Telford & Wrekin
C O U N C I L

ANNUAL GOVERNANCE STATEMENT 2009/10

1. Standards of Governance

1.1 The Council expects all of its members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the formally adopted Codes of Conduct, Constitution, and policies of the Council as well as the applicable statutory requirements.

2. Scope of Responsibility

2.1 Telford & Wrekin Council 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 to secure continuous improvement.

2.2 To this end the Council has approved and adopted a local code of corporate governance which was updated during 2006 and again in May 2008 to ensure that it is consistent with the principles of the CIPFA/SOLACE (see glossary) Framework Delivering Good Governance in Local Government. Within this code and to meet its responsibilities, the Council (members and officers) are responsible for putting in place proper arrangements for the governance of its affairs including risk management, the requirements of regulations[1] and ensuring the effective exercise of its functions.

2.3 The Council continues to review its arrangements against best practice and implement changes to improve the governance framework (including the system of internal control) - see paragraph 5.

3. The Purpose of the Governance Framework

3.1 The governance framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

3.2 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, priorities and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to:

    a) identify and prioritise the risks to the achievement of the Council's policies, priorities and objectives;

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[1] Regulation 4(2) of the Accounts and Audit Regulations as amended 2006 in relation to the publication of a statement on internal control.

b) evaluate the likelihood of those risks being realised;
c) evaluate the impact should they be realised; and
d) manage them efficiently, effectively and economically.

3.3 The governance framework has been in place at the Council for the year ended 31st March 2010 and up to the date of approval of the annual report and statement of accounts. Reviews and updates to the framework will take place during 2010/11 and beyond to support good governance, revised service delivery and organisational change.

4. The Governance Framework

4.1 The key elements of the systems and processes that comprise the authority's governance framework include:

- Vision 2026 – Transforming Telford & Wrekin: From New Town to Modern City, the Community Strategy, the Council's Priority Plans which outline the Council's ambitions and priorities based on stakeholder feedback and these inform the service planning process and personal targets;
- The Constitution (which includes the scheme of delegations, financial regulations and contract standing orders), Forward Plan and decision making processes;
- "One Council, One Team, One Vision" principles document;
- The Council has designated statutory officers – Head of Paid Service (Chief Executive), Chief Financial Officer, Monitoring Officer, Director of Children's Services, Director of Adult Social Services and Scrutiny Officer;
- The Council's Information Governance Framework including data and information security and sharing policies and procedures;
- The Performance management framework and data quality systems. These provide regular monitoring reports to CMT[2], Cabinet and Scrutiny. There is also a Cabinet Member (responsible for the Community Focussed Efficient Council priority) who challenges other Cabinet members CMT and reports back to all Cabinet members;
- Legal Services ensure that the Council operates within existing legislation and is aware of and acts upon proposed changes to legislation;
- The democratic decision making and accountability processes contained within the Constitution;
- CMT meet twice a week, weekly briefing to HOS, monthly joint CMT & HOS meeting and bi-monthly senior management meetings – CMT,HOS and service delivery managers;
- Policy Forum – where CMT and Cabinet meet monthly to discuss emerging key strategic issues which could affect the Council in the future and formulate medium term planning strategy/options.
- The Standards Committee, Audit Committee, scrutiny function and other regulatory committees;
- The development of internal controls and checks within new systems and when existing systems are reviewed;
- The Council's People Strategy (HR) and workforce/organisational development strategies[3] supported by rigorous recruitment processes. These are followed up by induction training (which includes information on the constitution, key policies, procedures, laws and regulations appropriate to the post and experience of the

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[2] Corporate Management Team – Chief Executive, Corporate Directors and Assistant Chief Executive
[3] Further development work is required on these during 2010/11

post holder) and on going training and development in line with Investors in People;

- Member and Officer Codes of Conduct and the Officer/member protocol underpin the standards of behaviour expected by members and officers. There is a bi-annual ethics survey which monitors adherence and understanding to these;
- Member development programme to ensure members are properly equipped and have the capacity to fulfil their roles;
- The Council's communication and consultation strategies ensure that the local community knows what the Council is doing, receives feedback from them including the identification of their needs for incorporation into the Council's priorities;
- The Cabinet Member Resources and from January 2010 the Cabinet Member for Community Focussed Efficient Council is responsible for Corporate Governance and Risk Management. The key officer was the Corporate Director Resources and from January 2010 the Chief Executive. The corporate risk management function has integrated risk management into the service and financial planning process including the provision of appropriate awareness and training for officers and members;
- The Council'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);
- Comprehensive budget strategy and robust budget monitoring process provides sound financial management and regular reporting of financial management information;
- The Council's Treasury Management Strategy and arrangements conform to CIPFA and Audit Commission guidance and is monitored by the Audit Committee;
- Internal audit review controls based on risk to provide assurance and recommendations for improvement;
- Anti-fraud and Corruption, Speak Up and Prosecution policies support the council's governance processes and anti-fraud and corruption culture;
- The Council's Partnership protocol and agreed governance and reporting arrangements for the Council's significant partnerships;
- Projects are managed, as appropriate, within the PRINCE 2 methodology. This includes risk identification and management. Projects use the Corporate Risk Management methodology as appropriate for the management and reporting of their risks.
- Awareness and training for members within their member development programme and for officers through induction, the e-news (previously the bulletin), Managing Ethically module and update sessions on any revised governance arrangements (including information governance).

5. Review of Effectiveness

5.1   Telford & Wrekin Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements including the system of internal control. The review of the effectiveness is informed by:-

a)   the senior managers within the authority who have responsibility for the development and maintenance of the governance environment;
b)   the work of internal audit; and also
c)   by comments made by the external auditors and other external review agencies and inspectorates.

5.2   The Cabinet monitors the effectiveness of the governance framework through the consideration of regular performance information and financial management reports from senior management. Individual Cabinet members receive regular feedback from senior officers in respect to their areas of responsibility on the progress of priorities and objectives. Issues of strategic and corporate importance are referred to the Cabinet.

5.3   The Council's Scrutiny arrangements were reviewed in 2008/09 and changes were implemented from 1st January 2009. The Scrutiny function is overseen by the Scrutiny Leadership Board led by a member of the opposition. The Council's Scrutiny function continues to review the decision making process and areas of concern. The subjects for the areas of concern are informed from community consultation, direct feedback to members from within the community and the results of review and inspection (both external and internal). These revised arrangements have been the subject of an external post implementation review during January/February 2010. The results of this review are being considered by the Council.

5.4   Internal Audit plan their work on the outputs from the Council's risk management and performance management processes, external inspection reports, the requirements of the External Auditor, comments from senior management and their opinion of the current state of the governance arrangements and internal control system. During 2009/10 the Internal Audit team achieved 90% of their planned work (best practice is 90%) and this has been used with the relevant output from unplanned work to form their opinion on the systems of internal control.

5.5   Internal Audit report on a quarterly basis and annually to the Audit Committee. The Audit Committee has asked for additional information during the year and requested Risk Owners (Cabinet Members and Corporate Directors) and Heads of Service to attend to provide assurance on the management of risks and implementation of recommendations. The Audit Committee has also reviewed the benchmarking process and information of Internal Audit.

5.6   The Audit Committee extended it terms of reference during 2009 to include reviewing and monitoring the Council's Treasury Management arrangements. This was to meet the recommendations of the Audit Commission Report – "Risk & Return" published in late March 2009 (as a result of the collapse of the Icelandic Banks). Members of the Committee have received internal and external training to enable them to fulfil their revised responsibilities.

5.7   The Audit Committee reviewed their effectiveness during January 2010 and at their March 2010 meeting agreed to appoint a co-optee. The next stage is for the Committee to agree the process and person specification but this must include financial experience as an accountant or auditor

5.8   A revised "harder test" Use of Resources assessment was undertaken by KPMG for 2008/09 which was reported in December 2009. This included reviewing how the Council manages its money, governs it business and manages resources. The Council's overall score is 2 (performs adequately) – see 5.16.

5.9   The Council's performance management framework has well established systems and procedures which drive continuous improvement in performance. The External Auditor now reviews the Data Quality arrangements as part of the Use of Resources assessment and concluded that they were adequate but continuing to improve.

5.10 From early January 2010 the re-organised Council created a new "Governance Unit" headed by the Monitoring Officer. The Governance Unit joined together Legal Services, Democratic Services, Scrutiny Services, Internal Audit, Risk Management, Information Governance and the Registrars. This will enable the Council to further raise the profile of governance across the Council and integrate/avoid duplication as appropriate. There should also be the opportunity for further efficiencies through the review and reorganisation of these services.

5.11 As outlined the Council has continued to review the governance framework to enable it to satisfy itself that its approach to corporate governance is both adequate and effective in practice and that sound systems of internal control are operating. These reviews have included the Constitution and associated policies, procedures, management processes and reporting arrangements. However it is recognised that further work is required to update the Constitution and management procedures and this is included in the action Plan attached to this statement (Annex 1).

5.12 The Council recognises the importance of Information Governance and has taken significant steps to improve the security of its IT, Paper and Handling Processes to meet the compliance requirements for Data Handling in Government. Through the Council's enhanced internal controls, there have been no data losses or reportable breaches of privacy during 2009/10. All appeals against the Council's decisions with regard to access to information have been dealt with successfully under our internal appeals process. There are no Information Commissioner's Office investigations into the Council in relation to the Freedom of Information Act, Environmental Information Regulations or Data Protection Act. Infrastructure upgrades during the year have further improved security and data handling. The Council has continued to monitor the implementation of the actions from the 2008/09 review of the security arrangements against ISO27001. Further actions require implementation and these are referenced in Annex 1.

5.13 The annual review by Internal Audit of the key systems, corporate governance and risk management arrangements have reported that at the time of the reviews the internal control systems were operating subject to minor recommendations identified.

5.14 The Corporate Directors, Assistant Chief Executive and Heads of Service have signed an annual assurance statement confirming that the governance framework has been operating within their areas of responsibility, subject to the actions outlined in Annex 1.

5.15 The system of internal audit has not changed and the annual review will be presented to the Audit Committee as part of the Internal Audit Annual Report 2009/10. This will include a review, an update of the previous actions and identification of any new actions.

5.16 The External Annual Audit Letter 2008/09 included in its key messages that:

- Under the Use of Resources assessment the Council has got sound processes in place and there is evidence of positive outcomes in all three themes. In two areas within the three themes, Risk Management and Internal Control, and Strategic Asset Management, there is strong evidence that the Council is delivering outcomes and we awarded scores of 3 (performing well) for these two areas.

- The Audit Commission assesses how well the Council manages and improves it services and contributes to the wider community outcomes. The assessment considers how successful the Council is in delivering its corporate priorities. The

Council scored 2 out of 4 for managing its performance. (See paragraph 5.16 for further comments from the Audit Commission summary report).

- An unqualified opinion was given on the Council's 2008/09 accounts in September 2009. We identified a number of adjustments to the draft accounts which in aggregate we considered as material. Officers amended the accounts for these adjustments and we issued our opinion in advance of the statutory deadline. The number and magnitude of adjustments was less than in 2007/08 and we also noted improvement in the quality of the working papers provided to support the accounts.

5.17 The Audit Commission "oneplace" organisational assessment 2008/09 (incorporating the use of resources assessment and other external inspection results) judged that overall the Council performs adequately (2 out of 4).

The summary includes - "It has some good services. Social care for adults is excellent. The Council has ambitious plans and can show that it has delivered some impressive results. But there are other key services and priority areas where the Council has not made enough progress.
Prospects for the borough's children and young people are not as good as other areas. School results, although improving, are below average and the gap between the achievement of children from poorer backgrounds and rest of the borough is widening. Plans to regenerate the towns and local economy include raising aspirations and improving the skills and 'employability' of local people.
The Council shows ambition and there are many encouraging signs that it will make more progress in the future……."

5.18 Ofsted undertook an announced key inspection on 9th November 2009 of the Council's Fostering Service and reported in early 2010. The overall quality rating for the service is good (aspects of the provision is strong – level 3 out of 4). 5 recommendations were made. The summary included the following comments:

"The fostering service had made exceptionally good progress in meeting previous requirements (May 2007). In some area there has been a marked improvement with considerable development in service provision following reconfiguration of the fostering service, new staff appointments and an increase in resources. The enjoying and achieving outcomes for young people is outstanding particularly in respect of the involvement of young people. There are a small number of requirements on this occasion with three minor breaches of regulations and two breaches of the national minimum standards (health assessments, recruitment records of panel members, records of complaints and allegations, contact details for Ofsted and issuing of the children's guide.

Overall, the inspection found hard work, commitment and dedication of the management and staff had been successfully applied to achieve a significant change and marked improvement in the service delivery. This means that fostering service provides a good quality of service that is effective in achieving positive outcomes for children and young people."

"Helping children to be healthy – the provision is good.
Protecting children from harm or neglect and helping them stay safe – the provision is good.
Helping children achieve well and enjoy what they do – the provision is outstanding (exceptionally high quality provision).
Helping children make a positive contribution – the provision is good.
Achieving economic wellbeing – the provision is good.

Organisation – the organisation is good."

5.19   The Council's Children's Services annual rating for 2009 was provided in a letter from Ofsted in December 2009. The children's services rating was "performs adequately" (level 2 – an organisation that meets only minimum requirements). The letter goes on to say:

"The overall effectiveness of inspected services and settings is adequate. Children receive a good start to their care and education in the early years. The proportion of childminder and childcare settings that are good or better is greater than in similar areas and found nationally. The quality of primary and secondary schools is uneven, with just under two thirds of primary schools and half of secondary schools judged to be good or better. Post-16 provision is good or better in four out of five schools, outstanding in the the further education college and satisfactory in the sixth form college. Inspection judgements for enjoying and achieving are in line with similar areas and national averages in the large majority of settings and services…"

5.20   The Annual Performance Assessment of Adult Social Care for the Council 2008/09 reported in December 2009. The overall grade for the delivery of outcomes was "excellently" - **a service that overall delivers well above minimum requirements for people, is highly cost–effective and fully contributes to the achievement of wider outcomes for the community.**   The table below shows the scores for the 7 delivering outcomes reviewed as part of the assessment.

Delivering Outcomes	Grade Awarded
Improved health and emotional well–being	Excellently
Improved quality of life	Well
Making a positive contribution	Excellently
Increased choice and control	Excellently
Freedom from discrimination or harassment	Well
Economic well-being	Well
Maintaining personal dignity and respect	Excellently

5.21   We have been advised on the implications of the review of the effectiveness of the governance framework by the Cabinet, Standards Committee, Audit Committee, Scrutiny, senior managers, Internal Audit and external review, and plan to address weaknesses and ensure continuous improvement of the framework as outlined in the action plan attached as Annex 1.

5.22   The Audit Committee will continue to monitor the action plan during the year.
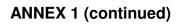

Leader of the Council………………………………………………………….

Chief Executive…………………………………………………………………..

Date…………………………………

ACTION PLAN FOR 2009/10 AGS TO BE IMPLEMENTED 2010/11

No	ACTION and Originating date	Lead Resp.	Comments (including if from consolidated governance action plan 2009 - CGAP)	Date
1.	Further develop service continuity plans to integrate ICT requirements. (2006/07 AGS action plan)	Head of Community Protection (MA) & Head of ICT & Procurement (MW)	Delays have occurred due to the reorganisation and ICT infrastructure project but tools are in place to review existing business continuity plans and to incorporate them with service delivery plans. Previous actions 1, 2 and 3 from CGAP	31/07/10
2.	Catering - Implement the outstanding areas from the internal audit review and on-going system/processes update. (2006/07 AGS action plan)	Head of Property & Design (DS)	Interim arrangements to be operated and monitored Long term solutions to be identified and implemented Previous action 4 from CGAP	30/06/10 + on-going 31/03/11
3.	Strategic management of the One Team, One Council Vision including agreeing the governance framework (encompassing the corporate governance structure incorporating information, information technology, partnership and project governance). (NEW)	CMT	Overseeing the transformation process and its governance and the establishment of a robust on-going governance framework.	Ongoing 31/03/11
4.	Review of the Constitution to reflect: a) Strong leader model b) Revised Scrutiny arrangements c) Officer/member roles and responsibilities including delegations d) Employment rules e) Member/officer protocol f) Other changes to reflect the revised organisational structures & ways of working g) Changes to reflect the requirements of the new financial management system ((c), (d) and (e) from CGAP 2009 others NEW)	Head of Governance (JE)	Some parts were previous actions 9 and 27 from CGAP	31/03/11 ready for new Council May 2011

No	ACTION	Resp.	Comments	Date
5.	To implement the actions from the self assessment against ISO27001. (2008/09 AGS action plan)	Head of ICT & Procurement (MW) and Head of Governance (JE)	Many ISO27001 standards have been met due to the code of connection for Government Connect. However a further gap analysis needs to be carried out since the changes to evaluate the gap and work required. The implementation of any key issues identified will take place during 2010/11. Previous action 13 from CGAP.	30/04/10 31/12/10
6.	• Review of our Workforce Development priorities and delivery • Review of management competencies and skills required in the new "One Council" • Review of HR policies and processes to support the delivery of the One Council Vision with recruitment as a priority (NEW)	Assistant Chief Executive (RP)	Some areas were previous actions from CGAP – 15, 17, 22, 24, 25 and 29 but these have been updated and summarised into these areas actions to match the organisational changes.	31/03/11
7.	Communication Strategy should be in place. (CGAP 2009)	Assistant Chief Executive (RP)	Work continues to further develop and agree the internal and external communications strategies. (Previous CGAP action 16) Completion Awareness and training	31/07/10 31/10/10
8.	Review of the Partnership Protocol and pack. (CGAP 2009)	Head of Governance (JE)	Had been allocated and started within Legal Services but due to staff leaving has now been reallocated.	31/12/10
9.	Implement action plans from external assessments and inspections. (NEW)	Assistant Chief Executive and appropriate Heads of Service.	Action plans to address relevant issues from external assessments/ inspections have been included in appropriate business/service area plans/priority plans.	Latest 31/03/11