

# Annual Governance Statement

2010-11

**DRAFT**



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## **A. Scope of Responsibility**

1. Wiltshire 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. We also have 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.
2. In discharging this overall responsibility, the Council is also responsible for putting in place proper arrangements for the governance of its affairs, including the management of risk, and facilitating the effective exercise of its functions.

## **B. The Purpose of the Governance Framework**

3. The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and the activities through which the Council 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.
4. The assurance framework and the system of internal control are significant parts of that framework. They are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The assurance framework and the system of internal control are based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council'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. The assurance framework also provides a mechanism for monitoring and implementing a system of continuous governance improvement.
5. The governance framework has been in place at the Council for the year ended 31 March 2011 and up to the date of approval of the statement of accounts for 2010/11.

## **C. The Governance Framework**

6. The Council's governance framework comprises a broad range of strategic and operational controls, which work together to ensure the sound running and well being of the Council. The key elements are summarised below.
7. Documents referred to are available from the Council or may be viewed on the Council's website ([www.wiltshire.gov.uk](http://www.wiltshire.gov.uk)).

## **Purpose and Planning**

8. The Council's vision and goals are set out in its 4 year Business Plan, which was adopted by the Council on 22 February 2011. The Council's vision is to create stronger and more resilient communities and in support of this it has the following goals:
  - provide high quality, low cost customer focused services;
  - ensure local, open and honest decision making;
  - working with our partners to support Wiltshire's communities.
9. The Business Plan is supported by a Financial Plan, which demonstrates how it will be funded. The management of the Council's strategic risks helps achieve the Council's objectives.

## **Policy and Decision-Making Framework**

10. The Council's Constitution provides the framework within which the Council operates. It sets out how decisions are made and the procedures which must be followed to ensure that these are efficient, effective, transparent and accountable.
11. The Constitution defines the role and responsibilities of the key bodies in the decision-making process - the Council, Cabinet, and Committees, including the Strategic Planning Committee, Area Planning Committees, Licensing Committee, Overview and Scrutiny Select Committees, Standards Committee, Audit Committee, Staffing Policy Committee, Officer Appointments Committee and Area Boards.
12. The Constitution is reviewed regularly by the Monitoring Officer and the Standards Committee to ensure that it remains fit for purpose. The last major review was undertaken during 2010 by the Standards Committee with the assistance of its Constitution Focus Group. Amendments were agreed by the Council and implemented from 1 December 2010.
13. The Leader, Cabinet, and the Area Boards are responsible for discharging the executive functions of the Council, within the budget and policy framework set by the Council.
14. The Council publishes a Forward Work Plan once a month giving details of all matters anticipated to be considered by the Cabinet over the following 4 months, including items which constitute a key decision.
15. Schemes of Delegation are in place for Cabinet Committees, Cabinet Members and Officers to facilitate efficient decision-making. The Leader has established two Cabinet Committees - the Cabinet Capital Assets Committee and the Cabinet Business Relief Committee.

16. The Council has established 18 area committees known as Area Boards. Each area board exercises local decision making under powers delegated by the Leader.
17. The Overview and Scrutiny arrangements consist of four main select committees covering Organisation and Resources, Children's Services, Environment, and Health and Adult Social Care. The Select Committees have established a number of standing and ad hoc task groups to undertake detailed monitoring and reviews. Rapid scrutiny exercises provide other opportunities when time constraints exist. Scrutiny member representatives can also be appointed to boards of major projects.
18. These arrangements serve to hold the Cabinet, its Committees, individual Cabinet Members and Corporate and Service Directors to public account for their executive policies, decisions and actions.
19. The Standards Committee is responsible for:
- promoting and maintaining high standards of conduct by Members and Officers across the Council;
  - determination of complaints under the Members' Code of Conduct;
  - oversight of the Constitution, complaints in relation to the Council's services, and the whistle blowing policy.

The Standards Committee is chaired by an independent member.

20. The Audit Committee is responsible for:
- monitoring and reviewing the Council's arrangements for corporate governance, risk management and internal control;
  - reviewing the Council's financial management arrangements and approving the annual Statement of Accounts;
  - focusing audit resources;
  - monitoring the effectiveness of the internal and external audit functions;
  - monitoring the implementation of agreed management actions arising from audit reports.

### **Wiltshire Pension Fund**

21. The Wiltshire Pension Fund is overseen by the Wiltshire Pension Fund Committee. This Committee has its delegated power from the full Council, rather than the Executive (Cabinet), so as to avoid any conflict of interest (e.g. in relation to the setting of employer contributions).

22. This Committee is responsible for all aspects of the fund, including:
- the maintenance of the fund;

- preparation and maintenance of policy, including funding and investment policy;
- management and investment of the fund;
- appointment and review of investment managers.

23. The Wiltshire Pension Fund Committee exercises its responsibilities in relation to investment management when it sets investment policy and appoints/monitors external investment managers.

### **Regulation of Business**

24. The Constitution contains detailed rules and procedures which regulate the conduct of the Council's business. These include:

- Council Rules of Procedure
- Budget and Policy Framework Procedure
- Financial Regulations and Procedure Rules
- Contract Regulations
- Members' Code of Conduct
- Officers' Code of Conduct
- Corporate Complaints Procedure

25. The statutory officers - the Head of Paid Service (Chief Executive), the Monitoring Officer (Solicitor to the Council) and the Chief Finance Officer have a key role in monitoring and ensuring compliance with the Council's regulatory framework and the law. The statutory officers are supported in this role by the Council's legal and democratic services, finance, governance and procurement teams and by Internal Audit.

26. The following bodies have an important role in ensuring compliance:

- Audit Committee
- Overview and Scrutiny Committees and Task Groups
- Standards Committee
- Internal Audit
- External Audit and Inspection Agencies.

27. The Council has established a Governance Assurance Group whose membership is composed of senior officers with lead responsibility for key areas of governance and assurance, together with an elected member who is the vice-chair of the Audit Committee, and a member of the Standards Committee. Other officers and members attend by invitation to provide the Group with information about issues on which the steering group is seeking assurance. Officers can also bring any concerns about the Council's governance arrangements forward to the Group for consideration.

29. The Governance Assurance Group meets regularly, and has a forward work plan. It is responsible for gathering evidence for and drafting the Annual Governance Statement. It identifies any potential significant governance issues throughout the year, and oversees the implementation of measures to address these. It has a key role in promoting and supporting sound governance across the organisation.
30. The Group is supported by the Chief Executive, who acts as a link between the Group and the Corporate Leadership Team, ensuring that issues and activities identified by the Group are considered and addressed.

## **Management of Resources, Performance and Risk**

### ***Financial management***

31. Financial management and reporting is facilitated by:

- monthly reports to Cabinet on the Council's Revenue Budget and Capital Programme;
- regular review by the Corporate Leadership Team;
- bi-monthly consideration of these reports by the Budget and Performance Task Group;
- budget monitoring by Service Managers;
- compliance with the Council's Budgetary and Policy Framework, Financial Regulations and Financial Procedure Rules;
- compliance with external requirements, standards and guidance;
- publication of Statement of Accounts;
- overseeing role of the Audit Committee.

32. The Council's financial management arrangements are consistent with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government, issued in 2010.

### ***Performance and Risk Management Reporting***

33. The Council's Business Plan sets out how the Council will:

- protect our most vulnerable citizens by investing in their services;
- invest in the future of Wiltshire by enhancing key service areas;
- keep the council tax low.
- make savings to cover the cut in government funding and projected investments.

34. It also identifies the benefits and outcomes to be delivered over the next four years. These are supported by corresponding programmes and measures, with clear responsibilities for delivery. A new 'scorecard' approach will be introduced in 2011/12 to report progress on the Business

Plan. This builds on the quarterly progress reports used for the Corporate Plan in 2010/11.

35. The Risk Management Strategy has been reviewed to ensure that risk management arrangements remain appropriate and reflect the Business Plan. The revised strategy strengthens risk management arrangements and complies with good practice so that opportunities and threats are identified and managed to help achieve the Council's priorities.
36. Reports which cover the significant corporate risks are submitted to the Corporate Leadership Team on a quarterly basis and to the Audit Committee six monthly.
37. The Council's Business Continuity Policy provides a framework to maintain and develop business continuity arrangements at both corporate and service levels. It sets out the responsibilities of different management levels and groups as part of this process. Within this framework the Council has a Corporate Business Continuity Plan, which outlines the arrangements that will operate in the event of a major service disruption. Service Business Continuity Plans are being developed in conjunction with the Corporate Business Continuity Plan to address service specific issues and incidents.

### **Internal Audit**

38. The main role of Internal Audit is to provide an independent and objective opinion to the Council on its internal control environment, comprising risk management, control and governance by evaluating its effectiveness in achieving the Council's objectives.
39. Internal Audit has the following additional responsibilities:
  - providing support to the Chief Finance Officer in meeting his responsibilities under Section 151 of the Local Government Act 1972, to make arrangements for the proper administration of the Council's financial affairs;
  - investigating any allegations of fraud, corruption or impropriety;
  - advising on the internal control implications of proposed new systems and procedures.
40. The annual Internal Audit Plan is based on an assessment of risk areas, using the most up to date sources of risk information, in particular the Council's Corporate and Service Risk Registers. The Plan is agreed with Corporate Directors and Service Directors, and presented to the Audit Committee for approval. The Committee receives reports of progress against the plan throughout the year. The Internal Audit Annual Report summarises the results and conclusions of the audit work throughout the year, and provides an audit opinion on the internal control environment for the Council as a whole.



## External Audit and Inspections

41. The Council is subject to reviews by external inspection agencies, including the Audit Commission, OFSTED, and the Care Quality Commission (CQC). The results of these inspections are used to help strengthen and improve the Council's internal control environment and help secure continuous improvement.
42. The government has announced that the Audit Commission will be disbanded and we will look at the proposals for new external audit arrangements as these become available.

## Directors' Assurance Statements

43. ***[This section is to be completed following review of the Directors' Assurance Statements]***

## Monitoring Officer

44. The Monitoring Officer has not made any adverse findings in the course of the exercise of his statutory responsibilities. ***(Keep this under review none as yet this year)***

## D. Review of Effectiveness

45. The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.
46. The key principles of corporate governance are set out in the Council's Code of Corporate Governance as follows:
  - Focusing on the purpose of the Council and on outcomes for the community, creating and implementing a vision for the local area;
  - Engaging with local people and other stakeholders to ensure robust public accountability;
  - Ensuring that members and officers work together to achieve a common purpose with clearly defined functions and roles;
  - Promoting high standards of conduct and behaviour, and establishing and articulating the Council's values to members, staff, the public and

other stakeholders;

- Taking informed, risk based and transparent decisions which are subject to effective scrutiny; and
- Developing the capacity of members and officers to be effective in their roles.

47. The effectiveness of the Council's assurance framework and system of internal control is assessed against these six principles.

### **Focus on the purpose of the Council and on outcomes for the community, creating and implementing a vision for the local area**

48. The Council's vision and goals are set out in its Business Plan 2011-2015. This is consistent with the long term priorities that are set out in the Community Plan 2011-2026.

49. The Community Plan (our sustainable community strategy) was developed with partners during 2010/11 and approved by the Council on 17 May 2011. It gives partner organisations a set of general principles to check their plans against. It has three long term priorities:

- Creating an economy that is fit for the future;
- Reducing disadvantage and inequalities;
- Tackling the causes and effects of climate change.

### **Engaging with local people and other stakeholders to ensure robust public accountability**

50. The Council has taken steps to make its purpose and responsibilities clear to staff and the community it serves. These have included:

- A series of 18 community area seminars during March and April 2011 discussing the Council's approach to localism as set out in the Business Plan, what this means for communities and the role local people can play in the future.
- Regular staff briefings by the Leader and Chief Executive and involvement in the corporate induction process.
- Communication channels, including the Council's website and Intranet, Team Wire and Elected Wire (an on-line briefing for staff and councillors respectively), Your Wiltshire residents magazine, delivered to all households in Wiltshire and providing information about Council services, how to get involved, and information from partner agencies. The Council also arranges face-to-face events, including road shows, area boards, contact centres, customer forums

and exhibitions.

51. The ongoing development of area boards has played a key role in ensuring robust public accountability and engagement with more than 7,200 people attending area board meetings. Over 1,000 local issues have been resolved and over £ 750,000 has been allocated to support 250 community projects, generating in excess of £ 3 million of external funding and investment in our communities.
52. The governance arrangements for the area boards is set out in the Council's Constitution and in further detail in the Area Board Handbook.
53. The Leader undertook a review of the operation of area boards in 2010, involving consultation with councillors, parish councillors, officers, partners and the general public. The review highlighted a number of actions to be taken to develop area boards, and in particular to:
  - ensure that a representative cross section of the community is engaged at a local level;
  - enhance the area boards' decision making role;
  - clarify and promote the role of the community area partnerships;
  - raise public awareness of the area boards;
  - recognise and enhance the role of parishes within the area board framework.
54. A further review will be undertaken during 2011 to assess progress in addressing these issues.
55. Town and Parish Councils have been consulted to determine which functions and responsibilities they would like to have delegated to them and this work continues to be developed. During 2010/11 a number of council assets were transferred to parish councils and other community groups. The Council has adopted a policy for the transfer of assets and continues to keep the governance issues under review.
56. The Council has developed a four year procurement plan that aims to deliver £ 36 million of cashable savings to the Council's revenue budget. The plan is governed by the Corporate Procurement Board, which is chaired by the Director of Resources and has membership from each of the Council's departments at service director level, as well as the Cabinet Member for Procurement.

57. The procurement plan aims to deliver the necessary savings by:

- influencing future spend with our external supplier base;
- negotiating existing arrangements with our key suppliers;
- redesigning and streamlining our procurement processes to make them more efficient;
- developing procurement staff to enable them to deliver the procurement plan.

58. The existing Partnership Protocol and Register has been reviewed and updated to ensure that all partnerships across Wiltshire Council are captured. The revised protocol will ensure that partnerships are underpinned by good governance and to complement the protocol a new electronic database and supporting guidance have been developed.

**Ensuring that members and officers work together to achieve a common purpose with clearly defined functions and roles**

59. The Constitution sets out clearly the roles and responsibilities of members and officers in the decision making process. This includes schemes of delegation which were reviewed in 2010 as part of the review of the Constitution.

60. The Council has adopted a Member and Officer Relations Protocol which:

- outlines the essential elements of the relationship between members and officers;
- promotes the highest standards of conduct;
- clarifies roles and responsibilities;
- ensures consistency with the law, codes of conduct and the Council's values and practices; and
- identifies ways of dealing with concerns by members or officers.

**Promoting high standards of conduct and behaviour, and establishing and articulating the authority's values to members, staff, the public and other stakeholders**

61. All staff are required to meet high standards of ethical conduct under the Officers' Code of Conduct. A revised Code of Conduct for Officers was introduced in May 2010.

62. The Council has a Whistle Blowing Policy and an Anti-Fraud and Corruption Policy which were updated in 2010. It has also introduced an Anti Money Laundering Policy. The Standards Committee receives an annual report on the effectiveness of these policies. The Audit Committee has responsibility for monitoring the implementation of the Anti Fraud and Corruption Policy and Strategy.

63. The Council's Governance Team is responsible for customer complaints, access to information legislation, the Code of Conduct for Members, and the promotion of good governance within the Council and with key partners, including the town and parish councils of Wiltshire. This helps to ensure that robust governance arrangements are supported across the Council.
64. The Council is developing a culture that reflects a modern, new organisation that embraces change, treats everybody fairly and values diversity. To this end it has agreed the following core values:
- Placing its customers first;
  - Strengthening its communities;
  - Adopting a 'can-do' approach in everything it does.
65. The Council's Standards Committee plays an important role in overseeing and promoting ethical governance throughout the Council, and this role is established in the Council's Constitution. Further information on its work is contained in its Annual Report for 2010-11. In particular, the Committee is playing an active role in ensuring that the Council has in place arrangements to promote and maintain high standards of conduct following the proposed abolition of the current statutory standards regime as a result of the Localism Bill.
66. The Standards Committee has maintained oversight of ethical governance, receiving reports on the efficacy of the whistle-blowing procedure, customer complaints procedures, the member's Register of Interests, and a range of other governance matters.
67. The Committee has fulfilled its statutory role by receiving, assessing and determining complaints brought under the Code of Conduct for Members in Wiltshire Councils, and has worked to ensure that the processes that underpin this statutory function are kept under review to ensure that they work effectively.

### ***Internal Audit***

68. Internal Audit represents an important element of the Council's internal control environment, and to be effective it must work in accordance with the Code of Practice for Internal Audit in Local Government, which lays down the mandatory professional standards for the internal audit of local authorities. The latest review of Internal Audit by the Council's external auditors, KPMG, confirmed that Internal Audit is meeting the various standards laid down by the Code of Practice.
69. The Internal Audit Annual Report summarises the results and conclusions of the audit work throughout the year, and provides an independent audit opinion on the internal control environment for the Council as a whole.

70. The levels of assurance obtained from the range of audits completed during the year has led Internal Audit to the overall audit opinion that for 2010-11 it is able to give a substantial assurance on the adequacy and effective operation of the Council's overall control environment. This represents an improvement over the previous year, when the audit opinion was one of limited assurance, following the major structural reorganisation of moving from five councils into one.
71. The response of management throughout the Council to the results of audit work has continued to be positive and constructive, and in the main appropriate action is being taken to manage the risks identified in audit reports. Progress on the implementation of agreed management actions is reported regularly to the Audit Committee.

### ***External Audit***

69. The latest report to those charged with governance, issued by KPMG in respect of Wiltshire Council for 2009/2010, was presented to the Audit Committee in September 2010. The Letter summarised the key issues arising from the audit of Wiltshire Council for the year ended 31 March 2010 and an assessment of the Authority's arrangements to secure value for money in its use of resources.
70. The Letter highlighted the key messages as follows:
- Following the change in government, the use of resources assessment at local authorities ceased with immediate effect in May 2010. The Authority therefore did not receive scores in respect of the 2010 assessment.
  - KPMG concluded that "overall, there are sufficient procedures in place for Managing Finances, with significant improvements noted in the financial statements process." However, KPMG highlighted "that improvements could be made in cost/performance benchmarking, fees and charges strategy and debt monitoring."
  - KPMG concluded that "The Council continues to actively manage its resources with a significant programme in place to rationalise its assets, but areas of improvement can still be made in workforce planning arrangements and obtaining internal and external feedback on staffing matters. Procedures for Governing the Business remain robust overall, and improvements have been made in Data Security"
  - KPMG stated that they "have worked with officers throughout the year to discuss specific risk areas. The Authority addressed the majority of issues appropriately. There were also a couple of areas where the Authority has made significant adjustments to the accounts following further considerations made arising from the audit process."

- An unqualified audit opinion was issued for the 2009/2010 Statement of Accounts. They also reported that the wording of the 2009/2010 Annual Governance Statement accords with their understanding.

**Taking informed, risk based and transparent decisions which are subject to effective scrutiny**

71. Cabinet Members and Officers exercising delegated powers are required to take decisions in accordance with their respective schemes of delegation. The Leader's protocol for decision-making by Cabinet Members ensures transparency by requiring publication of the intention to make a decision on 5 clear days' notice and the final decision.

72. Risk assessment forms an integral part of management reporting supporting the decision making process.

73. Work of the Council's Overview and Scrutiny Select Committees, task groups and associated activities have focused on:

- Supporting/challenging the delivery of one council benefits and efficiencies, service redesign, harmonisation and transformation;
- Monitoring the performance of the Council's major service providers including external contractors and partners;
- Reviewing the implementation of major corporate projects;
- Monitoring the Council's (and its statutory partners) performance against targets;
- Engaging in the Council's budget setting process and budget monitoring;
- Engaging in the development of the Council's new (four year) Business Plan;
- Initiating reviews into matters of local concern relating to service delivery and contributing to the development and review of policy, including:
  - Gynaecological cancer services, out of hours services, end of life care strategy, Care Quality Commission annual assessment and inspection report, Focus project, Local Safeguarding Adults Board, burn care and soft tissue sarcoma services, GWR ambulance services performance, Dementia Strategy, Helping People to Live at Home review, head and neck cancer services, funding of carers services, mental

health services reconfiguration, older people accommodation strategy.

- Carbon reduction plan, PFI for housing, flood risk management, Local Transport Plan, renewable energy, car parking and waste collection.
- special educational needs (SEN) in mainstream schools, special schools and post-16 SEN, placements for looked after children, adoption and fostering processes, PFI schools, and provision of 16-19 education in specific areas of the county. In considering Cabinet proposals for changes to special educational needs, scrutiny members expressed concern that the public consultation had not aided people's understanding of the relevant issues and the objectives of the review. In response, the Cabinet implemented a number of measures to improve the Council's public consultations in the future.

74. The work undertaken by the Audit Committee this year has included:

- review and approval of the first Annual Governance Statement and Statement of Accounts of the new Council for 2009/10;
- review of the work and findings of Internal Audit, including the Annual Report and audit opinion on the control environment;
- review of the Council's risk managements arrangements;
- review of the work and findings of External Audit, including the Annual Audit Letter and Report to Those Charged with Governance.

75. Risks are identified and monitored by service departments. Significant risks are identified and reviewed on a regular basis by the Corporate Risk Management Group. Reports are issued on the significant risk areas through the Council's reporting arrangements. Training on Risk Management is delivered to Members annually, including the development of specific training for staff involved in risk arrangements as a result of their work.

76. The risks associated with major projects are managed through project management arrangements with regular reporting to the relevant boards and member bodies.

77. From March 2010 work has focused on improving the Corporate Business Continuity Plan. Representatives of services that would have to take a lead role in various kinds of service disruption were involved in designing the response arrangements to ensure that they are realistic and appropriate. The benefit of these arrangements is that they are sufficiently generic to respond to a wide range of service disruptions, using in-house resources as a first line of defence and taking advantage of the flexibility provided by the Campus and Operational Delivery Programme. The



Corporate Business Continuity Plan was presented to the Corporate Leadership Team in November 2010 and has been published internally.

78. Awareness of the business continuity process and response arrangements has been variable across the organisation. Since December 2010 Business Impact Analyses data quality has improved through individual reviews on a service level. Further work will be undertaken with service representatives to improve and embed their business continuity arrangements within their services and to widen the general awareness of business continuity amongst all employees. This will also be used to introduce the identification of expected costs of business continuity strategies.
79. The Business Continuity Policy was reviewed in summer 2010 in order to improve management arrangements.
80. The Council's Business Plan sets out how the Council will manage the risks and challenges arising from the reduction in government funding ( 28.4% over the next 4 years), and the substantial changes in the way local government is organised.

#### **Developing the capacity of members and officers to be effective in their roles**

81. The Council is committed to the ongoing development of its members and recognises the importance of building up the capacity and effectiveness of its members.
82. The Council's Councillor Development Policy:
  - establishes members' individual training needs and allocates budget according to the Council's priorities;
  - ensures equality of access to funds and training events;
  - evaluates the effectiveness of councillor development annually to inform the allocation of funding for future years.
83. A cross party Councillor Development Group meets every eight weeks to monitor the budget and to discuss progress and ideas on member development. The group will submit its application for charter status during 2011.
84. A Comprehensive Councillor Development Programme has been produced for 2011/12. This covers a range of topics from community leadership to ICT skills and links in with the corporate aims and values of the Council. The programme also anticipates the new challenges that will be faced by councillors in relation to the big society and localism agenda.
85. Councillors are asked to complete a training needs assessment form each year and are also offered a one to one meeting with a learning and development professional. The training needs highlighted by this process

are taken into account when producing the development programme to ensure that it is member led.

86. Wiltshire Council continues to deliver key actions from the People Strategy 2008-2012. The People Strategy is being refreshed to link and support the key priorities identified in the Council's Business Plan. The delivery of the People Strategy is critical to enabling us create the capacity we need to work in different ways and successfully meet current and future challenges.

87. Key priorities are:

- Leadership and Management Development - Programmes of development ongoing;
- Councillor Development - a programme has been developed with and for Elected Members;
- Performance Development Framework (Appraisal) refreshed to incorporate the new Council Values and Behaviours and in an electronic format;
- A business focused blended learning programme of employee learning which will include the changing capability requirements e.g. commissioning and partnership skills;
- Corporate Workforce Planning framework - the organisational wide workforce plan is critical in identifying the people resources required now and in the future to deliver the priorities identified in the Business Plan;
- Continue to deliver a programme of Harmonisation of Terms and Conditions;
- Continue to deliver an Employee Assistance Programme in partnership with Job Centre Plus, Independent Financial Advisers and Occupational Health for managers and staff who are at risk of redundancy as part of Service Reviews and operational restructuring;
- Revision of Terms and Conditions of employment to deliver savings to ensure that we have a set of terms and conditions that helps us to compete effectively in the labour market and support retention of key knowledge and skills required to deliver services.

## **E) Significant Governance Issues**

94. The following have been identified as significant governance issues in view of their size, complexity and impact on the delivery of the Council's priorities:

### **SAP Financial Systems**

95. Last year's Annual Governance Statement identified a significant governance issue with regard to the implementation of the SAP system to administer the Council's core financial systems. This represented a very significant transition for the processing of financial transactions, with the result that during the transitional period in 2009-10 there was an adverse

impact on system controls.

96. Since that time considerable work has been undertaken throughout 2010-11 in order to ensure that financial controls have been improved within SAP systems. In addition, further work has been undertaken and is in progress as follows, in order to ensure that the Council derives the maximum benefit from its implementation of SAP:

- The Council's external auditors, KPMG, undertook a post-implementation review of SAP, which was reported to the Overview and Scrutiny Organisation and Select Committee in November 2010, and the Audit Committee in December 2010. The report concluded that ultimately the Council had achieved a great deal in successfully implementing a major SAP system. Nevertheless, the report identified a series of recommendations aimed at improving the management of future major projects, and these are being taken forward as part of current proposals for the further development of SAP.
- In order to rationalise, improve and develop SAP further, and help meet corporate plans to improve efficiency and effectiveness, a programme of work is underway to address both short-term implementation developments in SAP, and longer-term development needs. The overall aims of this work are to improve users' experience of SAP, reduce duplication and maintenance of data, and deliver meaningful and timely management information to service managers.

### **Housing Landlord Service Improvement Plan**

97. Following a poor Audit Commission report in May 2010 an improvement plan was developed that put in place over 100 actions, addressing all the recommendations arising from the inspection and reflecting local aspirations. Three quarters of the actions in the plan have been completed.
98. In May 2011 Cabinet agreed a new plan for improvement of the Council's Housing Landlord Service, addressing the remaining actions from the initial plan, but within a new context resulting from major changes in finance, regulation, tenancies and allocations, and new service standards developed by the Tenants Services Authority.
99. The new plan contains just over 40 key actions which ensure that focus is maintained on the areas of weakness.
100. Progress against the new plan will be monitored carefully.

## **Implementation of the Transformation Programme**

101. In February 2011 the Council approved a comprehensive Business Plan, setting out how it intends to meet the significant challenges that the Council is facing over the next four years and deliver its vision to create stronger and more resilient communities. The Business Plan is ambitious and involves major transformational change to make the Council as efficient as possible and equipped for the future.
102. The Council is developing robust governance arrangements to underpin the delivery of the Business Plan and the effective management of the risks involved.

## **Managing Significant Reductions in Government Funding and Changes in Legislation**

103. Following the General Election in May 2010 and the Coalition Government's Comprehensive Spending Review, the Council is required to absorb a reduction of 28.4% in grant funding from the Government over the next four years and respond to major changes in local government legislation. At the same time it must manage the increasing demand for services, for example, to protect vulnerable children and adults. The Council's Business Plan sets out how these challenges will be met, but the position needs to be closely monitored to ensure that the pressures arising from these changes, particularly in children and adult care services, are effectively managed.

## **Governance Arrangements for Dealing with Complaints Involving Third Parties**

104. The Council is undertaking a review of its governance arrangements for dealing with complaints made to the Council about third party bodies with which it is involved. This follows a review of the Council's handling of a complaint regarding an equality and diversity issue in which two other organisations were involved.

Jane Scott  
Leader of the Council

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Andrew Kerr  
Chief Executive

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