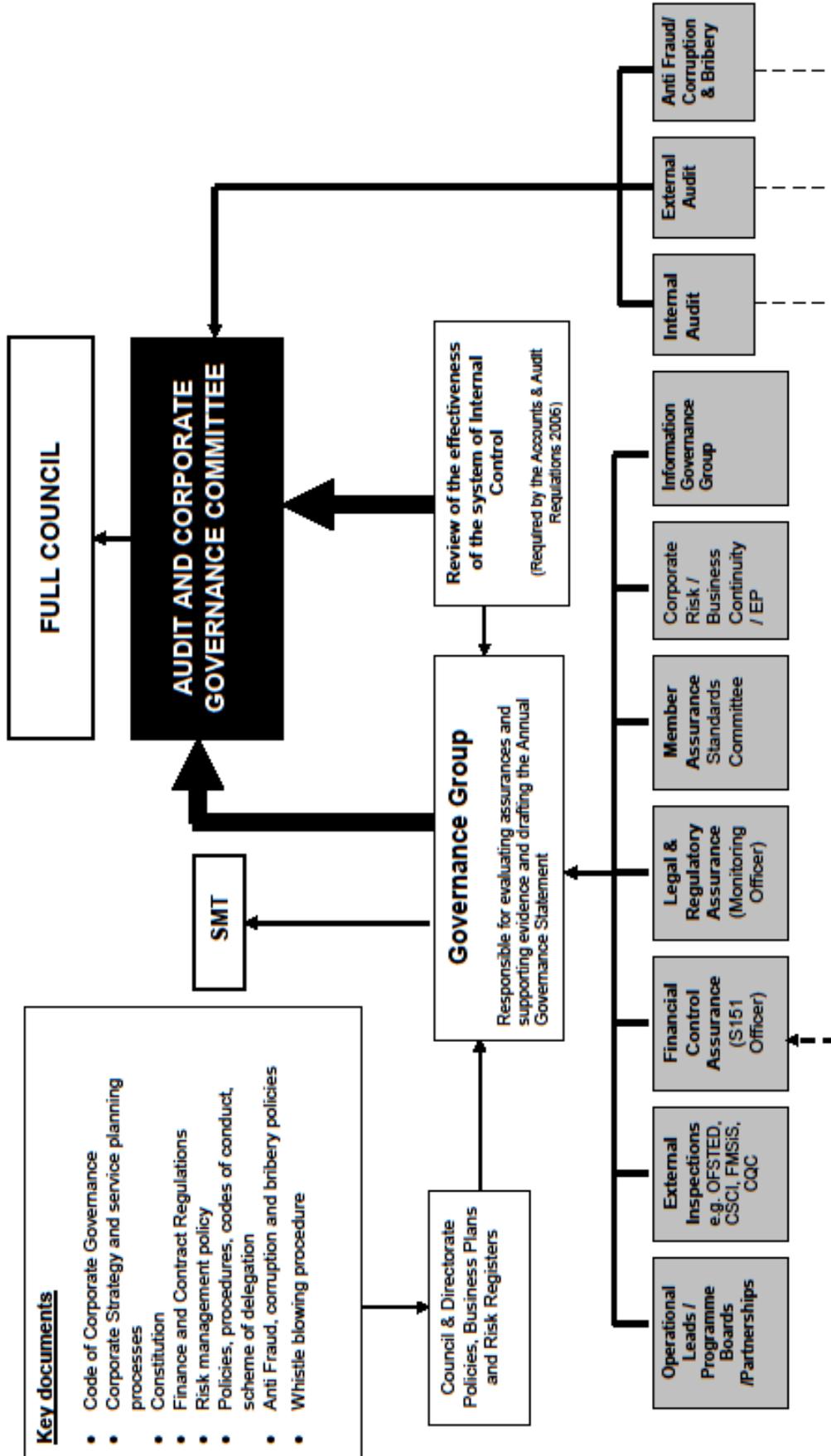
**29.9.15**  
**Date:**.....

**Signed:**

.....  
Steven Broomhead  
Chief Executive

**29.9.15**  
**Date:**.....

# Annual Governance Statement Assurance Framework



Ongoing assurance on adequacy and effectiveness of controls over key risks

## The Detailed Governance Framework

The 2014/15 governance arrangements in Warrington Council are described in the paragraphs below and are also set out in further detail in the Council's Code of Corporate Governance.

### 1.1 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 has developed a new corporate strategy 2015-18, informed by development of strategic commissioning intentions. The council has developed an engagement process with residents through its 'Growing a Strong Warrington' programme (including communications & digital strategies). <http://www.warrington.gov.uk/strongwarrington>

The Warrington Local Plan Core Strategy was adopted by Warrington Borough Council on 21 July 2014 and the strategy and subsequent changes are available to view on the Council's website. A refreshed Customer Strategy 2014-2017 was published in December 2014. The Customer Strategy is central to ensuring our customers are at the heart of delivering our vision of "Growing a Strong Warrington". It will help ensure that service provision is designed and delivered to meet local needs and that service improvements are customer-led and outcome focused.

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.

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.

## 1.2 Financial Management

The Council has a proven track record of financial management and robust monitoring arrangements in place to manage its finances in year. This has been evidenced by the turnaround in the forecast financial position from Quarter 1 which was around a £1.5m overspend to outturn which is a slight underspend of £0.195m. The forecast overspend was largely due to increasing demand for services within Children's services as the Council becomes much more proactive and knowledgeable about situations impacting on vulnerable children such as sexual exploitation. Despite a robust process for agreeing savings targets at the start of the year, not all savings targets have been achieved, specifically within Economic Regeneration, Growth and Environment and as a result the Executive Board agreed use of MTFP reserves of just under £1m to offset the shortfall on the premise that transformational savings agreed for 2015/16 will be achieved in full.

The overspend has been offset by vacancy savings as services prepare for restructures and reviews in advance of 2015/16 and some use of earmarked reserves drawn down in year. The impact of a perceived recovering economy was unknown at the start of the year and as a result prudent targets for income generation have yielded more income than anticipated, although still not to the total budget.

A new process for Outcomes Based Budgeting (OBB) was established during the year to take effect from 2015/16 budget. The Council recognises that its previous medium term financial strategy for delivering savings, although previously very effective, can no longer be sustained in times of continued austerity. OBB focuses on the delivery of strategic objectives that ensures the Council's agreed outcomes can be delivered. It is anticipated that OBB will be implemented through a phased approach with a hybrid of the existing financial strategy e.g. service challenge, and new proposals operating for the next three years. OBB is a continuous Member led process overseen by the Council's SMT. A new strategic governance structure has been established to report progress although existing governance structures are being utilised for operational monitoring and reporting. OBB is predicated on six delivery themes rather than across the traditional Directorate structure (which remains in place) to ensure a more holistic and joined up approach to service delivery which will result in less silo thinking and generate additional cashable and non-cashable efficiencies. Where the delivery of services does not contribute to effective and efficient outcomes, those services will be challenged as to their value. As part of OBB, delivery reviews will be undertaken of all services over a phased rolling programme to ensure the Council can demonstrate their effectiveness and where they cannot, an improvement action plan will be established.

For 2015/16 it was assumed that around 25% of the savings proposals would be realised from an OBB perspective, however the actual value was around 40% which demonstrates how well staff have engaged with the process and are adapting to an innovative and transformation culture shift. In March 2015, the Council approved the 2015/16 budget which included £16m of savings for the year.

The Council fully complies with all elements of the CIPFA Treasury Management code to ensure effective governance arrangements are in place for its treasury management operations. The Audit & Corporate Governance committee are the body charged with the scrutiny of Treasury Management. The Council have also set up a Treasury Management Board consisting of lead members of the Audit & Corporate Governance Committee to provide further scrutiny around the Council's Treasury Management activities. Financial procedure rules are in place and contract procedure rules are currently being revised to incorporate the new OJEU regulations. A reminder

to staff of their responsibilities to make a disclosure of related party transactions was issued in April 2015.

### 1.3 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 was agreed at full Council in June 2015.

<http://www.warrington.gov.uk/info/200349/committees/664/constitution>

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. Continual review of legislation is carried out to advise any required changes to the Constitution; 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 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](http://www.warrington.gov.uk/consultation)) to raise awareness of what engagement and involvement activity is taking place.

The Customer Strategy incorporates an online community engagement portal for receiving information, being consulted or finding out about what is going on and getting involved in the 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.

## **1.4 Working with Key Partners**

### **1.4.1 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 Council appoints up to 7 elected members to the WBT Board; 6 elected members and 1 parish councillor are on the Board currently 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.

### **1.4.2 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.

### **1.4.3 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.

### **1.4.4 Catalyst**

Catalyst is a staff-led social enterprise which was established on 1 February 2015. Catalyst works in partnership with the Council's adult social care services, to provide delivery of a number of day and residential services for older people, and people with disabilities.

### **1.4.5 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.

### **1.4.6 Warrington Clinical Commissioning Group (CCG) / Health and Wellbeing Board / Integrated Commissioning Governance Board**

Work around collaboration for health and social care continues, supported by the Health & Wellbeing Board. The post of Assistant Director for Integrated Commissioning is jointly funded by Warrington Borough Council and NHS Warrington CCG. The Assistant Director manages an Integrated Commissioning Team which includes staff employed by both organisations.

The Health and Wellbeing Board tasked the Integrated Commissioning Team with developing Warrington's 'Better Care Fund' and a Section 75 agreement has been developed by the team which will see £26.5m 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 Health and Wellbeing Board (HWB) is re-focusing governance arrangements and has revised terms of reference in preparation for its role in the integration agenda and implementation and monitoring of the Better Care Fund from 1<sup>st</sup> April 2015.

A Health & Social Care Transformation Programme is being developed led by a Transformation Director funded by the three major health provider organisations in Warrington and the Council and CCG. The postholder is working closely with the Assistant Director for Integrated Commissioning to align the programme with the Health and Wellbeing Strategy and the Better Care Fund and has helped to further develop the governance architecture required across the system to enable transformational change.

### **1.4.7 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.

### **1.4.8 Warrington Sports Holdings Ltd**

The Council holds a 12.81% shareholding in Warrington Sports Holdings Limited. 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.

## **1.5 Risk Management / Resilience and Business Continuity / Emergency Planning**

The Council has a comprehensive framework for the management of risk. Further revision of the strategic risk register has taken place during 2014-15 to include greater focus and requirements around project risk management. Risk management training was delivered throughout 2014/15 as part of the New Managers training course. 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 2014/15 in addition to Executive Board at quarters 2 & 4. The strategic risk register was also presented to the Audit & Corporate Governance Committee in June 2014 and January 2015 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 September 2014.

The Risk Management and Business Continuity group meets quarterly 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. An internal audit review of the business continuity arrangements during 2014/15 identified good design of controls, however a 'limited' assurance opinion was provided on the application of the control arrangements in place; further action was agreed to embed the required arrangements. The report has been discussed with the risk leads at the Risk Management and Business Continuity group and has been escalated to the officer Governance Group for continued oversight.

2014/15 saw a broadening of the strategic risks that the organisation was required to manage. New risks added included failure of safeguarding arrangements for vulnerable adults and children. This risk had remained on Directorate risk registers and, whilst there is confidence in safeguarding practice, the risk remains that a safeguarding incident could occur and the impact of this would be significant. Strategic risks that remained on the register included: impact of the Care bill; increased pressure on the care purchasing budget; and major local regeneration schemes.

Emergency Plans were continually updated throughout 2014/15 in line with plan anniversaries, statutory timeframes and to account for organisational changes, including consideration of Public Health responsibilities. Work continued to increase organisational resilience in relation to emergency preparedness and response.

## 1.6 Information Governance

The Council has stated a commitment to high standards of governance, including information governance; this is of greater importance to the Council as more data is shared with partners including health partners. The Director of Finance & Information Services is the Council's Senior Information Risk Owner (SIRO); the Assistant Director Partnerships and Performance is deputy SIRO; and a dedicated information governance manager is in place. 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. Areas for improvement which have been included in the information governance action plan and associated risk register have been worked through during 2014/15. Training and awareness raising is a key part of the ongoing work and work is also underway to define information asset owners who provide the required detail to populate the information asset register. The Information Governance team conducted its annual review against the Information Governance Toolkit during 2014/15 and obtained satisfactory outcomes against all 28 requirements. The Health and Social Care Information Centre provided formal confirmation in May 2015 that the annual Information Governance Toolkit submission has been reviewed and they are satisfied with it, we were not required to provide any further evidence or action plans. An internal audit review of the data breach procedure reported an overall substantial assurance opinion on the processes in place and noted that the reporting and administration of data breaches had improved significantly since the area was examined as part of a wider audit review of Information Governance in 2012.

## 1.7 Planning, Projects and Programmes including Regeneration Schemes

Improvements continued to be made to the financial and project monitoring systems surrounding the whole capital programme during 2014/15. The close scrutiny by the officer Capital Investment Planning Group has ensured that issues have been addressed early and no unexpected issues have arisen.

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.

S106 agreements, or planning obligations, are formed between the Council and developers as part of the planning application process. An internal audit review in 2014/15 reported a number of recommendations relating to the need to enhance the governance framework in place surrounding S106 agreements. Management acknowledged that procedures and the Supplementary Planning Documents governing S106 agreements needed to be updated; this had been delayed due to the High Court challenge of the Council's decision to adopt the housing aspects of Warrington's Local Plan Core Strategy. Revisions to the governance arrangements agreed during the review should facilitate the implementation of a number of the recommendations made during the audit, strengthening the reporting and decision making processes across all stages of the S106 process.

The Bridge Street Regeneration Scheme, having been granted outline planning consent for the full scheme, and detailed planning consent for the demolition of Time Square, is now making solid progress. Hoardings have been erected and demolition **has commenced**, following the award of the demolition contract through a competitive tender process. The commercial principles of a deal with a cinema operator have been tentatively agreed and were subject to Executive Board approval in April. The design of the temporary market has been agreed with Market Traders and continued car parking provision is being worked up. An internal audit review of the governance arrangements of the Bridge Street scheme identified seven recommendations all of which have either now been addressed or are in the process of being completed through ongoing updates to boards such as the Executive Board and the Senior Management Team.

The Stadium Quarter has seen some real progress in 2014/15 with the construction of the new Office Incubator due to open in July 2015. Also a new sponsor for the University Technical College in Manchester Metropolitan University (MMU) will see construction start in the second quarter of 2015 and will open in September 2016. Plans are now being drawn up to bring forward two further blocks for redevelopment on the Stadium Quarter, focusing on the provision of office space. The Stadium Quarter now has an established Programme Board in place.

The master plan for the Southern Gateway was commissioned by the Council's joint venture Wire Regeneration Ltd. The master plan is now being evaluated and will form the basis of a communication and engagement strategy with stakeholders throughout 2015/16. Warrington Waterfront phase 1 will see a bridge constructed over the River Mersey just south of the Centre Park business district in 2016. The governance of the Warrington Waterfront scheme is now being established.

Investment in Omega has continued apace throughout 2014/15 with several plots being let to logistics and manufacturing companies, and construction moving rapidly. A planning application for a school on the Omega South site is expected in April 2015. A planning application for homes on the Omega South site is expected before the end of 2015.

Initial master planning of the Cabinet Works and Garven Place has led to the commissioning of a delivery strategy that will ensure that this regeneration area connects with the Cultural Quarter and the ongoing development in that area and the new Bridge Street Regeneration Scheme. The delivery strategy is expected before the end of 2015.

### 1.8 Assurance in relation to the improvement actions identified in the 2013/14 Annual Governance Statement

Specific improvement actions were highlighted from the 2013/14 Annual Governance Statement, these are included in the officer Governance Group action plan for continual monitoring and improvement of governance issues in the Council. These include the following:

<b>Improvement Action</b>	<b>Action undertaken</b>
Improved programme governance arrangements for major regeneration schemes	Work continues to establish robust performance monitoring and reporting mechanisms for all major projects.
Monitoring of loans to RSLs and other Corporate Loans	A dedicated officer has been permanently appointed to monitor the activity of the organisations we have provided loans to, to ensure we can demonstrate that they continue to be sustainable. The corporate loans group receive regular updates on continuing loans drawdown and new loans and discuss the risks associated with offering loans. The loans monitoring officer (Qualified Senior Accountant) is a member of the corporate loans group.
Robust contract management and monitoring of contracts	The Council's procurement and contract management frameworks and processes have improved significantly with greater corporate oversight, through bodies such as the Strategic Procurement Panel, the Capital Investment Planning Group and the Regeneration Board. Areas / contracts where further assurance is required are being addressed.
Improved Partnership working arrangements	The Council continues to develop its partnership and neighbourhood management approach, bringing together representatives from the Council; Police; Fire Service; housing agencies; health service bodies; and other local organisations to address local issues. Joint working arrangements continue to be developed. Joint working arrangements eg. Better Care Fund are supported by legal and financial agreements as appropriate. Terms of reference for Boards sets out the duties of the Board in relation to the joint working arrangements.
Developing standard documented procedures and training to assist staff in financial controls	The training working group have refreshed the corporate training programme. Five on-line modules have been written for the programme covering basic financial administrative skills to technical VAT.
Develop more robust controls over the management of Client Finances	Detailed action plan in place to improve controls subject to review by Internal Audit.

## 1.9 Internal Assurance and External Inspections of Governance Arrangements

### 1.9.1 SAP System and ICT Governance

The Council's key ICT system SAP underpins the Finance, Payroll, Procurement and Human Resources functions. Continued improvements have been overseen by the SAP governance group in 2014/15. Further assurance was obtained during April 2015 from the external auditors (Grant Thornton). The review noted that adequate controls had been put into place for 8 of the 12 recommendations in the 2013/14 report. The external auditors reported issues in the range of access to the system. Management are currently considering the recommendations in the report and an implementation plan will be produced.

During 2014/15 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 continued the work 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). The enhanced requirements included 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. The Council achieved PSN Compliance in July 2014 and has received the appropriate certificate of compliance following a resubmission of the Code of Connection.

### 1.9.2 Families and Wellbeing

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 Executive Director - Families and Wellbeing encompasses the statutory roles of both the Director of Adult Social Services (DASS) and the Director of Children's Services (DCS), and has line management of the statutory role of Director of Public Health. The combined structure and roles of DCS and DASS have resulted in a range of benefits over the past 12 months, including:

- The ability for strong and clear leadership through a 'people champion' at the executive leadership team;
- Use of a whole system approach to addressing the needs and demands of our most vulnerable families;
- Greater ability to take a shared view of the needs of our residents and the services that they use and access;
- Improved and consolidated procurement and commissioning with external providers and partner organisations;
- Improved transition between children's and adult services, mental health, drugs and alcohol services;
- Stronger focus on social work practice, particularly in relation to safeguarding with strengthened reporting arrangements to the Director role;
- Strengthened partnership with health services, public health and developing the strong strategic partnerships which are in place within adult services;

- Strengthened the Council's ability to influence and respond to sub-regional and local people agendas;
- Provided the opportunity to review and consolidate business support and other core functions across the combined service; and
- Provided the opportunity to develop a whole service workforce development plan to ensure key skills, experience and knowledge are in place.

Ofsted in their recent visit in February 2015 praised the combined directorate. The Executive Director's Assurance Statement sets out arrangements providing assurance that sufficient existing and additional safeguards are in place to ensure the continued delivery of the Council's overarching responsibilities for all children and vulnerable adults, and furthermore that the specific responsibilities for vulnerable children are not compromised by the breadth of the combined role.

In 2014/15 the total budget spend for the directorate was £93,624K; there was a slight overspend of £4K equating to 0% of the overall budget. As part of the service challenge for MTFP more than £19.2m efficiencies have been delivered over the past three years. Since 2012/13, children's services have achieved £8.6m, adult services £8.0 m and public health, neighbourhoods and housing £2.6m in savings.

### **Children and Young People's services**

The majority of regulated services for children and young people in Warrington have 'good' or 'outstanding' judgements from Ofsted, specifically:

- 6 (100%) local authority children's homes are rated 'good' or better
- 6 (75%) of the 8 children's centres are rated 'good'
- 11 primary schools were inspected in the period April 2014 to March 2015. Of these, nine (82%) were good or better and two schools were judged 'requires improvement'
- 58 (84%) of all primary schools across the Borough are rated 'good' or better
- 25% (1 out of 4) LA maintained secondary schools are rated 'good' or better, two are rated as 'requires improvement' and one has been judged as 'inadequate' (8%)
- 50% (4 out of 8) of the academy and free schools are rated as 'good' or better (N.B. if an academy has not been inspected the judgement is based on their inspection when they were a school)
- 100% of the three special schools are rated as 'good' or better
- 155 (83%) of the 187 childminders inspected were rated 'good' or better, 3 (1.6%) were rated 'inadequate'
- 101 (85%) of 119 childcare non-domestic settings are rated as 'good' or better. 1 (1%) is rated 'inadequate'.

The LGA Peer Review of Warrington Safeguarding Children Board in November 2014 found strengths including partnership arrangements, children's social work, leadership and case file audit arrangements.

In March 2015 Ofsted's inspection of services for children in need of help and protection, children looked after and care leavers judged the council to 'require improvement' overall. Three of the five key judgments of; *Children looked after and achieving permanence*, *Adoption performance*, *Experiences and progress of care leavers*, were all rated as 'good', whilst *Children who need help and protection and Leadership, management and governance*, was found to 'require improvement'. As a result of the inspection, recommendations were made in relation to some aspects including management oversight; workforce development; performance monitoring; and the consistency of practice. An improvement plan will be put in place in the first quarter of 2015/16 to address these recommendations. The directorate has recognised and addressed the

risks in respect of school improvement and redesigned the local offer of support in the new School Improvement Strategy and Operational Plan. The newly established Warrington Education Board has also strengthened the commissioning approach around school improvement services.

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 during 2013/14 contained a 'minimal' assurance opinion. The revised structure of the homes has improved the quality of service provision and outcomes for young people, however, internal audit identified that the dispersal of key financial administrative procedures has had a detrimental impact upon financial processes and controls. However the Directorate Management Team has responded positively to the recommendations in the report and the actions agreed have improved the controls in place.

### **Adult services**

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.
- Key performance indicators relating to residential and nursing care and supported accommodation for adults with a learning disability are incorporated in the directorate performance scorecard.

Successes for Adult Services during 2014/15 include services being rated highly in the LGA Peer Review of Adult Safeguarding and many areas including social work; links between partners; leadership; training; staff attitude; and advocacy were praised.

The main priorities for the upcoming year are to ensure that the Council is Care Act compliant; domiciliary care capacity is increased in line with demand for services; and that staffing is managed within budget reductions.

An internal audit review of the Council's arrangements for managing clients' finances, issued in October 2014, was unable to provide assurance around the integrity of client accounts. The follow up work undertaken and updated progress plans issued have reflected that improvements have been made to address system weaknesses going forward. Recommendations had been implemented and further work is underway in a number of areas to address the recommendations made.

Further detailed work was undertaken by internal audit to gain assurance that controls have been implemented. An internal investigation was also undertaken by the Council's financial investigators to gain further assurance around the integrity of the fund balances. The Office of Public Guardian has been informed of the actions that the Council has taken, and is currently undertaking a review of client accounts.

**Public Health**

The vision for Public Health is to help ensure “*Better health and well-being for all in Warrington through longer life, better quality of life, fair access, reduced inequalities and strengthened communities*”. The work of the PHR&I team supports progress towards this vision by helping to ensure that services are designed and commissioned based on robust intelligence and a sound, comprehensive evidence base.

The overarching outcome for Public Health is to improve population health and reduce inequalities. Although, across Warrington as a whole, performance on many health outcome measures is in-keeping with, or better than, national averages, one of the major issues within Warrington is the extent, and recurring pattern, of inequalities linked to socio-economic deprivation.