

ANNUAL GOVERNANCE STATEMENT

2017/18

 WIRRAL

Draft ANNUAL GOVERNANCE STATEMENT 2017/18

1. Scope of Responsibility

Wirral Borough Council has continued with its ambition to continually improve upon the manner in which it strives to discharge its governance responsibilities.

The 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.

The Council also retains a best value 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

By discharging this responsibility (including as accountable body for the Merseyside Pension Fund), the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions which includes arrangements for the management of risk.

The Council has approved and adopted the Code of Corporate Governance, which is consistent with the principles of the CIPFSA / SOLACE Framework for Delivering Good Governance in Local Government 2016. A copy of the Code is available on our website: www.wirral.gov.uk.

This statement explains how the Council has complied with the Code and also meets the requirements of Regulation 6 (1) (b) of the Accounts and Audit (England & Wales) Regulations 2015, which requires all relevant bodies to prepare an Annual Governance Statement.

2. What is Corporate Governance?

Corporate Governance generally refers to the processes by which organisations are directed, controlled, led and held to account.

The Council's governance framework aims to ensure that in conducting business it:

- Operates in a lawful, open, inclusive and honest manner
- Ensures that public money is safeguarded, properly accounted for and used economically, efficiently and effectively
- Has effective arrangements for the management of risk
- Secures continuous improvements in the manner in which it operates.

3. The purpose of the Governance Framework

The governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

Adhering to this framework enables the Council to monitor the success of its strategic objectives and to consider whether these objectives have led to the delivery of appropriate / cost effective services.

Both risk management and internal control measurements are a significant part of the Council's corporate governance framework and are designed to manage risk to a reasonable level.

These safeguarding processes cannot eliminate all risk of failure to achieve the goals set by the Council's policies, aims and strategic objectives and can therefore only provide reasonable, rather than absolute assurances of their effectiveness.

The system of risk management and internal control is based upon an ongoing process, designed to

identify and prioritise the risk to the achievement of the Councils' policies, aims and strategic objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

This statement builds upon those of previous years. Many of the key governance mechanisms remain in place and are referred to in previous statements, as well as in the Council's Code of Corporate Governance. Both are available on the Council's website: www.wirral.gov.uk. This statement therefore describes the key changes and developments within the Council's governance framework during 2017-18 and up to the date of the approval of the annual financial report.

The progress that has been made in dealing with significant governance issues last year is included and those governance issues that have been identified from the governance review are highlighted.

4. The Governance Framework

The CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' identifies seven core principles of governance best practice. Wirral Council's governance framework is aligned to these core principles. The key elements of the systems and processes which comprise the Council's governance arrangements (as detailed in the Code of Corporate Governance) and where assurance against these is required are shown below.

Principle A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

This is achieved by:

- Applying a set of standards (the Nolan principles) of conduct and behaviours expected from Members with constitutional oversight.
- Ensuring all Officers receive performance appraisals linked to the organisational priorities, values and the required Code of Conduct. Additionally, officers must undertake mandatory training, which includes training for equality and diversity.
- Equality Impact Assessment is embedded in all decision making.
- Applying clear conflict of interest policy approaches for employees and Members and maintaining a Register of Interests.
- Ensuring compliance with the Contract Procedure Rules (CPR's) and a range of corporate policies, including gifts and hospitality and anti-fraud and corruption.

Principle B: Ensuring openness and comprehensive stakeholder engagement

This is achieved by:

- Developing constructive relationships with stakeholders.
- Ensuring consultation responses inform future developments.
- Ensuring residents engage in budget proposals to influence decision making.
- Taking an active and planned approach to dialogue with the public.
- Commitment to the delivery of the Wirral Plan pledges and its underpinning strategies via the Partnership Framework
- Utilising the Wirral View publication and associated website to communicate and share information with stakeholders.

- Using social media to reach a wider community demographic.
- Publishing an annual report which communicates the authority's activities and achievements, its financial position and performance
- The publishing of Council Committee minutes

Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits

This is achieved by:

- Clearly communicating the outcome focused vision of the Wirral Plan.
- Continued working with all partners and stakeholders to provide outcome focused delivery.
- Making best use of resources and providing services that are good value for money including development of commercial opportunities.
- Seeking the views of residents to inform the development of planning and improvement.
- Ensuring the inclusion of the regional dimension to maximise outcome delivery.
- Effective medium term financial planning within a transparent financial framework, thus ensuring that the Council retains its commitment to stability, utilising available resources, whilst monitoring income and expenditure levels.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes

This is achieved by:

- Utilising insight to develop evidence based decision making.
- Robust reporting, monitoring and review to support delivery of impact and benefits.
- Optimise partnership approaches including integration to derive best value.
- Effective use of transformational expertise and capacity.
- Service planning, supported by appropriate corporate performance and risk management arrangements.

Principle E: Developing the entity's capacity including the capability of its leadership and the individuals within it

This is achieved by:

- Clearly setting out the roles and responsibilities of Members and Officers.
- Setting out executive and non-executive functions and roles and responsibilities of the scrutiny function.
- Embedding the Councils restructured Operating Model approach.
- Providing appropriate training and personal developmental opportunities linked to the Council's corporate performance appraisal process.
- Delivering the Wirral Leadership Programme – a shared partnership approach to developing leadership skills and behaviours.
- Delivering the Transformation programme.
- Ensuring clarity on what is expected from partners.
- Effective and regular strategic and operational communication.

- The Council is currently designing the Member's Development Plan. The Members Development Steering Group has been convened to oversee this process.

Principle F: Managing risk and performance through robust internal control and strong public financial management

This is achieved by:

- Ensuring the risk management approach is effective and embedded in practice
- Delivering the Business Planning and Performance Management Framework
- Having rigorous and transparent decision making processes in place
- Maintaining an effective scrutiny process
- Acting within the law
- Effective medium term financial planning

Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability

This is achieved by:

- Providing good quality information, advice and support to Members and partners.
- Ensuring published information is accurate and reliable, including key reports to the public, such as the Wirral Plan, Statement of Accounts and Annual Governance Statement.
- Delivering an effective audit function.
- Adhering to the Transparency Code requirements.
- Publicising a robust complaints process and responding effectively to complaints.
- Adhering to all access to information statutory requirements

The Council carries out regular review of the elements that make up the governance framework to ensure it remains effective. In 2017-18 key changes that impact on the framework include:

- The ongoing work of the Council's Improvement Board to oversee improvement in response to the Ofsted inspection report published in September 2016 that provided an overall judgement of inadequate for Children's Services.
- A review of the Council's governance structure, designed to create a focus upon delivery of the Council and Wirral partnership priorities and to modernise operations.
- The recruitment of the new Corporate Director for Children, reporting directly to the Chief Executive, to ensure a robust response to all inspection findings.
- A review of the Risk Management Strategy
- A review of the Code of Corporate Governance has been completed. This ensures our commitment to the principles of good governance.
- The recruitment of the new Director of Governance and Assurance / Monitoring Officer
- The temporary recruitment of a General Data Protection Regulation (GDPR) project manager, to ensure the Council's compliance with the GDPR.
- The people Committee has been replaced by two new Committees:
 - i. The Adult and Care and Health Overview and Scrutiny Committee

This Committee will support an enhanced profile for health scrutiny, including integrated services and the work of partner organisations.

- ii. The Children and Families Overview and Scrutiny Committee.

This Committee will support the Council's response to the improvement journey.

5. Review of Effectiveness

Wirral Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

This review is informed by the work of Internal Audit and the Chief Internal Auditor's Annual Report, findings and reports issued by the external auditors and other review agencies and inspectorates. It also reflects feedback and comments provided by Chief Officers and managers within the Authority who have responsibility for the development and maintenance of the governance environment.

- **Governance monitoring framework**

Internal Audit

Internal Audit is a key component of the Council's overall governance framework. Wirral Internal Audit Service has been able to demonstrate its compliance with the Public Sector Internal Audit Standards during 2017/18 providing relevant assurance that it is discharging its responsibilities in accordance with current best professional practice.

One of the key assurance statements the Council receives is the annual report and opinion of the Chief Internal Auditor. The opinion provided for the 12 month period ending in March 2018 is:

'On the basis of our programme of work for the year, Internal Audit can provide a good level of assurance overall, that there is a generally sound system of internal control, designed to meet the Council's objectives, and controls are generally being applied consistently. However some weaknesses in the design and inconsistent application of controls put the achievement of some objectives at risk'.

The key area of weakness is included as a significant governance issue in Section 7.

External Audit

Grant Thornton UK LLP is the Council's independently appointed External Auditor with a broad remit covering the Council's finance and governance matters. The annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the National Audit Office and includes nationally prescribed and locally determined work. The Auditors work considers the Council's key risks when reaching its conclusions under the Code.

External audit of the Council's statutory financial statements for 2017-18 is currently being undertaken and will be reviewed by the Council's Audit and Risk Management Committee 23rd July 2018.

Responsible Financial Officer

This role is a member of the Senior Leadership Team which permits direct access to the CEO and other team members and has responsibility for delivering and overseeing the financial management arrangements of the Council. The role conforms to the good practice requirements within the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015).

The Responsible Financial Officer has been involved in reviewing the Code of Corporate Governance and prepared this Statement. She is satisfied with the arrangements that are in place for managing finances and is satisfied that no matters of significance have been omitted from this statement.

Corporate Management Assurance

The Council's Corporate Governance Group is chaired by the Corporate Director for Delivery Services. The group includes strategic leads including Governance, Performance, Risk, Internal Audit and Strategy to ensure it has an appropriate profile within the organisation and significant governance issues are monitored and responded to in a timely manner. This group has managed the development of the Annual Governance Statement and oversees the monitoring arrangements of the action plan, holding officers at all levels accountable for delivery of actions.

A quarterly report on significant governance issues is presented to the Council's Audit Risk Management Committee

The Council's Strategic Leadership Team will approve the Annual Governance Statement to provide a level of corporate engagement and ownership.

Council

Council sets the authority's overall policies and budget each year and holds the Cabinet to account. Council has an agreed policy framework that is embedded within its constitution.

Cabinet

The Leader of the Council leads on ensuring the effective governance of the Council on behalf of the Executive. However, all Cabinet Members along with Elected Members and officers play a vital role in ensuring good governance arrangements are in place across the Council.

Audit and Risk Management Committee

The Audit and Risk Management Committee has an important role in maintaining the Council's system of internal control. It provides an independent assurance and scrutiny of the Council's financial and non-financial performance, including an assessment of the adequacy of the Council's risk management arrangements.

Audit and Risk Management Committee receive and review internal and external audit reports and the Chair of the Committee produces an annual report. The Committee also complete an annual self-assessment based on CIPFA guidance.

Standards and Constitutional Oversight Committee

The Standards and Constitutional Oversight Committee is responsible for keeping the Council's constitutional arrangements under review and recommends constitutional amendments to Council

which support the Council to better achieve its aims and objectives. The Committee also oversees and agrees minor changes to the Council's constitutional arrangements as recommended by the Monitoring Officer.

The Standards and Constitutional Oversight Committee plays an important part in ensuring the council's governance arrangements are fit for purpose.

Overview and Scrutiny Committees

Overview and Scrutiny (O&S) supports good governance by holding the Council's Executive and key partners to account.

This function is discharged through four Overview and Scrutiny Committees which reflect the Wirral Plan themes of Business, People and Environment. Due to the large scope of the People theme, this has been split across two committees: the Adult Care and Health Committee and the Children and Families Committee. This provides the extra capacity needed for oversight of children's safeguarding and the Ofsted Improvement Plan.

Each committee develops a work programme for the year, prioritising topics for examination in support of improved outcomes for Wirral residents.

The committee work programmes ensure that statutory responsibilities for scrutinising local health provision, the Community Safety Partnership and flood and coastal erosion risk are effectively delivered.

Each committee meets at least five times a year, interspersed with workshops and task and finish groups to deliver the work programme.

Merseyside Pension Fund

Wirral Council is also the administering authority for the Merseyside Pension Fund which publishes its own statement of accounts on an annual basis and includes a "Governance Compliance Statement". The statement outlines compliance to industry specific governance principles.

- **Governance effectiveness impact areas**

Children's Services Ofsted Inspection 2016

In 2016 Ofsted completed an inspection of services for children in need of help and protection, children looked after, care leavers and the effectiveness of the Wirral Safeguarding Children's Board (WSCB) and reported its findings in September 2016. The inspection provided an overall judgement that children's services are inadequate and made nineteen recommendations for action. They also concluded that WSCB was inadequate and made seven recommendations for action. An Improvement Notice was issued by the Secretary of State for Education (30th September 2016).

In response to the findings, an improvement plan has been established which is being overseen by the Improvement Board. The Board meets every month to consider its progress against the Ofsted recommendations and monitor the impact of the delivery of the improvement plan.

Following their original inspection in 2016, Ofsted have and will continue to conduct quarterly

monitoring visits, following which they have provided correspondence communicating their findings. This guidance is complemented by continuing input received from the Department for Education.

The Ofsted progress reports to date are summarised in section 6 of this statement

Additional oversight for the improvement plan is provided through the Council's Children and Families Overview and Scrutiny Committee.

This remains a significant governance issue for 2017-18.

Information Commissioner's Office Voluntary Audit 2016

In January 2016 the Council agreed to a voluntary audit by the Information Commissioner's Office (ICO) of their processing of personal data, focussing on the areas of subject access requests and records management (manual and electronic). The overall conclusion of the review was that "there is a limited level of assurance that processes and procedures are in place and delivering data protection compliance". The Council meets its legal obligations in relation to information governance however the audit considers areas for improvement beyond the minimum legal obligations.

The Council chose to subject itself to the audit as part of its drive for continuous improvement.

The Council Information Governance Delivery Group (IGDG), which is an officer group led by the Senior Information Risk Owner (SIRO), has oversight of the information governance / security issues and additionally reports into the Corporate Governance Group.

The final recommendations from the ICO audit were to ask the Council to consider and accept 88 recommendations; these were split evenly between Subject Access and Records Management and are highlighted below:

RECORDS MANAGEMENT

As at the 15th May 2018, there were 3 out of 44 outstanding recommendations for Records Management, these recommendations are currently at Green status and will be completed as part of the Council's commitment for GDPR compliance. The 3 recommendations are detailed below:-

b4. WMBC should ensure that they have comprehensively identified Information Asset Owners (IAOs) and Information Asset Administrators (IAAs) in all Service areas and appropriately briefed those individuals so that they are each fully aware of and understand, their roles and responsibilities.

b13. WMBC should ensure that they make appropriate training provision for IAOs and IAAs and that these individuals undertake the relevant training on a regular basis.

b69. WMBC should ensure that all Services properly identify and document their localised information risks, and provide assurance to the SIRO in respect of the mitigation of those risks.

In relation to b4, IAOs and IAAs have been identified and the outdated list has been refreshed and brought up to date. The Council is providing training, to be rolled out 2018/19, to ensure responsibilities and roles are understood.

In relation to b13, once the appropriate training has been provided, refresher training for the Officers will be given on a regular basis and no later than at 2 year intervals.

In relation to b69, a template will be made available for officers to complete and will be reported upon to the SIRO at the IGDG meetings.

SUBJECT ACCESS

As at the 15th May 2018, there were 3 out of 44 outstanding recommendations for Subject Access. These recommendations are currently at Green status and will be completed as part of the Council's commitment for GDPR compliance. The 3 recommendations are detailed below:-

a19. WMBC should amend the Children Services subject access guidance and / or policies, to ensure that these fully and accurately outline the procedures to be followed in practice and the statutory 40 calendar day period (in particular, 'stopping the clock.').

a21. WMBC should review and update subject access guidance on their public website to assist data subjects in exercising their rights. WMBC should ensure that their website clearly explains and / or provides: the right to subject access, procedures in regard to verification of identity of the data subject (for example, a list of acceptable proofs of identity) and authorisation of third party representatives, the fee charging policy (for example, confirmation that WMBC waive the fee), email and postal addresses for each of the Information Management Team, Children's Services and Department of Adult Care, and copies of the forms that these teams utilise to obtain further information from the requester.

a62. WMBC should review all subject access policies to ensure that they include the relevant complaints processes in respect of subject access, the role of the ICO in regard to the same and the ICO's expectation that requesters exhaust complaints processes with WMBC prior to escalating complaints to the ICO.

In relation to a19 and a62, Children's Services procedures are available at:

http://wirralchildcare.proceduresonline.com/p_access_to_recs.html?zoom_highlight=subject+access

This document is being updated in line with the GDPR and changes required at a19 and a62 will be incorporated in July 2018. The Council’s corporate Data Protection policy has been refreshed in line with GDPR and changes required at a62 will be included.

In relation to a21, as part of the compliance work for GDPR the website will be updated in July 2018 to incorporate the requirements of a21.

As part of this review of effectiveness, progress against the issues identified in 2016-17 have been assessed and an update of the progress included in Section 6. Where sufficient progress has not been made, the issues and outstanding actions have been carried forward and included in the 2017-18 significant governance issues list for continued action. No new key areas have been included this year.

The significant governance issues, associated review and action plan are outlined below.

6. Progress of the Governance Issues from 2016-17

The table below describes the significant governance issues identified during 2016-17 and the progress that has been made against the implementation of actions to address these issues during 2017-18. Where evaluation determines that the progress is not sufficient for removal as a significant governance issue this is noted, and the issue will be carried forward into the 2017-18 statement.

Key Area for Improvement	Update on Position and Implication for the 2017-18 Annual Governance Statement
<p>Improvement Notice issued by the Secretary of State for Education (30th September 2016)</p>	<p>Ofsted’s “<i>Inspection of services for children in need of help and protection, children looked after and care leavers and Review of the effectiveness of the Local Safeguarding Children Board</i>”, in July 2016 found significant weaknesses in each area reviewed.</p> <p>The Council and partners are delivering an Improvement Plan to address the identified findings.</p> <p>The Wirral Improvement Board meets each month to consider progress against Ofsted recommendations and monitor the impact of delivery of the Improvement Plan.</p> <p>Ofsted Monitoring Visits have taken place at three month intervals with formal reports published by Ofsted. Their findings can be summarised as:</p> <p>5-6 April 2017 Ofsted indicated that some progress was being made in improving services however overall improvement was slow.</p> <p>30-31 August 2017 the report found some progress was being made in the new care leavers service, the work of the Independent Reviewing Officers and audit practice with further improvement required.</p> <p>11-12 December 2017 the inspectors found signs of progress in improving services for children looked after but with a great deal of work to be done.</p> <p>14-15 March 2018 the monitoring visit found that progress had been made in improving the arrangements for access to services for those children who need support and protection including the new integrated front door as a single point of entry for all contacts to children’s services.</p> <p>Carry forward</p>

Key Area for Improvement	Update on Position and Implication for the 2017-18 Annual Governance Statement
ICT Business Continuity Planning	<p>Business Continuity plans are now in place for all identified critical services and are stored electronically on the secure Cabinet Office hosted website. All plans have been subject to a walkthrough exercise with the Business Continuity & Environment Officer supported by a representative from Digital.</p> <p>Complete</p>
ICT Resilience Planning	<p>The corporate risk of having two data centres in the same building has been addressed with all production services now running from Georges Dock in Liverpool. The review of disaster recovery capabilities in Treasury Building was completed by end of April 2018, marking the closure of the project.</p> <p>Complete</p>
Compliance Absence Management	<p>- A revised and updated action plan was presented to SLT on 12 September 2017 and to Audit & Risk Management Committee on 21 November 2017. A report of the Chief Executive was presented to the Employment and Appointments Committee on 6 March 2018, providing a summary of how absence is being managed and monitored, including a summary of new initiatives in place or under development to support staff and managers across the organisation and improve management accountability.</p> <p>The attendance plan agreed by SLT is being implemented. A new suite of management information reports have been developed to support management of absence. These have improved management oversight. Specific areas have been identified for targeted action by service managers supported by HR, who have re-allocated some dedicated resources to this issue. A system of regular case conferences are in place to ensure that the issue is being managed in accordance with policy. Training for line managers is currently being rolled out, starting with managers in identified 'hotspot' areas.</p> <p>It is considered that compliance with sickness absence procedures is no longer a significant governance issue given the range of management arrangements and training introduced over the past 18 months. It is recognised that it will take some time for significant improvement to be evidenced within the overall figures; the latest verified performance indicators at 31 March 2018 showed an adjusted forecast for the financial year at 11.13 days against a target of 10.75 days. Sickness absence levels are in line with comparator organisations and recent initiatives have already seen some success in resolving some of the longest term cases. There is also evidence that cases are being progressed through the stages of the absence procedure quicker.</p> <p>Complete</p>
Compliance Essential Training	<p>- By 31 March 2018, completion rates for the essential training (e-learning) modules, Responsibility for Information 2017 and Equality and Diversity in the Workplace, were 86.7% and 84.6% respectively. Going forward, strategic training and development issues will be addressed through the People Strategy and Organisational Development Plan.</p> <p>Complete</p>
Compliance Contract Procedure Rules (CPRs)	<p>- A full review of the CPR's has been undertaken as required every two years. Recommendations for amendments were presented for Member approval at the March 2018 ARMC, to be operational from the 1 July 2018 alongside the new senior management structure. The recommendations further enhance and support compliance. The Use of Procurement Rules Approval Documents (PRAD) is reported on a six monthly basis to ARMC. The new Corporate Procurement Structure has been finalised and came into operation, subject to the consultation and recruitment process, from April 2018.</p> <p>Complete</p>

7. Significant Governance Issues and Action Plan for 2018-19

Based on the Council’s established risk management approach, the following issue has been assessed as being “significant” in relation to the Council achieving its vision. In 2018-19 appropriate actions to address these matters and further enhance governance arrangements will be taken. These actions will address the need for improvements identified in the review of effectiveness and their implementation and operation will be robustly monitored.

Key Improvement Area and Actions for Implementation	Responsibility and Implementation Date
<p>Improvement Notice issued by the Secretary of State for Education (30th September 2016)</p> <p><i>Ofsted’s “Inspection of services for children in need of help and protection, children looked after and care leavers and Review of the effectiveness of the Local Safeguarding Children Board”, in July 2016 found significant weaknesses in each area reviewed.</i></p> <p>In response to the Ofsted findings the Improvement Plan is being delivered with oversight by the independently chaired Improvement Board.</p> <p>The board convenes monthly to consider progress against the Ofsted recommendations and monitor the impact of the delivery of the improvement plan.</p> <p>Ofsted monitoring visits occur at three monthly intervals providing independent oversight of progress.</p> <p>Additional oversight for the improvement plan is provided by the Council’s Children and Families Overview and Scrutiny Committee.</p>	<p>Director of Children’s Services</p> <p>March 2019</p>



8. Certification

On the basis of the programme of work undertaken, the Chief Internal Auditor has concluded that he can provide a good level of assurance overall that there is a generally sound system of internal control, designed to meet the Council's objectives, and controls are generally being applied consistently.

To the best of our knowledge, the governance arrangements, as outlined above have been effectively operating during the year with the exception of those areas identified as requiring improvement. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified during the review of effectiveness and will monitor their implementation and operation as part of our annual review.

Signed: _____ Date: _____

Eric Robinson, Chief Executive

Signed: _____ Date: _____

Phil Davies, Leader of the Council

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