



Annual Governance Statement 2013/14

Scope of Responsibility

Wolverhampton City 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. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The Council has approved and adopted a Local Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. This code is incorporated within the Council's Constitution, which is available for review on the Council's website.

The Council is also responsible for the strategic management and administration of the **West Midlands Pension Fund** with the Council's Chief Executive, Monitoring Officer and Section 151 Officer holding specific responsibilities for supporting the members of the Pensions Committee in their role.

Wolverhampton Homes is the Council's Arm's Length (Housing) Management Organisation (ALMO) and is a company wholly owned by the Council. The control of the ALMO is through the Board which has representatives drawn from 1/3 Council, 1/3 tenants and 1/3 independent. There is a Management Agreement between the Council and Wolverhampton Homes which sets out the contractual and governance arrangements between the parties.

The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture 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 achievements of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

Risk management and internal control are a significant part of the governance framework and 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 systems of risk management and internal control are based on an on-going 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 governance framework has been in place at the Council for the year ended 31 March 2014 and up to the date of approval of the annual report and statement of accounts.

The Governance Framework and Review of Effectiveness throughout 2013/14

The Council has the following Corporate Plan aims and themes: Encouraging Enterprise and Business, Empowering People and Communities, Re-Invigorating the City and Confident, Capable Council, which are underpinned by the governance environment. This environment is consistent with the six core principles of the CIPFA/ SOLACE framework.

The key elements of the systems and processes that comprise the Council's governance framework, and where assurance against these is required, are described below.

Core principles of the CIPFA/ SOLACE framework	Assurances required	Governance framework providing assurance	Review of Effectiveness	Issues identified
<p>Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area</p> <p>Members and officers working together to achieve a common purpose with clearly defined functions and roles</p> <p>Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</p> <p>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</p> <p>Developing the capacity and capability of members and officers to be effective</p> <p>Engaging with local people and other stakeholders to ensure robust public accountability</p>	<p>←</p> <ul style="list-style-type: none"> • Delivery and communication of an agreed corporate plan • Quality services are delivered efficiently and effectively • Clearly defined roles and functions • Management of risk • Effectiveness of internal controls • Compliance with laws, regulation, internal policies and procedures • Value for money and efficient management of resources • High standards of conduct and behaviour • Public accountability • Published information is accurate and reliable • Implementation of previous governance issues 	<ul style="list-style-type: none"> • The Constitution (including Head of Paid Service, Chief Financial Officer and Monitoring Officer) • Council, Cabinet and Committees • Scrutiny function • Audit Committee (and Sub-Committee) • Standards Committee • Internal and External Audit • Strategic Executive Board • Corporate Development Board • Directors Assurance Statements • Corporate and business plans • Medium Term Financial Strategy • Corporate Risk Register • Codes of Conduct • Business Planning and Performance Management Framework • Whistleblowing and other anti-fraud related policies • Complaints System • Financial Procedures Rules • Contracts Procedure Rules • Committee Management Information Systems (now modern.gov) 	<p>→</p> <ul style="list-style-type: none"> • Statement of Accounts 2013/14 • External Audit Report to Those Charged with Governance (ISA 260) Report 2013/14 • Annual Internal Audit Report 2013/14 • Annual Audit Committee Report 2013/14 • Local Government Ombudsman Report 2013/14 • Scrutiny reviews • Annual Governance Statement – follow up of 2012/13 issues • Director of Public Health Annual Report 2013/14 	<p>Corporate Landlord / FutureSpace</p> <p>Savings Targets</p> <p>PSN Compliance</p> <p>Contract Management and Monitoring</p> <p>Procurement</p> <p>Health and Social Care Reforms</p> <p>FutureWorks</p> <p>Partnership Governance</p> <p>Information Governance</p> <p>Strategic Asset Management</p> <p>Schools Improvement</p>

West Midlands Pension Fund

The West Midlands Pension Fund have completed their own “Assurance Framework – Supporting the Annual Governance Statement” which identified that there had been no adverse matters arising from the work behind their assurance framework.

Wolverhampton Homes

Wolverhampton Homes have included a Statement of Corporate Governance within the Company’s Financial Statements for 2013/14. This states that the control framework has been reviewed by the Company’s Audit Committee on behalf of the Board of Wolverhampton Homes and found to be effective. The review included an assurance statement from the Company’s internal auditors.

In reviewing the Council’s priorities and the implications for its governance arrangements, the council carries out an annual review of the elements that make up the governance framework to ensure it remains effective.

The key changes to the governance framework during the year include:

- The transition of Public Health Services to the council from 1 April 2013.
- The establishment of the Health and Well Being Board as a committee of the council which has responsibility for tackling local health inequalities.
- The implementation of and compliance with the Public Sector Internal Audit Standards from 1 April 2013.
- An updated Terms of Reference for the Audit Committee

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 Members and senior officers within the Council who have responsibility for the development and maintenance of the governance framework, Internal Audit’s annual report, the Scrutiny function and also by reports made by the Council’s external auditors and other review agencies and inspectorates, as noted above.

Internal Audit has concluded that based on the work undertaken during the year of areas key risk, the implementation by management of the recommendations made and the assurance made available to the council by other providers as well as directly by Internal Audit, it can provide reasonable assurance that the Council has adequate and effective governance, risk management and internal control processes”. Key areas of concern have been included within the governance issues noted below.

There is a requirement to report in this Statement that the authority is not fully compliant with CIPFA's Statement on the Role of the Section 151 Officer in Local Government (2009) as the Section 151 Officer post is not at the same level in the Authority as members of the Corporate Management Team (known as the Strategic Executive Board) and they do not report directly to the Chief Executive. However, alternative arrangements are in place whereby the Section 151 Officer attends meetings of the Corporate Management Team and has direct access to the Chief Executive when required.

A number of issues were identified in the 2012/3 Annual Governance Statement and an update of the progress made in implementing the actions to improve these areas is included below. Where sufficient progress has not been made, the issues have been included in the 2014/15 issues.

Progress on the Governance Issues from 2012/13

The table below describes the governance issues identified during 2012/13 and the progress made against these during 2013/14.

2012/13 - Key areas for Improvement	Update on position and implication for the 2013/14 Annual Governance Statement
<p>FutureSpaces: Corporate Landlord</p> <p>The management of and responsibility for the Council's property assets is currently split between two directorates. Several initiatives and proposals for maintenance programmes and better targeted use of properties have been put forward. It is necessary that clarity of ownership and control of decision making is determined to ensure effective progress is made. Also work is on-going to improve the co-ordination of responsibilities as the Council develops the role of a 'Corporate Landlord' between the Directorates, along with the continued development of a 'One Council' approach to the use of land and assets and the development of options and a strategy to utilise available properties for community use that are not Council owned property.</p>	<p>The Corporate Landlord</p> <p>The necessary planning for the introduction of the Corporate Landlord was completed to the set deadlines with the Corporate Landlord subsequently having been implemented incrementally. The key outputs being as follows:</p> <ul style="list-style-type: none"> • The approved governance arrangements are now fully operational with the Strategic and Operational Land and Property Boards meeting regularly with integrated work programmes, with shared programme management resources. • The Strategic Asset Review is scheduled for completion in June 2014 as planned. • There has been a lifting and shifting of property related service functions from the Community Directorate and the Education and Enterprise Directorate to create the Corporate Landlord in the Delivery Directorate. This is being followed by a budget centralisation and review exercise and process re-design.

	<p>FutureSpaces</p> <p>A delivery plan is being developed based on the Council supported by technical advisors developing the detailed design for the refurbishment of the Civic Centre for the open tendering of the refurbishment works through an OJEU Notice. This is essential to ensure a robust Final Business Case for the Cabinet to approve to give a final approval to the programme.</p> <p>Carried forward to 2013/14</p>
<p>Information Governance</p> <p>Following critical in-year reviews by the Information Commissioners Office in August and December 2012, the Council is putting in place a robust framework and effective working practices, including:</p> <ul style="list-style-type: none"> • An established and operational Information Governance Board • Mapped out work programme and resources • A new Information Governance structure • Information Governance policies have been approved • Training programmes are underway 	<p>The Information Governance Board continues to meet, and is now supported by an operational group to progress key issues in relation to information governance.</p> <p>The Council has now centralised all information governance resource into one team which has enabled the development of a single work programme, against which significant progress is being made. The work plan and maturity model were endorsed by the Cabinet in March 2014, and progress has also been scrutinised by the Council's Scrutiny Board.</p> <p>The mandatory training module has been rolled out primarily by e-learning but supported by a number of training sessions for employees, and 100% compliance has been completed.</p> <p>The council is both PSN and Public Health Information Governance Toolkit compliant, and is on track to submit the Social Care Toolkit.</p> <p>Carried forward to 2013/14</p>
<p>Partnership Governance</p> <p>Partnerships are increasingly common and increasingly important to the Council, in order to deliver the corporate plan and respond to the Localism agenda. These partnerships take many forms. For example, formal arrangements such as strategic service delivery partnerships,</p>	<p>Work has begun on a number of the Council's partnerships including:</p> <p>Black Country working: A Black Country Joint Committee and Advisory Board has been established by Wolverhampton City Council and the three neighbouring local authorities and the Black Country LEP.</p>

<p>statutory partnerships and looser, informal relationships with community groups or the 'third sector'. Although each of these partnerships is formed to generate beneficial outcomes they also carry different types of risks and governance can be problematic. In addition, some of the Council's partnerships have been in place for a number of years and the 'health' and governance arrangements of these partnerships have not been systematically reviewed to ensure they continue to contribute effectively to the corporate priorities. Therefore, the Council is to adopt a revised systematic and consistent approach to identifying its significant partnerships. Once the significant partnerships have been identified, a systematic review of the governance arrangements and the 'health' of each partnership will be carried out to ensure they continue to contribute to the corporate priorities and provide value for money. The findings of the reviews and the risks associated with these partnerships will then be reported to officers and Councillors with portfolio responsibilities.</p>	<p>This will provide strong joint governance for the Black Country City Deal and Black Country Growth Deal. A framework of how this inter-relates with the council governance has been produced and considered by the Strategic Executive Board.</p> <p>City Partnerships: The Local Strategic Partnership has been replaced by a City Board that will drive forward the City Strategy (the Sustainable Communities strategy for the city). The representatives on the City Board are the Leader and the Chief Executive. The Board is in shadow form, until September 2014.</p> <p>The governance framework will also continue to be checked and rolled out across the key partnerships.</p> <p>Carried forward to 2013/14</p>
<p>Contract Management and Monitoring</p> <p>The Council has historically had an inconsistent approach to its contract monitoring. New processes are being put in place to ensure that contracts can be monitored and reviewed on an on-going basis for value for money in the future.</p>	<p>A draft guidance document for contract management is in the early stages of discussion and it will be necessary to develop this approach widely across the Council, and agree how it can be applied. A simple set of procedures to support the approach will be added to contract procedure rules. It will then be necessary to identify contract managers and provide training. Timing for these activities is currently being worked up.</p> <p>Carried forward to 2013/14</p>
<p>Procurement</p> <p>The Interim Head of Procurement had raised concerns over past tendering processes and the failure to follow the Council's Contract</p>	<p>The adoption of the Due North e-tendering system and the Agresso ordering system has provided much improved controls and management information and the continued refinement and use of these systems</p>

<p>Procedure Rules. Following an independent review, these concerns were supported by the findings of Internal Audit who identified a number of cases of inconsistencies and ambiguities at various stages of the procurement processes. The recommendations arising from the audit review were agreed and a range of improved working practices are being put in place.</p>	<p>enhances accountability and compliance across the Council.</p> <p>The Procurement Board have agreed to consider amendments to the contract procedure rules to simplify and rationalise the working practices in procurement. Once the Board has considered the revisions and agreed any changes to be made within the constitution, a structured training programme can be developed.</p> <p>Carried forward to 2013/14</p>
<p>Savings Targets</p> <p>While the Council's current and historical savings targets have been largely delivered, there are still a limited number of such targets that have not yet been and also some, where proposals are yet to be developed. A failure to meet these targets will adversely impact upon the Council's ability to meet its objectives. Close monitoring of the situation continues at both senior officer and Councillor level.</p>	<p>All savings were fully reviewed and re-evaluated as part of the 2014/15 budget setting process that was completed in March 2014. This process identified that a number of savings that were reflected in the 2013/14 budget were to be achieved in an alternative way and not as originally planned. These changes have been reflected in the rebased 2014/15 budget and the original savings removed. In addition no significant adverse overall impact arose during 2013/14 as a result of the savings targets that were included in the budget.</p>
<p>Resilience Function (Emergency Planning and Business Continuity)</p> <p>The Council has identified issues in its ability to respond fully to its responsibilities under the Civil Contingencies Act. The Cabinet has approved the creation of a new Resilience Team in 2013/14 to bring together the separate Emergency Planning and Business Continuity functions. This is to underpin the delivery of the new Major Incident Plan and suite of subsidiary plans. The Resilience Team will operate within new governance arrangements and report to a Board. . The Board will oversee the delivery of the adopted project plan for Resilience that will be reviewed monthly by the Strategic Executive Board. Annual audits will also be conducted to validate progress against the project plan.</p>	<p>The Resilience Board is now fully operational against the approved governance arrangements. The Board has developed a work programme for 2014/15 that integrates Council and Public Health roles and responsibilities. Good progress is being made against this work programme.</p>

Equalities

The Council has identified issues in its ability to respond fully to its responsibilities in respect of equalities and consultation. An Equalities Project Board has been formed and approved an equalities work programme. This programme identifies ways of mainstreaming and promoting best equalities practice. Appropriate measures will be implemented during 2103/14.

To further support the roll out of the equalities training a number of employee briefing sessions have been delivered. The Equalities Member Champion continues to chair quarterly the Equalities Advisory Group. An internal officer equalities steering group has also been instigated and meets at least quarterly. Finally, a cumulative equality analysis of the budget was conducted, and lessons learnt from the process have been captured in order to continue to improve the equality analysis toolkit.

Action Plan for the Significant Governance Issues identified during 2013/14 which will need addressing in 2014/15

Based on the council's established risk management approach, the following issues have been assessed as being "significant" for the purpose of the 2013/14 annual governance statement. Over the coming year appropriate actions to address these matters and further enhance governance arrangements will be taken. These actions will address the need for improvements that were identified in the review of effectiveness and their implementation will be monitored as part of the next annual review and risk management arrangements in place

2013/14 - Key improvement areas and actions for implementation	Responsibility and expected implementation date
<p>FutureSpaces Delivery arrangements are being developed for the refurbishment of the Civic Centre. The intention is that construction works will begin in early 2015 subject to the final business case evidencing an on-going annual revenue saving of £500,000.</p> <p>Corporate Landlord The adoption of the Corporate Landlord Model is being progressed incrementally against the Strategic Asset Management Review. The adopted work programme for the implementation was approved by both the Strategic Land and Property Board and the Operational Land and Property Board and is now being actively monitored by both Boards. The key deliverables in the programme include:</p> <ul style="list-style-type: none"> • Centralisation of property related budgets. • Creation and delivery of a funded programme of annual condition surveys and statutory testing. • Creation and delivery of more robust cyclical maintenance programme based on the annual condition surveys. • Development and delivery of a more robust Disposal Programme to achieve the capital receipts from disposals in the MTFS. • Agreement of service profiles by building profile for services for Facilities Management to deliver to their clients. • Development and delivery of the annual renewables programme. • Support to service reviews being conducted with Directorates in respect to providing options appraisals in 	<p>Assistant Director, Delivery February 2015</p>

<p>respect to meeting the property needs for new service operating models.</p> <ul style="list-style-type: none"> • Development of a revised Corporate Asset Management Plan. 	
<p>Savings Targets</p> <p>Whilst the Council's current and historical savings targets have been largely delivered the extremely challenging financial environment continues to require substantial year on year savings. The failure to deliver already identified savings and develop further savings will adversely impact upon the Council's ability to meet its objectives. Close monitoring of the situation continues at both senior officer and Councillor level.</p>	<p>Assistant Director, Finance March 2015</p>
<p>PSN Compliance</p> <p>Prior to 2013 Wolverhampton City Council obtained GCSx accreditation enabling secure access to and exchange of information with central government and government agencies. The introduction of the Public Services Network (PSN) during 2013 demanded improved technical security standards and more robust Information Governance requirements. Wolverhampton City Council's compliance with the PSN Code of Connection requirements was approved by the Cabinet Office on 19 November 2013 following an independent health check of the Council's ICT estate, looking for vulnerabilities from external sources of attack and from within the Council followed by a comprehensive evaluation of the Council's network and security architecture, ICT operational practices and information governance policies by CLAS consultants at the Cabinet Office. PSN compliance remains at the heart of all ICT decisions regarding the introduction of new services. A continual programme of infrastructure upgrades and refresh ensures compliance is maintained, with the Council undertaking the annual accreditation process during May and June 2014</p>	<p>Head of Service – ICT March 2015</p>
<p>Contract Management and Monitoring</p> <p>Having identified the range of contracts that are in place the main task is to establish how the reporting process is being managed and whether the contracts are meeting their original expectations. With the wide variety of contracts it will be necessary to develop several different approaches to contract management however the main principles will be early involvement for the contract managers (at tender stage), regular reporting on performance, planned reviews to assess the options available and general awareness training for nominated contract managers.</p>	<p>Strategic Director, Delivery Assistant Director, Finance March 2015</p>
<p>Procurement</p> <p>The Procurement Board will be instrumental in guiding the development of strategic procurement. The introduction and utilisation of e-procurement systems (Agresso and Due North) will increase the overall visibility of spend and the</p>	<p>Strategic Director, Delivery Assistant Director, Finance March 2015</p>

<p>profile of this spend can be matched to the contract register. The improved management information will be useful to target particular categories of expenditure and develop procurement strategies that will extract value for money. The use of market sounding, options appraisals and output based specifications will also contribute to improving budgetary controls and increasing the percentage of on contract spend. We will be using collaborative arrangements where these are beneficial to the Council and selecting the appropriate frameworks will be carried out in conjunction with the operational experts. The use of standardised forms and procedures will also aid compliance.</p>	
<p>Health and Social Care Reforms</p> <p>Over the next few years adult social care is required to take a lead role in implementing a service delivery transformation to effectively respond to a number of challenges and opportunities which arise due to significant budget reductions and changes to local and national policy. To be delivered successfully, the service transformation involves putting agreed strategies and plans in place. One of the strategies to be implemented is the Better Care Fund which is an integrated pooled budget to support health and social care to work together in local areas. To achieve the outcomes of the fund will require strong partnership working. Significant planning and investment of resources will also be required to set up primary care, prevention and community services in order to achieve the fund outcomes.</p> <p>Another strategy the Council will be required to implement will be the Care and Support Bill in April 2015. Mapping, analysis and assessment of the detailed requirements of the Bill to identify the resources required to implement the changes, needs to be undertaken to fully assess the impact of the Bill on the Council. 'The Health and Wellbeing Board will be accountable for the authorisation and delivery of the fund. The Terms of Reference and governance of the Health and Wellbeing Board are being reviewed to take account of these new responsibilities '</p>	<p>Assistant Director, Health, Wellbeing and Disability March 2015</p>
<p>FutureWorks</p> <p>The FutureWorks Programme delivered the new Agresso IT system on 1 April in line with the contractual timescales. This new system and processes are being used across the council and its partner organisations of Wolverhampton Homes and West Midlands Pension Scheme. This successful delivery has enabled the council to start delivering the agreed year one savings.</p> <p>The Council is now embarking on delivering phase 2 of the programme in rolling our self-service functionality which will maximise the return on investment as council services are transformed. The Council will continue to manage the</p>	<p>Strategic Director, Delivery Assistant Director, Finance March 2015</p>

<p>risks around the general governance and structure of this programme and through the general programme controls it will bring.</p>	
<p>Partnership Governance</p> <p>While work has begun on a number of the Council's key partnerships, a systematic approach to identifying all of the significant partnerships and in determining the level of review of the governance arrangements alongside the 'health' of each partnership, is still being rolled out and will be quite a sizeable task.</p>	<p>Assistant Director, Partnerships, Economy and Culture supported by the Chief Legal Officer March 2015</p>
<p>Information Governance</p> <p>The Council is building on the robust framework and effective working practices it has put in place since consensual audits from the Information Commissioner's Office in 2012 and an enforcement notice in 2014, including:</p> <ul style="list-style-type: none"> • Supporting the Information Governance Board through the development of an operational group to drive progress • Mapped out a centralised work programme and resources including a new structure • Review of all Information Governance policies • Roll out of a suite of training programmes, including ensuring there is 100% compliance with the mandatory 'Protecting Information' training to all employees 	<p>Head of Policy March 2015</p>
<p>Strategic Asset Management</p> <p>The Corporate Landlord model has now been formally adopted by the Council. The implementation of the model and developing a clear understanding of the accountability for activities and financial management will continue.</p> <p>As part of the Corporate Landlord approach Strategic and Operational Land and Property management is now covered by two governance Boards. The Strategic Land and Property Board is chaired by the Strategic Director Education and Enterprise, and attended by the Corporate Landlord (Strategic Director Delivery). The Operational Land and Property Board is chaired by the Strategic Director Delivery.</p> <p>The Strategic Land and Property Board meets monthly and the Operational Land and Property Board meets fortnightly. Both Boards consider land and property matters and consult Members through the existing processes of Cabinet Member Briefing; Property Advisory Group and Executive Team prior to decisions being formally made in line with the Council's Constitution.</p> <p>The Strategic Asset Review has now concluded with the agreed categorisation of assets, and clear accountability</p>	<p>Strategic Director, Education and Enterprise and Assistant Director, Delivery March 2015</p>

established for assets including those considered to be of strategic importance (for Economic Growth and Regeneration including Housing).

Strategic Asset Management will in the future be supported by the Corporate Landlord's Asset Management team acting as a single source of information and knowledge for the Council's assets making sure that the respective governance boards are provided with accurate and relevant information enabling informed decision making and direction.

Schools Improvement

The Council's vision is to create an education system in Wolverhampton that promotes higher standards for all children and young people and closes the attainment gap. This is a system where the Council celebrates school autonomy and supports school leaders and teachers in leading school improvement and having the highest expectations of every child and young person.

The Council's strategic approach to school improvement therefore is to support effective school to school collaboration, strong partnerships and to develop excellent practice in schools whilst demonstrating clear leadership and challenge in the delivery of the its duties in relation to school improvement. This leads to three clear and related targets:

- To ensure that every child in the city has an excellent education.
- To raise standards in schools and academies so that by September 2016 attainment and progress measures at all key stages match or exceed national averages.

To improve the quality of provision in schools and academies so that by September 2016 all schools, settings and academies achieve an Ofsted inspection judgement of good or outstanding.

Assistant Director,
Education and Enterprise
March 2015

Future Assurance

Progress reports on the implementation of the above actions from these key improvement areas will be produced by Audit Services and reported to the Audit Committee during 2014/15.

Certification

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



Roger Lawrence, Leader of the Council:

Date:



Simon Warren, Chief Executive:

Date: