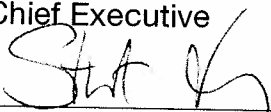


**Haringey** Council

<b>Report for:</b>	Corporate Committee 28 June 2012	<b>Item number</b>	
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<b>Title:</b>	Annual Governance Statement 2011/12
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<b>Report authorised by :</b>	Assistant Chief Executive 
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<b>Lead Officer:</b>	Anne Woods, Head of Audit and Risk Management Tel: 020 8489 5973 Email: <a href="mailto:anne.woods@haringey.gov.uk">anne.woods@haringey.gov.uk</a>
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<b>Ward(s) affected: ALL</b>	<b>Report for: Non-Key Decision</b>
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**1. Describe the issue under consideration**

1.1 To inform the Corporate Committee of the requirements of the statutory Annual Governance Statement (AGS) and provide a draft statement relating to the 2011/12 financial year for review and approval.

1.2 The Corporate Committee is responsible for approving the Council's draft AGS as part of its Terms of Reference. In order to facilitate this, and provide information on its sources of assurance from across the Council, reports have been provided on a regular basis for review and consideration by the Audit Committee throughout the financial year, culminating in the production of the draft AGS.

**2. Cabinet Member Introduction**

2.1 Not applicable

**3. Recommendations**

3.1 That the Corporate Committee review and approve the draft AGS for 2011/12.

3.2 That the Corporate Committee note the approval timescale and processes for the draft AGS.



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#### **4. Other options considered**

4.1 Not applicable.

#### **5. Background information**

5.1 Since 2007/08, the Council has been required to produce an Annual Governance Statement (AGS) for publication with the council's annual accounts. The AGS comments on the Council's governance framework as a whole. Corporate governance brings together an underlying set of legislative requirements, governance principles and management processes.

5.2 The preparation of an AGS is a statutory requirement of the Accounts and Audit (amendment) (England) Regulations 2011. These regulations require local authorities to produce an annual statement, in accordance with 'proper practice'.

5.3 A pro forma AGS has been devised by the Chartered Institute of Public Finance and Accountancy (CIPFA) for use by local authorities. The pro forma provides the key headings that should be included in the AGS, along with indications of what might be covered. It does not, however, provide standard wording for the sections dealing with the governance framework and the review of its effectiveness. This will be dependent on the risks identified within each individual authority.

5.4 The Council's external auditors, Grant Thornton, will review the AGS as part of their annual audit and inspection processes.

#### **6. Analysis**

6.1 In order to comply with the statutory reporting deadlines, the AGS for 2011/12 has to be approved prior to 30 June 2012. The Leader and Chief Executive will need to obtain sufficient assurance that responsibilities have been adopted at a corporate level and adequate processes exist and are effective before they sign the AGS.

6.2 Prior to its final approval, the Council needs to demonstrate that the AGS has been reviewed and agreed by relevant senior managers across the authority and an appropriate member body. Chief Officers have reviewed a draft AGS and a copy of this is provided at Appendix A. This has been produced in line with the guidance issued by CIPFA.

6.3 It is acknowledged that the draft AGS is presented for review prior to the statutory external audit of the accounts. Initial discussions with the Council's external auditors, Grant Thornton, have not identified any further issues that they would expect to be included in the draft AGS at this stage. However, any significant governance or internal control issues which arise as a result of the final accounts audit can be included in the AGS and re-



## **Haringey** Council

submitted for officer and member consideration and approval before the closure of the statutory audit period on 30<sup>th</sup> September 2012.

- 6.4 Corporate governance is an important element of the external assessment processes. The annual accounts, including the AGS, are subject to audit by the council's external auditors. While the whole of the financial statements may not be qualified, an incorrect or inaccurate AGS may be raised as a recommendation by the external auditors.

### **7. Comments of the Chief Financial Officer and Financial Implications**

- 7.1 There are no direct financial implications arising from this report. The work within internal audit, which supports the AGS, is contained and managed within the Audit and Risk Management revenue budget. Service departments manage risks and governance arrangements as part of the routine work to achieve their business plans and costs are contained within their revenue budgets.

- 7.2 The Chief Financial Officer confirms that the presentation of the attached draft AGS for approval by this Committee meets the Council's statutory requirement under the 2011 Accounts and Audit Regulations.

### **8. Legal Implications**

- 8.1 The Head of Legal Services has been consulted in the preparation of this report, and in noting that the Statement complies with industry best practice and legislation, combined with the external challenge provided by Grant Thornton, advises that there are no direct legal implications arising out of the report.

### **9. Equalities and Community Cohesion Comments**

- 9.1 This report deals with governance arrangements and their implementation across all areas of the Council, which have an impact on various parts of the community. Improvements in managing governance will therefore improve services the Council provides to all sections of the community.

### **10. Head of Procurement Comments**

- 10.1 Not applicable.

### **11. Policy Implications**

- 11.1 There are no direct implications for the Council's existing policies, priorities and strategies. However, ensuring that the Council has effective governance arrangements in place and taking appropriate action to improve these where required will assist the Council to use its available resources more effectively.

### **12. Use of Appendices**

- 12.1 Appendix A – Draft Annual Governance Statement 2011/12.



## Annual Governance Statement 2011/12

### 1. Scope of responsibility

- 1.1 Haringey is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Haringey 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.
- 1.2 In discharging this, Haringey is also 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.
- 1.3 The authority has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. Haringey Council's local code of corporate governance is published on the Council's website and a copy can be obtained from the Council's Monitoring Officer. This statement explains how Haringey has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2011, in relation to the publication of an Annual Governance Statement.

### 2. The purpose of the governance framework

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 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; it can provide a reasonable assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Haringey's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Haringey for the year ended 31<sup>st</sup> March 2012 and up to the date of the approval of the annual report and accounts.

### **3. The governance framework**

3.1 The key elements of the systems and processes that comprise the authority's governance arrangements are:

**a) Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users**

The Council's Rethinking Haringey: One Borough, One Future paper, published in January 2011, set out our commitment to promoting equality, tackling disadvantage and improving the life chances of residents, especially those who are the most vulnerable.

This Council Plan adopts the vision set out below and explains how it will be achieved:

Vision:  
'One Borough, One Future:  
Reducing inequalities - ambition for the better society'

The priorities set out in the Council Plan are in line with elected Member ambitions for the borough. The Plan will receive endorsement from Cabinet in June 2012 and full Council in July.

The Council Plan for 2012–2014 will be published on the Council's website and will be monitored and reported using the corporate performance framework. The Council Plan is updated on an annual basis and the Council's objectives are informed by what residents and service users say and their views are captured in our residents' survey.

During August 2011, serious public disorder took place in various locations in the borough. The Council responded immediately to assist those residents and businesses who had suffered losses and engaged with a wide variety of community groups and stakeholders to provide ongoing advice and assistance. Subsequently, the Council has begun a programme of regeneration which has undergone consultation with a wide number of residents, businesses, and other stakeholders. The 'I love Tottenham' campaign and wider regeneration programme has been communicated across the authority to set out the intended outcomes for the area.

**b) Reviewing the authority's vision and its implications for the authority's governance arrangements**

During 2010/11 and 2011/12 the Council has transformed its approach to delivering services, adapting them to meet the changing needs of residents, targeted to those who need them most. In tackling the dramatic budget reductions, the Council has responded to the challenge by adopting the vision 'one borough one future: reducing inequalities – working for a better society'.

The vision is underpinned by five priorities:

1. Work with local businesses to create jobs
2. Deliver regeneration to key areas of the borough
3. Tackle the housing challenges
4. Improve school standards and outcomes for young people
5. Deliver responsive, high quality services to residents

Consultation with residents undertaken between November 2011 and January 2012 showed that two thirds agreed with the priorities, with over 80% in support of our plans to grow local jobs by working with local businesses, improve outcomes for young people and cultivate a culture of excellence. These priorities will form our major programmes of work for the period 2012-14.

All the Council's business and financial planning documents reflect its vision and objectives. Delivery of these is through an annual business and financial process, which was subject to full consultation and review by the Council's Overview and Scrutiny Committee, formal adoption by the Cabinet and approval by the Council during 2011/12.

The Council's Medium Term Financial Plan (MTFP) 2011-2014 sets out the three year budget for the Council and contains plans for achieving the required budget reductions resulting from the funding shortfall in this year's financial settlement for Haringey. The MTFP is reviewed and updated on an annual basis to provide a rolling three year planning period.

**c) Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources**

In facing up to the current financial challenges Haringey Council continues to strive for the improved well-being of local people. To achieve this we are targeting the use of resources and exploring ways of delivering better services for less money within a framework of delivering value for money and efficiency across all services. The Council is transforming service delivery and making changes quickly, whilst ensuring that its resources achieve the best outcomes. An outcomes based performance management framework was put in place for 2011/12 which sets out how the Council will move from a top down approach, focusing on inputs and outputs, to an outcomes focused performance, based on the vision of the Council and the delivery of its priorities.

The Cabinet received regular reports during 2011/12 highlighting key financial and performance management information and allows them to effectively monitor compliance with all key policies and Council objectives. Cabinet agendas, reports and minutes are all available on the Council's website. An independent tracker survey of a representative sample of residents and service users will be completed quarterly and reported to senior officers and members to ensure appropriate action can be taken in specific areas.

- d) **Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.**

The Council's Constitution sets out the policy and decision making framework of the authority and is held in hard copy and on the Council's intranet and external website. The roles and responsibilities of the whole Council, the Cabinet, other committees, all councillors including Cabinet Members, and officers is clearly documented, and it also contains protocols governing the relationships between members and officers and job descriptions of the Council's Statutory Officers (Head of Paid Service, Monitoring Officer and Section 151 Officer). The roles and functions of all councillors in relation to governance issues are clearly documented, including their responsibilities for ward duties and the governance of the Council.

The Constitution is reviewed on an ongoing basis and updated to reflect functional and organisational changes to the Council. The Council's scheme of delegation is contained within the Constitution and is reviewed and communicated on a regular basis to all appropriate officers and members. The Council's website also has an 'Our Standards' page which sets out the expectations and standards required of both officers and members.

The Council's scheme of delegation to officers has been fully reviewed to take into account the restructure as a result of Re-Thinking Haringey. A Governance Review in 2010/11 resulted in the consolidation of nine non-executive committees into five, approved at Full Council on 23 May 2011. The cross-party Delivery Group met during 2011/12 to evaluate the outcomes of the 2010/11 Governance Review. A consultation exercise, the 'Governance Review Evaluation', was held for four weeks during February and March 2012 to obtain the views of residents, councillors, Council officers and key stakeholders. The recommendations of the evaluation review and feedback from the consultation exercise has subsequently been provided to Full Council in May 2012. This included consideration of a revised Standards Committee to take effect from 1 July 2012 in accordance with the Localism Act 2011. Recommendations from the evaluation of the governance review are also likely to include changes to the frequency of the Corporate Committee meetings and increased training for committee members.

The Delivery Group also requested a scoping study be undertaken of Committees and Council Bodies that were not originally considered as part of the Governance Review, including committees of the Cabinet. This study was to ensure Committees are operating effectively and not duplicating work. The recommendations of the Delivery Group in relation to these have also been provided to Full Council in May 2012.



**e) Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff**

Haringey has well established codes of conduct for officers and members, which are regularly reviewed and subject to approval by members. The Council requires all members to formally acknowledge receipt of their code of conduct on an annual basis. Members are provided with regular briefings on the code of conduct as part of the established induction and training programme. The Council's Monitoring Officer submitted a revised draft code of conduct and complaints procedure to the Council's Standards Committee to Full Council for approval in May 2012 to enable the new provisions to be implemented immediately upon the implementation of the new ethical framework anticipated for 1 July 2012. Any necessary revisions arising as a result of imminent Regulations will be submitted to Full Council in July 2012. Whilst there is no obligation to have a Standards Committee, in the interests of transparency, the Council will recommend a proposal to continue with a stand-alone committee.

The Council's officer code of conduct has been reviewed and updated on a regular basis and is published on the Council's intranet site. All new members of staff receive training, including the code of conduct, as part of their induction processes. Regular articles are included in corporate and staff newsletters outlining expected standards of behaviour in specific areas and these continued in 2011/12, with articles in Team Brief and Smart Talk.

**f) Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks**

The Constitution Review Working Group is an established member group which meets on a regular basis to monitor, review and update the Council's Constitution and associated governance arrangements, based on a rolling work programme and taking into account any new legislative and statutory requirements. The Council's Statutory Officers meet on a regular basis and review key areas of governance. The implementation of the new Localism Act 2011 and Health and Social Care Act 2012 will require the Council to review governance arrangements. During 2012/13, the Delivery Group and the Constitution Review Working Group will continue to monitor the governance arrangements within the Council to ensure the requirements of the Acts are appropriately implemented to deal with new powers including neighbourhood planning and community empowerment.

The Council's corporate risk management steering group met on a quarterly basis during 2011/12, chaired by a member of the Chief Executive's Management Board, and is comprised of senior officer representatives from each directorate. In addition to ensuring that the Council complies with the risk management strategy, the steering group takes responsibility for managing the Council's response to specific incidents and events.

Haringey has a corporate Risk Management Policy and Strategy which is reviewed and updated, where appropriate, on an annual basis and, through a variety of processes and procedures, ensures that risk management is embedded across the organisation and its activities, including business planning and project management processes. The Council has a corporate risk register and all departments and business units have risk registers in place. The corporate risk register is reviewed on a regular basis by the Chief Executive's Management Board and the Corporate Committee and updated as a result of feedback received. Regular reports were provided to both the Chief Executive's Management Board and the Corporate Committee during 2011/12 detailing compliance with the corporate policy and strategy.

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

In 2009/10, CIPFA produced a statement on the role of the Chief Financial Officer (CFO) in local government. The Council's CFO is a member of the Chief Executive's Management Board, as required by the CIPFA statement, and fulfils all the requirements of the statement in ensuring that appropriate financial, management, reporting, monitoring and governance arrangements are in place. No governance issues with the requirements of this statement were identified in 2011/12.

**h) Undertaking the core functions of an audit committee, as identified in CIPFA's 'Audit Committees – Practical Guidance for Local Authorities'**

The functions of an audit committee, as recommended in CIPFA and the Institute of Public Finance guidance, are contained within the remit of the Council's Corporate Committee that was formed in 2011/12. The Corporate Committee received regular reports from internal and external audit and reviewed risk management and governance arrangements during its meetings in 2011/12.

**i) Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

The Council's Constitution contains the Financial and Contract Procedure Rules, which specify the governance framework for all its operational functions. Officer Employment Rules and a Monitoring Officer Protocol are also contained within the Constitution. The Constitution also includes the roles of key compliance officers, including the Council's Monitoring Officer and Section 151 Officer, as well as specific functional responsibilities for the Cabinet, committees, other bodies and officers. Regular internal and external audit reviews check compliance with Financial and Contract Procedure Rules across the Council and the outcomes of these were reported to the Corporate Committee quarterly during 2011/12.

Financial management is based on a framework of regular management information and review to inform managers and members of the current budget position. Key elements of the financial management system include integrated budgeting and medium term financial planning systems, regular budget monitoring reports to the Cabinet, systematic review of all key financial control processes, monitoring of key financial and other targets, and formal project management processes.

During 2011/12, the Council updated its Equal Opportunities Policy, developed corporate equality objectives and revised the equalities impact assessment (EqIA) templates and process to reflect the changes in the legislation set out in the Equality Act 2010. An internal audit completed in December 2011 provided assurance that the processes for conducting EqIAs in Haringey were effective and complied with relevant local and statutory requirements. During the year which saw significant budget reductions, 126 EqIAs were completed, none of which resulted in challenges to Council decisions.

**j) Whistle-blowing and for receiving and investigating complaints from the public**

Haringey has a well-established and publicised anti-fraud and corruption policy and strategy, including a fraud response plan and Whistle-blowing policy which complies with relevant legislation and is monitored and managed by Internal Audit. The Council also has a free-phone telephone number and email reporting facilities which are contained on the external website. These are monitored and managed by Internal Audit and all referrals are subject to review and investigation where sufficient details are provided. The Corporate Committee received quarterly reports during 2011/12 on the use and outcomes of the confidential reporting and Whistle-blowing facilities. Fraud and corruption policies and procedures are contained within the Employee Handbook, the Council's intranet and website and regular staff newsletter items were published during 2011/12 which explained how and where to report suspected fraud.

The Council also has a corporate complaints policy, and agreed procedures, which are subject to regular review and updates. The Council's policy and procedures are compliant with all relevant statutory requirements and are publicised on the Council's external website and at various public sites across the borough. Reports are provided to members on a regular basis, summarising the numbers and types of complaints, together with the outcome and resolution of these.

In January 2012, the Information Commissioner's Office (ICO) undertook a consensual audit of the Council's processing of personal data. The ICO found that "the Council's arrangements for data protection compliance with regard to governance and controls provide a reasonable assurance that processes and procedures are in place and being adhered to." ICO

Inspection results are graded in four levels; a score of 'reasonable assurance' represents the second highest rating available.

**k) Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

The Council provides a programme of training for members, and all members have access to the Council's corporate training and development programme. Members who sit on the Corporate and Regulatory Committees were offered training in 2011/12 specific to their responsibilities for these committees. Training sessions included planning, licensing, audit, finance, pensions and treasury which were provided by officers during 2011/12.

All permanent staff within the Council receive an annual performance review and appraisal, which is linked to the Council's management standards and competency framework, and results in individual work targets and development plans. During 2011/12, the Council revised their framework for performance review, updated performance appraisal forms and set out a competency framework for managers' behaviour. During 2011/12, the Council provided a programme of learning events for managers and staff based on the council's vision and values, aims and objectives, and key service delivery requirements, as well as a series of senior manager seminars. The Chief Executive also undertook a series of 'face to face' meetings with staff from all departments during 2011/12 to discuss and receive feedback on the 'Rethinking Haringey' programme.

**l) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.**

The Council's publishes a resident's magazine, Haringey People, six times per year containing information on council activities. Hard copies are delivered to all residential addresses and the magazine is also available via the Council's intranet and external website. Once a year this includes a summarised annual report and set of financial statements.

As part of its budget consultation process, the Council informed, consulted and engaged residents and businesses from November 2011 to January 2012. The consultation was undertaken using both an online and paper questionnaire which included factual information about the Council's budget and its services. In addition, ten public meetings were held where residents were able to put questions and make comments on the Council's budget to the Cabinet Member, effectively influencing the budget process.

Local Area Committees have been operating during 2011/12. These have specific responsibilities and consultative powers and are a vital part of local democratic engagement under the new arrangements.

In 2011/12, the Council commissioned an independent review of partnership arrangements, which recommended a more streamlined approach to

partnership working. In response to these recommendations the partnership arrangements in Haringey were simplified with a reduction in the number of partnership bodies. A Joint Leadership Group (JLG) has been established where core partners (the Council's Cabinet and Chief Executive's Management Board, the Police, health service and Jobcentre Plus) meet every six to eight weeks. The JLG provides the opportunity for collective discussion between the Council's political and managerial leadership and core statutory agencies of the key issues facing the borough. The only standing partnership bodies from the previous strategic partnership are the shadow Health and Wellbeing Board and the Community Safety Board with the addition of a Social Inclusion and Worklessness Group.

- m) **Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements.**

The Council implemented a governance framework for its significant partnerships, based on the Audit Commission's definition, in 2009/10 which specifies the minimum governance requirements each partnership must have and how the Council monitors and reviews its involvement with each partnership. In July 2011, the Council published the Voluntary Sector Strategy 2011-2016 setting out how it will work in partnership with voluntary sector organisations.

The Council has continued to work with Alexandra Palace and Park (APP) to ensure that corporate governance arrangements and internal controls were adequate and this was continued during 2011/12. No significant governance or control issues were identified by APP's independently appointed internal auditors during 2011/12.

#### **4. Review of effectiveness**

- 4.1 Haringey 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 statements of assurance and annual governance self assessments by each director and assistant chief executive, who have responsibility for the development and maintenance of the governance environment; the Head of Audit and Risk Management's annual report, and also by comments made by the Council's external auditors and other review agencies and inspectorates.
- 4.2 The Corporate Committee approves the annual internal audit plan, receives quarterly reports on internal audit work completed, reviews the corporate risk management strategy and risk register and, during 2011/12, has also reviewed reports from external assessments and actions taken by management to address any recommendations made.
- 4.3 Children's safeguarding services in Haringey have received positive feedback from inspectors, as part of a comprehensive assessment of all services

provided for local children by the Council. The annual assessment of Haringey's children's services by OFSTED highlighted 'good progress' in child protection following both unannounced and announced inspections in 2011. Overall, inspectors found the majority of services for children 'good or better'. OFSTED judged services for children overall to be adequate and the capacity for improvement in both safeguarding and looked after children's services to be good. In March 2012 the Parliamentary Under-Secretary of State for Children and Young Families, formally announced that the Council were out of intervention. In addition the Children and Young People's Service is on track to reduce their budget deficit.

- 4.4 The Council's Risk Management Strategy, which draws together the various elements of risk management, including risk registers, health and safety, business continuity and emergency planning and project management, is reviewed on an annual basis and was approved by the Corporate Committee in July 2011. The key elements of the strategy are monitored by the Corporate Committee on the basis of reports received; and by officers as part of the Risk and Emergency Planning Steering Group's terms of reference. No significant issues or areas of non-compliance with the corporate policy were identified during 2011/12.
- 4.5 Directors have submitted a statement of assurance covering 2011/12 which is informed by work carried out by departmental managers, internal audit, external assessments and risk management processes. The statements provide assurance that any significant control issues that have been brought to their attention have been dealt with appropriately. Key governance issues which have been identified and which remain outstanding have been incorporated into the action plan attached to this statement.
- 4.6 The Cabinet undertakes monthly reviews of financial performance and regular reviews of service performance, based on a range of key performance indicators and financial and budget management information. The Leader and Cabinet also review the delegated decisions and significant actions undertaken by Council officers, or urgent actions taken in consultation with Cabinet members, to ensure they comply with the scheme of delegation. Minutes of sub-bodies are also reviewed by Cabinet, including procurement decisions and actions. During 2011/12, the Council's 'Re-thinking Haringey' programme was implemented and, despite the substantial budget reductions, the Council continued to deliver key services to the borough's residents and achieve a balanced budget.
- 4.7 The Council's arrangements for dealing with allegations against member conduct have been reviewed as a result of the change in regime brought about by the Localism Act 2011, which will become effective on 1 July 2012. The Standards Board regime has been abolished and local authorities have been left to determine their own procedures for handling allegations that members have breached the Code of Conduct. The Council values the independence of the Committee, and given that legislation no longer provides for independent voting members, has retained the capacity for

independent members to be co-opted to the newly constituted Standards Committee, to act in an advisory capacity.

- 4.8 The CIPFA statement on the role of the Chief Financial Officer has been incorporated into the Council's overall governance arrangements. During 2011/12, the CFO fulfilled all the requirements set out within the CIPFA statement. No gaps in compliance were identified.
- 4.9 The Head of Audit and Risk Management provided an Annual Audit Report and opinion for 2011/12, which concluded that in most areas across the Council there are sound internal financial control systems and corporate governance arrangements in place and that risk management arrangements are satisfactory and compliant with best practice. Eleven out of the Council's twelve key financial systems received a 'substantial' assurance rating in 2011/12, with one receiving a 'limited' assurance rating. Seven of the 60 completed system reviews and 10 of the 22 schools audits completed received a 'limited' assurance rating, with the remaining reviews completed receiving 'substantial' assurance ratings. The follow up programme concluded that all but one high priority recommendation had been implemented, with one in the process of being implemented and with appropriate interim controls in place to manage the risk.
- 4.10 The Council responded effectively to the serious disturbances in August 2011. The Council's Emergency Plan was enacted and the Council's emergency control centre was set up and liaised effectively with internal departments and external organisations to ensure appropriate actions were taken to address issues as they arose and ensure effective communication to the Chief Executive's Management Board and local residents, businesses and other stakeholders. The Council's Community Assistance Centre was established and fully operational within 48 hours and provided humanitarian and financial assistance and advice to residents and businesses. The support functions were effectively transferred to operational departments when the emergency plan and Community Assistance Centre were decommissioned.
- 4.11 The Leader of the Council and the Chief Executive have been advised of the implications of the result of the review of the effectiveness of the governance framework by the Corporate Committee, and a plan to implement enhancements and ensure continuous improvement of the system is in place.

## 5. Significant governance issues

- 5.1 In 2009/10, a number of actions were reported in the AGS to deal with outstanding governance issues. Some of these have been incorporated into the body of the AGS as actions have been completed. No outstanding actions will need to be carried forward to 2012/13. The summary below highlights what the Council has done to address those issues during 2011/12:
- The 'Safeguarding and Looked After Children Plan' (previously the Joint Area Review), which was developed in response to the Joint Area Review

in 2008 was formally closed by the Towards Excellence Board in October 2011. The Board were satisfied that actions had been completed and significant progress had been made. As previously mentioned, the outcome of successful implementation of the Safeguarding and Looked After Children Plan has been the removal of government special measures and positive OFSTED inspection reports; and

- The Housing Improvement Board monitored implementation of the recommendations made by the Audit Commission review. There was a further inspection by Audit Commission's which judged the service as "providing a 'fair', one-star service that has excellent prospects for improvement."

5.2 During 2010/11, the Council identified two actions to deal with governance issues, some of which are detailed within the AGS as actions have been taken. The summary below highlights what the Council has done to address those issues during 2011/12:

- Council governance arrangements. An evaluation of the 2011 governance review was undertaken during 2011/12. The outcome of the evaluation review and its recommendations will be presented to Full Council in May 2012. The Council will continue to monitor governance arrangements during 2012/13 in response to new legislation requirements. Actions for this are detailed below; and
- Financial and information management arrangements. The Council has achieved a balanced budget for 2011/12 and has been independently assessed as having adequate information management and security arrangements. The Council will continue to monitor its financial management arrangements on an ongoing basis as part of its routine processes; no further actions are proposed for 2012/13.

5.3 No significant governance issues from 2011/12 are reported. However, the Council will be working in the coming year to ensure governance arrangements are in place and effective in a number of key areas, and these are set out in the action plan below. The action plan will be monitored during the year to ensure all actions are appropriately addressed.

Issue	Action	Responsibility	Due date
Implementation of the Localism Act 2011	Ensure that the requirements of the legislation are appropriately reviewed and implemented during 2012/13, with appropriate monitoring mechanisms in place to ensure that risks and relevant regulations are appropriately managed and addressed and relevant officers and members receive adequate training to enable them to carry out their responsibilities.	Chief Executive	In accordance with legislation requirements
Implementation of the Social Care Act 2012	Ensure that the requirements of the legislation are appropriately reviewed and implemented during 2012/13, with appropriate monitoring mechanisms in place to ensure that risks and relevant regulations are appropriately	Director of Public Health	March 2013



Issue	Action	Responsibility	Due date
	managed and addressed to enable the effective transfer of the Public Health function fully to the local authority.		
Evaluation of the Governance Review	Ensure that the recommendations of the Review Group are implemented following Full Council approval, with appropriate review mechanisms in place to ensure that the Council governance processes meet its objectives.	Assistant Chief Executive	March 2013
Regeneration Programme following the riots	Ensure that the Regeneration Programme following the 2011 riots has appropriate governance structures, reporting and authorisation processes, and financial and resource monitoring processes in place in order to deliver the agreed outcomes and objectives.	Director of Place and Sustainability	March 2013
Children and Young People's Service	Formalise and implement the statutory responsibilities for the Children's Trust with the Health and Wellbeing Board.	Director of Children and Young People's Service	March 2013
Shared Services arrangements	Agree the form of governance and ensure that there are effective operational arrangements in place between preferred partners.	Assistant Chief Executive	March 2013

**Councillor Claire Kober**  
Leader of the Council

**Kevin Crompton**  
Chief Executive

