



**REPORT TO:** Audit, Governance and Improvement Review Committee  
Cabinet

**DATE:** 5<sup>th</sup> June 2008  
12<sup>th</sup> June 2008

**SUBJECT:** Annual Governance Statement (formerly Statement on  
Internal Control)

**REPORT OF:** Executive Director – Business Support Services

**CONTACT OFFICER:** Martyn Kenyon 01942 - 827550

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**PURPOSE/SUMMARY:** To ask Members to approve the Authority's Annual Governance Statement for the year ended 31<sup>st</sup> March 2008.

**ALTERNATIVE OPTIONS CONSIDERED AND REASON FOR SELECTING THE ONE RECOMMENDED:** The requirement to produce an Annual Governance Statement is a statutory responsibility (Accounts and Audit Regulations 2003 and 2006). The Annual Governance statement has been produced in accordance with legislation and formatted to accord with current CIPFA and Audit Commission guidance.

**RECOMMENDATION/DECISION:** Members are asked to approve the Annual Governance Statement included at the report's appendix.

**KEY DECISION** This report does not involve a key decision.

**RISKS / IMPLICATIONS:**

Financial:	None
Staffing:	None
Policy:	Enhancement of current practice.
Equal Opportunities - Has a Diversity Impact Assessment been conducted?	N/A
Wards Affected:	All
Special Interest Members – Which have been consulted	None

Has the Director of Legal and Property Services confirmed that the recommendations within this report are lawful and comply with the Council's Constitution? Yes \*

Has the Director of Finance and IT confirmed that any expenditure referred to within this report is consistent with the Council's budget? Yes \*

Are any of the recommendations within this report contrary to the Policy Framework of the Council? No \*

\* delete which applicable

**Property Implications– Does the proposal involve a reduction, addition or change to the Council's asset base or its occupation?**

No

**If yes have the property implications been agreed with the Corporate Property officer?**

**Does this proposal have significant implications for the Council and the local population?**

No

**Does this proposal involve a new policy or procedure or significant changes to an existing policy or procedure?**

No

**For Cabinet reports only :**

Categorisation of the report:	<b>x</b>		
Discussion leading to a decision	<b>x</b>	Discussion	
Monitoring		Decision	
Sharing for corporate understanding		Information	

**Tracking/Process:**

	Consultation	Ward Members	Partners
Panel	Overview & Scrutiny	Cabinet	Council
		12 <sup>th</sup> June 2008	

There are no Background Papers to this Report within the meaning of Section 100D of the Local Government Act 1972.

Proper Officer Dr.D.Smith

Date 14<sup>th</sup> May 2008

## **1. Background/Legislative Requirements**

The issues faced by local authorities in recent years reflecting social, economic, and legislative change have led to new, diverse ways of working as opposed to traditional roles. The common theme running through all Government initiatives is the need for local authorities to review the various systems and processes they have in place for managing both their own internal affairs and also, more increasingly, their relationships with their expanding number of key stakeholders. Together these systems comprise **corporate governance**.

Following Internal Audit review, a Local Code of Corporate Governance supported by an Annual Statement of Assurance was developed and approved by Council on 6<sup>th</sup> August 2003 (based on the CIPFA/SOLACE Framework). A revised Local Code of Corporate Governance based on an updated CIPFA/SOLACE Framework was approved by Council on 31<sup>st</sup> October 2007. These documents allow the Authority to measure its arrangements against the Local Code and identify areas where improvements are necessary as detailed in the Annual Statement of Assurance. This approach clearly demonstrates the current Authority position and proposed further remedial action to attain full compliance with the Local Code.

Subsequent to approval by Council, the Statement of Assurance has to be certified by the Leader and Chief Executive and be published with the Council's Statement of Accounts.

## **2. Current Position**

During the last six financial years Internal Audit have continued to review appropriate management and reporting arrangements to ensure that the Authority's approach to corporate governance is both adequate and effective in practice. Key reviews completed or supported by Internal Audit in 2007/2008 include :-

- Introduction of revised Local Code of Corporate Governance (September 2007) and subsequent compliance assessment (May 2008).
- Further development of the Authority's risk management strategy and processes.
- Review of Risk Management arrangements.
- Comprehensive Performance Assessment (Corporate support and Use of Resources including Value for Money submission).
- Performance Indicators pre-publication assessment and in-year support.
- Fraud and/or irregularity investigations.
- Business Continuity Management processes.
- Material systems assessment (by key controls quality assurance verification, system development support, and detailed system reviews).
- Governance arrangements of partner organisations whose activities have a material impact upon the Council's spending and/or services.

During 2007/2008, reports on Internal Audit Activities have been presented to Members of the Audit, Governance and Improvement Review Committee on 6<sup>th</sup> December 2007 and 5<sup>th</sup> June 2008) with the latter report containing an “assurance opinion” as follows :-

*“..... assurance can be gained that the Council is committed not only to properly managing its affairs but to striving to continue its “four star” CPA categorisation within the recently introduced CAA framework. This is particularly evident in the key areas of risk management, service planning, and corporate governance. In conclusion it is the opinion of the Head of Audit and Risk Management Services that the Council operates an effective overall internal control environment.”*

However, the work performed by Internal Audit also highlights areas where improvements may be made so it is essential that the Council does not become complacent as a result of its continued “excellent” CPA categorisation or as a result of this Statement of Assurance.

The control framework by which the Annual Governance Statement is prepared, outlining how the various assurance and control streams dovetail together, is presented in diagrammatic format at Appendix 1. This framework is based on guidance issued by the CIPFA Financial Advisory Network and has been amended only to reflect local organisational variations.

### **3. Proposals**

A draft Annual Governance statement is attached to this report. The Statement has been structured to :-

- Satisfy the requirements of the Accounts and Audit Regulations 2003 (2006 update).
- Comply with the stipulations of the Code of Practice for Local Authority Accounting (SORP 2007).
- Incorporate current CIPFA (Finance Advisory Network) and Audit Commission guidance and proper practice.
- Provide Members with proposed actions to continue to develop areas where additional improvements can be made.
- Build on the already successful disclosure arrangements

### **4. Conclusions**

The production and approval of the attached Annual Governance Statement, although now a statutory requirement, is effectively a continual enhancement of disclosure arrangements successfully introduced by the Council in 2003.

The Council has always produced a wider-ranging assurance statement on the Council's overall governance arrangements (detailing how the Council conducts its business both internally and with its dealings with other parties) rather than simply satisfying the minimum statutory requirements for a Statement on Internal Control. This statement clearly continues to outline the significant issues facing the Council, which need to be effectively managed and highlights areas where protocols are being developed to improve compliance with the Council's Local Code of Corporate Governance. The document is intended to demonstrate the Authority's commitment to maintaining the highest ethical standards, levels of governance, and its continued "4 star" CPA categorisation.

## **5. Recommendations**

Members are asked to approve the Annual Governance Statement. Once approved the Statement is to be signed by the Leader and Chief Executive and included within the Council's Statement of Accounts for 2007/2008.



## **ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2008**

Corporate Governance is the system by which the Council directs and controls its functions and relates to the community. A key aspect of corporate governance is the requirement to put into place “*effective risk management systems, including systems of internal control*”. Wigan Council is committed to the highest standards of corporate governance as outlined in this Annual Governance Statement.

## **Annual Governance Statement for the year ended 31<sup>st</sup> March 2008**

### **1. Introduction/Background to the Annual Governance Statement**

The purpose of the Annual Governance Statement is to demonstrate and evidence that there is a continuous review of the effectiveness of the Council's internal control, performance, and risk management systems. This allows an assurance on their effectiveness to be provided and also the production of a corporate action plan to address any identified weaknesses.

The Accounts and Audit Regulations 2003 introduced a new regulation in relation to bodies' responsibility for financial management in that Authorities were required to conduct an annual review of the effectiveness of its system of internal control and publish a Statement on Internal Control with their Annual Statement of Accounts.

In April 2006 amendment regulations to the Accounts and Audit Regulations 2003 revised the detail of the compilation of the Statement of Internal Control (from 2006/2007) to include additional Member approval of the review of the system of internal control and also the requirement for the body to conduct an annual review of the effectiveness of the system of internal audit.

In August 2006 the Department of Communities and Local Government issued additional guidance to clarify "proper practice" in relation to internal control. The clarification refers to certain key CIPFA documents, viz.:-

- *Statement on Internal Control: meeting the requirements of the Accounts and Audit Regulations 2003 (CIPFA 2004).*
- *Corporate Governance in Local Government: A Keystone for Community Governance (CIPFA/SOLACE 2001). Updated by Delivering Good Governance in Local Government (CIPFA/SOLACE 2007)*

CIPFA have confirmed that from 1<sup>st</sup> April 2007 "proper practice" in relation to internal control is as detailed in the *Delivering Good Governance in Local Government (CIPFA/SOLACE 2007)* and this subsumes previous "proper practice" and therefore has statutory backing.

The new "proper practice" builds on existing disclosure statement requirements by extending the existing legislative requirements, governance principles, and management processes relating to the whole organisation and the activities through which it accounts to, engages with and leads its community.

Wigan has always complied with the appropriate legislation and "proper practice" guidance resulting in a corporate disclosure statement that always met the current "proper practices" criteria and as such the format of this years statement is not significantly different than the wider governance statement produced in previous financial years.

A description of the key elements of the Councils assurance and internal control environment is detailed at Appendix 1.

## **2. Performance, Vision Purpose and Values**

In summer 2004 Wigan Council updated its vision and communicated it to all stakeholders. The Council's Vision for Wigan Borough is *"Building the future together – a place where people matter and you can afford to live the life you want."* The vision demonstrates how the Council:-

- helps people to reach their full potential
- builds strong communities, and
- makes sure the Borough is a place people want to live in.

The Vision is supported by the key themes of: -

Effective Community Leadership – through a network of partnerships and townships.

High Standards of Governance – good systems for managing the Council.

Excellent Service Performance – making sure we're always trying to improve.

This vision and the Council's success in its achievement was assessed by the Audit Commission as part of the CPA Corporate Assessment in July 2006 and has recently been reviewed and updated.

The Council's high level corporate objectives have been updated to better communicate what the "One Council" looks like, viz.:-

- Helping people reach their full potential.
- Stronger community leadership.
- Places people want to live in.
- High standards of accountability.
- Effective support for services.

The updated objectives will be approved within the Council's Corporate Plan 2008-2011 in June 2008.

## **3. Scope of Responsibility**

Wigan Council, through its elected Members and officers, is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively. In discharging this accountability, members and senior officers are responsible for putting in place proper arrangements for the governance of Wigan Council's affairs and the stewardship of the resources at its disposal. To this end Wigan Council has approved and adopted a Constitution and a Code of Corporate Governance, which is consistent with the principles and reflects the requirements of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. Copies of the policy documents are available on our website ([www.wigan.gov.uk](http://www.wigan.gov.uk)) under the *"Council, Standards, and Codes Of Practice"* sections.

#### **4. Purpose of the Assurance Framework and System of Internal Control**

The Council sets the overall strategy and policy (via its Constitution), and has put in place a well-defined organisational structure, with clearly understood lines of responsibility and delegation of authority to help ensure that strategies and policies are effectively implemented and adhered to.

Chief Officers are ultimately responsible to the Council for the system of internal control and reviewing its effectiveness. Any system of internal control can only provide reasonable assurance and not absolute assurance that all significant risks will be mitigated. The key issue is that risks, their potential for occurring and possible impact are identified. A conscious decision can then be made on how to prioritise and deal with those risks.

The system, therefore, is designed to effectively manage, rather than eliminate, the risks that are attached to the fulfilment of the Authority's vision of *"Building the future together – a place where people matter and you can afford to live the life you want"*. The fundamental internal drivers supporting the Councils aims are effective community leadership, high standards of corporate governance, and excellent service performance.

#### **5. The Assurance Framework and Internal Control Environment**

The Authority's system of internal control (see Appendix 1) is based on ongoing management and review processes introduced to minimise the impact of risks to the achievement of the Authority's mission, aims and objectives. This system of internal control has been in operation in respect of the financial year ended 31<sup>st</sup> March 2008 and up to the date of approval of the annual report and accounts.

The Council has agreed a Constitution which sets out how the Authority operates, how decisions are made and the processes which are followed to ensure that these are efficient, transparent and accountable to local people. Many of these processes are required by statute, while the Authority has determined others locally. The Constitution is divided into 16 articles that set out the basic rules governing the Authority's business.

The Authority's Constitution clearly details :-

- The responsibilities of the Executive, Overview and Scrutiny, Regulatory, Standards, and Advisory Committees/Panels, and Chief Officers (individually and collectively).
- Rules of procedure in respect of debate, access to information, budget and policy framework, Executive, Overview and Scrutiny, Financial, Contracting, and Officer employment matters.
- Codes and protocols governing Members conduct, officers' conduct, Member/officer relations, Call-in arrangements.

In summary the Authority's Assurance Framework and Internal Control Environment includes:-

- A high level vision embedded in the service planning, delivery, risk management, and performance management frameworks.
- A Monitoring Officer responsible for maintaining the Authority Constitution, supporting the Standards Committee, and ensuring the legality of Authority actions.
- A Standards Committee to promote and maintain high standards of conduct by the Elected Members and co-opted Members of the Authority.
- An Overview and Scrutiny Committee (including four select committees) to scrutinise and review decisions made or actions taken in connection with the discharge of any Council functions.
- An Audit, Governance, and Improvement Review Committee, including 3 independent (non-elected) Members, to oversee the work of the Internal and External Audit functions and provide independent assurance of the effectiveness of:-
  - a. The governance arrangements of the Council and its services.
  - b. The Council's risk management framework and the associated control environment.
  - c. The Council's financial management framework processes and the way this relates to the performance of individual services and the Council as a whole.
- A Responsible Financial Officer, supported by statute, to ensure the effective administration of the financial affairs of the Council.
- Comprehensive budget setting and monitoring framework with clearly defined guidelines and responsibilities with frequent reporting of performance to Cabinet.
- An Internal Audit function that consistently meets all professional standards, (as assessed by the Audit Commission and validated by the Audit, Governance and Improvement Review Committee) supports the Authority in the achievement of its improvement agenda and has responsibility for the continual review of major financial controls and the wider internal control environment.
- A local Code of Corporate Governance that is reassessed annually by Internal Audit.
- A risk management policy framework and Strategic Risk Register approved and monitored by Cabinet and the Audit, Governance and Improvement Review Committee. The framework demonstrates that risk management arrangements are robust and embedded within the service planning and decision making processes of the Authority. The Strategic Risk Register was last updated by the Audit, Governance and Improvement Review Committee on 20<sup>th</sup> March 2008.

- Published Anti-Fraud and Corruption Strategy, Whistleblowing Policy, and Fraud Prosecution Policy (subject to periodic review by Internal Audit) to ensure correct reporting and investigation of suspected fraudulent activities.
- The ongoing development of a performance management framework, with clearly defined performance management targets, that measures financial and other performance data linked to the Authority's key objectives (golden thread).
- An Improvement Programme and monitoring framework to reflect the Authority's vision and strategic priorities to ensure that proper arrangements operate to deliver agreed improvements within established timescales.
- Nationally and IIP accredited employee development needs process, dovetailed with well publicised human resources policies, associated procedures, induction processes, and Codes of Conduct designed to ensure that staff are appropriately skilled to deliver the Authority's aims and objectives and conduct themselves in a proper manner.

The Authority's system of internal control is based on a detailed framework contained within the Constitution, and supported by associated policy documentation, as outlined below :-

#### **Assignment of Responsibilities/Rules of Procedures/Codes and Protocols**

- |  |   |
|--|---|
| <ul style="list-style-type: none"> <li>▪ Executive functions</li> <li>▪ Non-Executive Functions</li> <li>▪ Local Choice Functions</li> <li>▪ Delegations to Officers</li> <li>▪ Budget and Policy Framework Rules</li> <li>▪ Executive Procedure Rules</li> <li>▪ Overview and Scrutiny Procedure Rules</li> <li>▪ Financial Procedures Rules</li> <li>▪ Contracts Procedures Rules</li> </ul> | <ul style="list-style-type: none"> <li>▪ Officer Employment Procedure Rules</li> <li>▪ Member/Employee Protocol</li> <li>▪ Chief Officers Management Team</li> <li>▪ Call-In Protocol</li> <li>▪ Internal Audit Remit and Protocols</li> <li>▪ Managed Audit Protocol</li> <li>▪ Members and Officers Codes of Conduct</li> <li>▪ Local Code of Corporate Governance</li> </ul> |
|--|---|

## Policy Documentation

- Anti-Fraud and Corruption Policy Statement and Strategy
- Whistleblowing Policy and Guidance for Managers
- Fraud Prosecution Policy
- Risk Management Policy and Framework
- Service Planning Protocol (Integrated Planning Guidance)
- IT Security Policy
- Misuse of the Internet Policy
- E-Mail Protocol
- Corporate Health & Safety Policy
- Vision Purpose, and Values Statement
- Communications Strategy
- Local Code of Corporate Governance
- Statement on Internal Control
- Financial and Accounting Manual
- Revenue Budget Manual
- VAT Manual
- Corporate Complaints Procedure

Members of the Council are regularly and fully briefed on all significant financial, operational, and strategic decisions. This includes such matters as :-

- External Inspectorates
- Fundamental budget reviews
- Principles of budget preparation
- Longer term budget forecasts
- Revenue monitoring and Revised forecasts
- Growth proposals
- Savings reports
- RSG settlement implications
- Tax base calculations
- Treasury management reports
- Impact and progress of major capital schemes
- Capital forecasts and out-turn reports
- Insurance fund performance
- Major system acquisitions
- Improvement and Performance
- Collection statistics
- Use of delegated powers
- Service Planning
- Revision of fees and charges
- Internal Audit activities

In addition, authors of reports to Members have been given advice on the assessment and management of risk.

## **6. Review of Effectiveness**

The effectiveness of the Authority's system of internal control is demonstrated by a range of independent procedures and protocols, including :-

- Strategic/Corporate Management Teams procedures and associated management action
- Strategic Planning (Risk Management) Group (recently reassigned to SMT from 2008/2009)
- Financial Management reporting
- Performance Management reporting (including the formal review of Risk Registers)
- Cabinet, Audit, Governance, and Improvement Review Committee, Committee and Panel reporting
- Overview and Scrutiny function
- Statutory Officers (Head of Paid Service, Monitoring Officer, S151 Officer and authorised deputies)
- Internal Audit

Collectively these form the basis of the Council's governance arrangements and are further validated by independent assessments from various external agencies, viz.:-

- External Inspectorate
- External Audit
- CPA refreshment

The Directors of Finance & IT and Legal and Property Services (revised from 2008/2009) have been formally given the responsibility for overseeing the implementation and monitoring the operation of the Local Code of Corporate Governance, reviewing the operation of the Local Code in practice, and reporting annually to Cabinet on compliance with the Local Code and any changes that may be necessary to maintain it and ensure its effectiveness in practice.

This is supported by the continuous review work performed by Internal Audit.

The Internal Audit remit is under continual review to reflect and support the legislative requirements of the Section 151 Officer, the required professional standards, the revisions to the responsibilities of external audit, and the key priorities of the Authority. The detailed remit of Internal Audit is revised as necessary through the Audit, Governance and Improvement Review Committee who approve all Internal Audit Plans and receive reports on Internal Audit Activities (reports 6<sup>th</sup> December 2007, 5<sup>th</sup> June 2008). The latter report is contained within the Annual Report for the Section which, in accord with the Accounts and Audit Regulations, provides an annual review of the Service and demonstrates that a high quality and effective Internal Audit service is provided.

As previously reported to Members the remit of Internal Audit is no longer restricted to financial systems and associated controls. A significant proportion of the Annual Audit Plan is focused on providing assurance that operational and strategic risks are effectively managed to ensure the Authority's vision is achieved and quality services provided to the Borough's residents.

Internal Audit continues to review appropriate management and reporting arrangements to ensure that the approach to corporate governance and internal control is both adequate and effective in practice.

The Authority's current risk management policy was approved by the Senior Management Team prior to formal approval by the Audit, Governance and Improvement Review Committee on 25<sup>th</sup> September 2006 and is scheduled for review and reapproval during 2008/2009.

The Strategic Risk Register continues to be further refined by the Strategic Management Team and Members to clarify the links between the Register and the Council's Vision, placing further emphasis on the opportunities (positive risks) to improve the Council services and outcomes for the residents of Wigan. The latest update to the Strategic Risk Register was approved by the Audit, Governance, and Improvement Review Committee on 20<sup>th</sup> March 2008. The Strategic Risk Register has been updated to take account of suggestions from Members following a training sessions in January 2008 and subsequent discussion by and approval of the Strategic Management Team on 19<sup>th</sup> February 2008.

Since all of the Strategic Risks and opportunities detailed within the Strategic Risk Register relate to the achievement of the Council's vision they are monitored via the Corporate Plan. Other risks are managed through corporate projects (such as Business Continuity Management), through departmental Service Plans and may also be subject to review by Internal Audit to ensure the controls in place are operating effectively. Progress reports, as identified within the Register, are presented to the respective Member Panels so that there is a constant level of Member involvement in ensuring potential risks are effectively managed.

Although risk management is the responsibility of each Chief Officer, the Council's Section 151 officer undertakes this responsibility at a corporate level.

Significant Internal Audit reviews on governance arrangements, internal control validation, risk management/service planning, and system development/implementation have been completed during the financial year and reported accordingly. In all these areas the Authority has shown significant improvement in accordance with agreed action plans (CPA, Local Code of Corporate Governance, Best Value Inspection reports, Audit Commission reports.) Without exception, good working relations exist with all Chief Officers so audit recommendations to improve control procedures are implemented promptly.

In addition the Head of Audit and Risk Management has the responsibility to review independently and report to Members annually, to provide assurance on the adequacy and effectiveness of the Code of Corporate Governance in practice and the extent of management compliance with it. This report was reported to the Audit, Governance and Improvement Review Committee on 5<sup>th</sup> June 2008.

The Audit Commission complete detailed reviews of all aspects of Internal Audit work (as required under their Code of Practice) to ensure that the section maintains the required competence in all Internal Auditing Professional Standards.

The most recently reported Audit Commission review of Internal Audit (December 2006) recognises that the section has responded appropriately to legislative and Code of Practice changes and revised its remit and governance arrangements accordingly. The review confirms that Internal Audit review the whole system of internal controls and do not confine their coverage to financial controls and therefore accords with the requirements of the Accounts and Audit Regulations 2003 and the CIPFA Code of Practice.

The Audit Commission were satisfied that Internal Audit met most of the required internal auditing professional standards and concluded that they could rely on the work of Internal Audit wherever possible

As reported to the Audit, Governance, and Improvement Review Committee on 5<sup>th</sup> June 2008, the Internal Audit assurance opinion on the Authority's overall control environment is based on the reviews completed (and Management actions taken) as part of the Internal Audit Plan in respect of 2007/2008. Significant reviews covered key systems implementation, core financial systems, the continued embedding of risk management into the Council's service delivery and performance management frameworks, Best Value Performance Indicators verification, and a continuing assessment of corporate governance measures.

Particular relevance is placed on an external assessment of this work as undertaken by the Audit Commission in support of their statutory reviews (see comments below). The Internal Audit Section also continued to facilitate the completion of the "use of resources" component of the CPA reassessment which was again validated by the Audit Commission.

On the basis of the above, assurance can be gained that the Authority is committed not only to properly managing its affairs but to striving to improve on its current "excellent" CPA categorisation. This is particularly evident in the key areas of risk management, performance management, service planning, and corporate governance. **In conclusion, it is the opinion of the Executive Director-Business Support Services that the Authority operates an effective overall internal control environment.**

This opinion is supported by the independent review work performed by external agencies as outlined below :-

#### Audit Commission

As previously reported to the Audit, Governance, and Improvement Review committee, from 2006 the Audit Commission introduced several key changes in the way in which they reported their work to the Council, viz:-

- The introduction of an annual governance report to present a draft audit opinion and also a VFM conclusion, and
- A change in style of the Annual Audit Letter to present only the high level results of the audit and inspection programme and the associated direction of travel assessment.

Appropriate External Audit reports in respect of 2006/2007 were presented as follows:-

- Cabinet 23<sup>rd</sup> August 2007 (Supporting People Inspection Report).
- Audit, Governance, and Improvement Review Committee 27<sup>th</sup> September 2007 (Annual Governance Report).
- Audit, Governance, and Improvement Review Committee 6<sup>th</sup> December 2007 (Use of Resources Auditor Judgements).
- Audit, Governance, and Improvement Review Committee 31<sup>st</sup> January 2008 (Data Quality Report).
- Audit, Governance, and Improvement Review Committee 20<sup>th</sup> March 2008 (Annual Audit and Inspection Letter).

These reports continued previous years trends and commented positively on the Authority's internal control and performance frameworks as follows: -

#### Regularity Report

- *"The Council has well established key controls that are operating effectively. No major issues arose from our review and testing of the material systems."*
- *"Our review again confirmed that the financial statements are compiled to a high standard and accurately reflect current technical accounting standards requiring few amendments at audit. This was particularly relevant to the presentation of the financial statements in 2006/2007 due to the significant changes required by the CIPFA Statement of Recommended Practice 2006."*
- *"Arrangements have been further improved with the introduction of web-based working papers, prompt responses to queries and matters arising, and the publication of an annual report."*
- *"Our audit did not identify any material weaknesses in systems of accounting and financial reporting."*

#### Data Quality

The approach taken by the Audit Commission in respect of BVPI data continued its 2006/2007 framework that was structured as a 3 stage review encompassing management arrangements, data completeness checks, and data quality spot checks.

Positive comments included:-

- *"Management Arrangements – The Council's overall arrangements for ensuring data quality are adequate. Key strengths include clear guidance and effective support for staff, improvements in systems capturing data, and the Council's use of data to improve service performance."*

- *“Governance and Leadership” - The Council continues to demonstrate its commitment to data quality. Clear roles and responsibilities have become well-established, and issues relating to data quality are considered by senior officers and members. Departments work effectively with the corporate centre to pursue improvements in data quality processes. The Council’s commitment to data quality has been further strengthened by the production of a data quality policy, which has raised the profile of data quality and reinforced to staff its importance.”*
- *“Policies – There are robust processes in place for the production, updating and dissemination of data quality guidance and procedures.”*
- *“Systems and Processes – The Council has continued to improve its systems for capturing, recording and reporting data, particularly in relation to the speed of Performance Plus. It is also involved in pilot work to automate the sharing of data with government departments and regulatory bodies.”*
- *“People and Skills – The Council has effective arrangements in place for clarifying and identifying individual responsibilities for data quality, with each department having staff with an assigned role for this area.”*
- *“Data Use and Reporting – This aspect of data quality continues to be an area of real strength for the Council. Further improvements have been made in business planning and performance (both financial and non-financial) reporting processes, and performance data is proactively used as a driver for service improvement.”*

#### Comprehensive Performance Assessment (Direction of Travel)

The Authority’s Direction of Travel assessment completed by the Audit Commission to demonstrate the pace of the Council’s improvement considered that Wigan had maintained its “improving well” judgement. Headline messages included:-

- *“The Council and its partners continue to make a positive contribution to improving quality of life in Wigan.”*
- *”Good progress on economic regeneration and neighbourhood renewal plans has been sustained.”*
- *“A continued focus on tackling crime and grime at a neighbourhood level show measurable results, and resources are being redirected to further environmental improvements.”*
- *“Children and Young Peoples Services are good, and actions to improve the social care assessment of some vulnerable groups are being accelerated.”*
- *“Adults Services are also good, and significant progress has been made in promoting positive outcomes.”*
- *“Strong performance has been maintained in the way the Council plans for the future, and how it uses and accounts for money and other resources.”*

## Use of Resources Auditor Judgements

The Council's internal control and performance management frameworks were assessed under the Use of Resources assessment which focuses on financial management and control but explores the key linkages with the Council's strategic management framework. The annual Use of Resources assessment evaluates how well Councils manage and use their financial resources. The assessment focuses on the importance of having sound and strategic financial management to ensure that resources are available to support the Council's priorities and improve services covering five themes.

Wigan retained its overall score of 4 (*well above minimum requirements – performing strongly*). This achievement needs to be considered in that the score was awarded against an updated, more difficult framework and the Council also attained a higher individual component score.

Key Positive Comments from the Audit Commission include :-

*“Financial Reporting (theme score 4 ) – Wigan Council continues to produce high quality financial statements which accurately reflect accounting standards and require few amendments at audit. This continues to be a key strength. The Council has further improved its arrangements with the introduction of electronic web based working papers and also with the publication of an annual report which has been widely consulted on to reflect best practice and the views of users. These areas have been submitted to the Audit Commission as notable practices and as such are likely to be shared with other authorities.”*

*“Financial Management (theme score 4) – The Council continues to show key strengths in its approach to medium term financial planning and in managing its performance against budgets. There are clear links between medium term financial planning, resources and Council priorities and budget monitoring arrangements continue to be further embedded throughout the organisation.”*

*“Financial Standing (theme score 3) – The Council's financial reserves are sound and in line with its policy agreed by members. Spending is consistently maintained within budget.”*

*“Internal Control (theme score 4) – The council has sound systems of internal control which have been strengthened since 2006 with the separation of the Head of Audit role from previous responsibilities over Payroll. The governance assurance framework continues to develop and is notable in its wide remit over the whole governance process. This continues to be embedded with ownership from both officers and members.”*

*“VFM (theme score 3) – The Council continues to deliver above average services for comparatively low levels of expenditure.”*

*The Council can demonstrate active monitoring and benchmarking of cost and performance information, including spend per head analysis. Systems are in place, and the Corporate Management Team can show where corrective action has been taken. An increased range of services and outcomes are now monitored at township level, improving the Council's understanding of equality of access and relative performance across the borough.*

*The Council continues to over-achieve on delivery of efficiency targets. A very high proportion of these efficiency savings have released cash for re-direction to priority areas.*

*The Council is very self-aware of the areas which it needs to address and these are well-documented in its Improvement Plan and its Service Plans. The Council's performance demonstrates that it has continued to actively improve its performance in this area and remains well above the minimum requirements."*

### Annual Governance Report

- *"Our work on the financial statements is substantially complete. We propose issuing an unqualified audit opinion on 27<sup>th</sup> September 2007."*
- *"Our audit has not identified any material weaknesses in systems of accounting and financial control."*
- *"Value for Money Conclusion – Our work on the Authority's arrangements to secure economy, efficiency and effectiveness in its use of resources is now complete. We propose issuing an unqualified conclusion on these arrangements by 27<sup>th</sup> September 2007."*

### Annual Audit and Inspection Letter

The overall Key Messages from the Annual Audit and Inspection Letter considered that:-

*"Wigan Council continues to perform strongly in most areas and is improving well. The Borough still faces some significant challenges, but the Council and its partners are working well to improve the quality of life for local people, particularly those suffering from disadvantage. The Council responds positively to the challenge of audit and inspection work, and there is also clear evidence that there is a high degree of self awareness about where improvement is needed. Actions and resources are appropriately targeted, and the organisation is well led and managed."*

The Audit Commission's overall judgement concluded that :-

*"The Audit Commission's overall judgement is that Wigan is improving well and we have classified Wigan Council as four stars in its current level of performance under the Comprehensive Performance Assessment."*

Particular improvement areas were identified as:-

- *“The Council and its partners continue to make a positive contribution to improving life in Wigan. The Government Office North West’s most recent assessment indicated good progress in most areas”.*
- *“Many Council services improved during the last year. Over half of all performance indicators improved during 2006/2007, this was towards the top end of the average for similar councils.”*
- *“Focus on community cohesion has improved. Wigan is experiencing significant and rapid demographic changes as shown by the 2007 school census results. In response a Cohesion Commission was formed in 2006. An in depth analysis provided a useful baseline of the state of cohesion in Wigan and following on from this it has developed a cohesion strategy, which is being implemented.”*
- *“In the 2007 assessment of performance of childrens services by OFSTED, they concluded that overall “Wigan has taken significant steps to improve the efficiency and effectiveness of its services with positive outcomes.”*
- *“The Council performs well in promoting healthy lifestyles and achieving economic well-being.”*
- *“The Supporting People programme and services to older people inspections were rated “good” and “serving most people well” respectively. Both had promising prospects for improvement. Wigan are making improvements across a range of adult social care outcomes, and were rated good with promising prospects in 2007 by the Commission for Social Care Inspection.”*
- *“The Council shows promising capacity to implement its plans for social care. There is a strong leadership focus on modernisation and efficiency, whilst maintaining a balance with achieving positive outcomes. Investment is being made in improving the effectiveness of partnership working.”*
- *“The Use of Resources review concluded that Wigan was performing strongly overall, whilst Value for Money remained good.”*
- *“In the local environment, the Council’s intention is to transform outcomes in a sustainable way. To do this it has restructured budgets and shifted resources to priority areas.”*
- *“The Benefit Fraud Inspectorate assessment showed that the Council maintained its good performance. Within the rating of good, performance improved across a range of areas.”*

## Other Inspectors and Regulators

Local authorities generally achieve assurance from other external inspectorates, however, because the Authority continues to be classified as “excellent” within the comprehensive performance assessment (CPA) framework it is exempt from most inspections. Inspection activity for 2007/2008 was restricted to:-

### Benefit Fraud Inspectorate

The September 2007 Benefit Fraud Inspectorate report confirmed that the Council had maintained its overall performance level at “Good” or CPA “3”. The BFI currently assess performance primarily on the basis of performance standards which are divided into four themes. The Council’s performance was assessed as :-

Claims Administration	Good
Security	Excellent
User Focus	Fair
Resource Management	Excellent

The overall assessment remained at the same high level as 2006. However, the detailed analysis again demonstrated further year on year improvement in key aspects of Benefits administration.

### Commission for Social Care Inspection

#### Adult Social Services

#### CSCI Annual Performance Assessment 2006/2007

The 2006/2007 annual assessment by the CSCI confirmed that the Council attained two star status, delivering “good” outcomes with a “promising” capacity to improve services. This again converts to a CPA score for the Adult Services service block of “3”.

The performance assessment report considered that the high level services Key Strengths included :-

- *“Having a good range of initiatives designed to promote healthy living.”*
- *“Improving partnership working with health through the involvement of consultants.”*
- *“Improving the numbers of people whose care needs are reviewed.”*
- *“Working with health partners to meet the needs of people with long term health needs.”*
- *“Providing good levels of support through grant funded services.”*
- *“Increasing the use of assistive technology to promote independence.”*

- *“Recognising the need for a more systematic approach to the engagement of users and carers and developing an Engagement Strategy.”*
- *“Improving access to appropriate benefits.”*
- *“Treating people with respect and dignity.”*
- *“Having well developed workforce processes.”*
- *“Improving performance management information to provide greater scope for internal monitoring and learning.”*
- *“Using external advice and support to facilitate partnership working and service development.”*
- *“Accessing external sources of funding to contribute to positive health and social care outcomes.”*
- *“Achieving an appropriate range of efficiency savings”.*

#### CSCI Inspection of Services for Older People

The July 2007 inspection confirmed that *“most people were being served well by services in Wigan Metropolitan Borough Council, and that the Council’s capacity for improvement was promising.”*

The inspection report considered that Wigan Metropolitan Borough Council had made progress in improving services for older people, their achievements included:-

- *“A clear vision set the direction for the development of a modern service for older people with objectives aimed at supporting independence and wellbeing.”*
- *“Coherent linkages were in place between strategic and operational planning issues.”*
- *“Good and improving working relationships existed between the Council and the Primary Care Trust.”*
- *“There was a sound approach to performance management, analysis, and reporting.”*
- *“An efficiency programme put in place following work by independent consultants to enable continuing service developments.”*
- *“Well developed workforce processes were in place in the Council.”*
- *“Strong commitment to meet the broad health and social care needs of the community, together with a sound appreciation of the requirements of a modern service for older people.”*

- *“Increased partnership with the Primary Care Trust and health care providers.”*
- *“A coherent and systematic Council planning process supported by good performance information.”*

### OFSTED Annual Performance Assessment (APA) of Services for Children and Young People

The APA is conducted each year and focuses on analysing the contribution that a council's own services have made in the previous 12 months towards improving outcomes for children and young people. The 2007 assessment draws together Council progress in respect of its Children and Young Peoples Plan and JAR Action Plan, together with evidence and briefings provided by OFSTED, other inspectorates and relevant bodies.

OFSTED awarded an overall assessment of Grade 3 (good) which was reflective of the grade awarded in December 2006 following the Joint Area Review (JAR). This review identified many positive outcomes, viz.:-

- *“Wigan Council delivers above minimum requirements in many aspects of its services. The Council has responded positively to the recommendations raised in the JAR report and has made good progress since that time.”*
- *“The contribution the Council makes towards improving outcomes in being healthy, enjoying and achieving, making a positive contribution, and achieving economic well being remains good and there has been some significant improvements in outcomes.”*
- *“Strong partnership working, a culture of improvement, and a significant investment in early intervention support a holistic approach to health promotion.”*
- *“The Council's setting of challenging targets and support for schools and vulnerable groups are reflected in improving outcomes especially at secondary levels.”*
- *“Following consultation with partners, the Council reduced the number of partnership priorities significantly and plans now have quarterly milestones linked to relevant key performance indicators. Action is regularly reviewed and evaluated. A joint commissioning framework has been agreed, a medium term financial strategy for the Council is in place for 2008-2011 and work is well advanced to identify current levels of funding across the partnership. Improved collaboration is fostering an increasingly positive culture in implementing the Children and Young Peoples Plan. Rigorous arrangements to review risk and evaluate performance have led to several services being decommissioned and re-commissioned, including some led by the Primary Care Trust. “*
- *“Overall the Council has taken significant steps to improve the efficiency and effectiveness of its services with positive outcomes.”*

- *“Overall the Council has demonstrated good progress in meeting the JAR recommendations and has shown good capacity to maintain and improve further its services for children and young people.”*

### **Ongoing Improvements**

Outline areas where the Council recognises Audit Commission and other inspectorate/regulator concerns and is seeking to make improvements included:-

#### **Audit Commission-Annual Audit Letter**

Detailed three specific areas for improvement:-

- *“The Direction from the Standards Board for England requiring improvement in the behaviour of some members.”*
- *“The comparatively weaker performance on corporate health indicators, for example transactions, people and management of transport assets.”*
- *“A need for greater leadership and partnership working to realise improved value for money, such as in social needs transport.”*

#### **Audit Commission – Use of Resources**

- *Co-ordinate asset management information with relevant organisational financial information and communicate performance to stakeholders.*
- *Demonstrate that Members monitor key financial health indicators and set challenging targets.*
- *Ensure Members are aware of the opportunity cost of maintaining levels for reserves and balances.*
- *Further improve outcomes and service assessments, whilst maintaining levels of expenditure at or below comparators.*
- *Deliver the improvement plans to improve commissioning and VFM in Adult and Children’s services.*
- *Complete the refresh of the capital Strategy to ensure that spending is in line with new corporate priorities.*
- *Ensure that the approach to measuring the impact of policy decisions on individuals and communities is consistently applied throughout the Council.*

#### **Benefit Fraud Inspectorate**

- *Poor performance on appeals work. The Council had started to address this and appeals performance during the last 6 months of 2006/2007 had improved significantly.*

## Commission for Social Care

- *Improving governance arrangements for intermediate care.*
- *Ensuring alignment between strategic plans for housing related support and strategic planning in the wider health and social care arena.*
- *Completing a full joint strategic needs and gap analysis.*
- *Older Persons Services – moving service planning and strategic commissioning for older people away from a single agency process, co-ordination of hospital discharge arrangements, continuing development in safeguarding systems, intermediate care arrangements, Extra Care housing, falls strategy introduction.*

## OFSTED

- *Significantly improve the timeliness of initial assessments and the proportion and timeliness of core assessments.*
- *Reverse the dip in standards at Key Stages 1 and 2 in English, especially writing.*
- *Attainment at Level 3.*
- *Ensure that partners (Connexions, Learning Skills Council, etc) develop an integrated medium-term financial strategy to support the implementation of their policies.*

## **7. Significant Partnerships Assurances**

The Statement on Recommended Practice (SORP) 2006 places an additional responsibility on Councils in that their Statement on Internal Control should embrace controls over group activities where an Authority undertakes significant activities through a group. The “proper practices” guidance has extended this responsibility to controls over partnerships considered by the Authority to be significant i.e. have a detrimental effect on the Authority if the partnership failed.

For this purpose the Council considers that the bodies involved are:-

- Wigan and Leigh Housing Company
- Wigan Development Company
- Leigh Sports Village
- Wigan, Leisure, and Culture Trust

Assurance on the control environment of the individual bodies has been assessed as follows:-

### Wigan and Leigh Housing Company

On 22<sup>nd</sup> May 2008 an annual assurance opinion was presented to the Company's Governance, Standards, and Audit Committee by the Director of Finance and IT viz.:-

“From the Internal Audit work undertaken in 2007/2008 it is the opinion of the Head of Audit and Risk Management Services that Wigan and Leigh Housing operates an effective overall control environment.”

### Wigan Metropolitan Development Company

In August 2006 a review was completed by Internal Audit (Wigan MBC) to assess the governance arrangements of the Company and its subsidiaries. In particular the following arrangements were examined:-

- compliance with the statutory requirements of a limited company
- the effective managerial structures and processes to govern decision making, and ensuring accountability
- ensuring corporate governance arrangements are effective and embedded within the Company
- monitoring Performance Management
- identifying and managing strategic and operational risks
- defining standards of conduct

Although the review determined that a satisfactory level of assurance could be placed on the governance arrangements of the Company a number of areas where improvements could be made to strengthen controls currently in place, and address a number of weaknesses identified during this audit were established.

Follow-up action by Internal Audit has confirmed that the Company's Audit Committee have accepted the remedial recommendations and an appropriate action plan is being developed.

### Leigh Sports Village

The Council has entered into an agreement with developers Greenbank Partnership and other parties to provide a 10,000 seat Stadium, football and rugby pitches, a Club house for Leigh East Amateur Rugby League Football Club, an athletics track and training facility, sports hall, swimming pool, and sixth form college for Wigan and Leigh College. The swimming pool and sports hall will be managed by Wigan Leisure and Cultural Trust. The remaining public facilities will be leased by the Council to a controlled local authority company - Leigh Sports Village - as they are completed. The majority voting interests in the company are held by the Council with minority interests in the company will be held by the various clubs operating on the site.

### Wigan Leisure and Culture Trust

In April 2008 a review was completed by Internal Audit (Wigan MBC) at the request of Wigan Leisure and Culture Trust to assess the governance arrangements of the Company and its subsidiary. In particular the following arrangements were examined:-

- Compliance with the Charity Commission's legal requirements and good practice principles
- compliance with Company Law
- the effective managerial structures and processes to govern decision making, and ensuring accountability
- ensuring corporate governance arrangements are effective and embedded within the Company

- monitoring Performance Management
- identifying and managing strategic and operational risks
- defining standards of conduct

Overall, the review determined that a satisfactory level of assurance could be placed on the governance arrangements of the Trust, there were a small number of areas where improvements could be made to strengthen controls currently in place, and address a number of weaknesses identified during this audit were established including, viz.:-

- A statement of Internal Control has not been established.
- Operational risks are not formally documented and reviewed.
- A Register of Directors' Interests is not maintained.

### **8. Significant Internal Control Issues**

No significant internal control issues have been identified, however, with the introduction of the Authority's Local Code of Corporate Governance (Council 6<sup>th</sup> August 2003, updated September 2007) it was recognised that certain issues would be subject to ongoing improvement and incremental implementation. The recent review by Internal Audit assessed each issue and its implementation status, and again concluded that Wigan *"Council's position against the revised Code remains excellent. However, there are currently a number of internal and external changes which are affecting the Council and its governance arrangements. This review determined that appropriate work has been identified and is being carried out to address the changing areas and ensure further detailed compliance with the Council's Local Code of Corporate Governance."*

A summary of progress and further agreed action is included at Appendix 2. It also highlights some sensitive issues within the public arena that the Council is addressing and which provide practical illustrations of the Council's continued commitment to effective governance.

On the basis of the opinion of the Executive Director – Business Support Services as detailed above, we are satisfied that Wigan Council's internal control/corporate governance arrangements are adequate and are operating effectively. We are satisfied that the enhancements identified will further improve our governance and internal control arrangements. We will assess their implementation and the effectiveness of dealing with the issues outlined as part of the formal risk management process.

Signed: .....

Lord Smith, Leader of the Council & Joyce Redfearn, Chief Executive on behalf of the Members and Senior Officers of Wigan Council.

Date: .....

## **Corporate Governance Annual Statement of Assurance**

Areas where improvement work is ongoing include:-

Principle 1 Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.

### Corporate Plan

The Corporate Plan is scheduled for publication in June following the revision of corporate objectives.

### Local Strategic Partnership

The reshape of the Local Strategic Partnership and associated roles and responsibilities has been agreed. Arrangements are now being made to implement the changes.

### Corporate Procurement Strategy

The Corporate Procurement Strategy was approved by Corporate Delivery Team in July 2007 but has yet to be approved by Members. Part of this delay is due to the intention to tie the Strategy into the developing work on Strategic Commissioning.

Principle 2 Members and officers working together to achieve a common purpose with clearly defined functions and roles.

### Job Evaluation

There have been understandable but managed delays in the Job Evaluation process due to:

- resource demands of the equal pay process
- the impact of the organisational and departmental restructures
- collaborative work with AGMA and other Councils to ensure a sub-regional solution
- Senior Management Team having to consider the various options and strategies.
- consideration of Counsel opinions

There is a revised action plan in place with key milestones throughout the 2008 financial year.

### Partnership Arrangements

As part of the Internal Audit Review of Partnerships commenced in 2007/2008, a register of partnerships is being compiled and procedures for evaluation of partnerships and their governance arrangements will be agreed.

Principle 3 Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.

#### Members Conduct/Complainants

Following a direction issued by the Standards Board, plans are in place to hold cross party training sessions for members including ethical standards and to establish a system of mediation.

A schedule for review and reissue of key governance policies via NETconsent has recently been agreed by Internal Audit. This is phased across the financial year.

Principle 4 Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

#### Democratic Services Review

As part of the Support Services Review, a review of Democratic Services is being carried out with a completion deadline of June 2008, part of which will provide additional information and support to Members.

Principle 5 Delivering the capacity and capability of officers and members to be effective.

#### Member Training Strategy

The revised Councillor Training and Development Strategy was broadly agreed by the Councillor Services Group on 26 March. This will now be updated to include the confidentiality arrangements agreed and submitted to Cabinet for approval.

Group leaders from the participating groups (Labour, Conservations and Independents) are to carry out their councillor development reviews following the May elections.

#### Officer Training Strategy

The People Strategy was approved by Senior Management Team and Corporate Delivery Team. However, it is to be reviewed as part of the development of a "One Council" organisational development strategy.

## Principle 6 Engaging with local people and other stakeholders to ensure robust public accountability.

### Community Engagement Policy

The planned review of the corporate consultation and communications policies have now been incorporated into a more detailed review of community engagement. "Routes to Involvement" is a new policy framework for community involvement, engagement, participation and consultation. This work is currently being developed with key milestones through 2008/2009.

### **Other "significant" Issues**

A range of issues, involving the Authority, has attracted significant public interest during the financial year. All the issues have been recognised as major risks to the Council and are/will be included in the Strategic Risk Register which outlines the mitigating actions along with providing a high level mechanism to monitor the effectiveness of the actions being taken.

A précis of the issues with the remedial action taken/scheduled is detailed below, viz.:-

### **Regeneration Issues**

#### Westwood Park / A5225 Link Road Development.

The initial scheme to connect two key development sites in Wigan, assist in the creation of up to 2000 jobs and reduce town centre congestion was commenced on the basis of additional funding provisionally allocated by the North West Development Agency. The funding commitment was subsequently rescinded as alternative schemes in the Region were given a higher priority.

Alternative transport studies were completed and Cabinet approved appropriate financial provisions in September 2007 and planning approval in October 2007. Further Cabinet approval was given in February 2008 for the required actions to bring the scheme to its proposed conclusion.

A major scheme for an internationally significant development at Westwood Park was approved in principle by Cabinet on 21<sup>st</sup> February 2008 to develop the "Chinagateway project". This project aims to create the largest clothing and textile industry center in the UK and will involve a large number of Chinese companies trading with the UK and Europe. This issue appeared in the media when the associated Council press release advising of the schemes approval was released the day prior to the Cabinet meeting. The Cabinet decision was subject to call-in by the Overview and Scrutiny Committee on 17<sup>th</sup> March 2008 at which the relevant senior Council officers presented evidence on the financial, legal, and development/planning/traffic considerations of the proposed scheme. The issue of the press release being issued prematurely was fully discussed and remedial action agreed to prevent any further recurrence.

A Member referral on the same issue has been made to the Audit Commission who are in the process of reporting their findings.

The Council position remains that the issue was “properly considered” by Wigan’s Cabinet where there was a written report making recommendations as well as a presentation by officers.

### Wigan Pier Quarter Regeneration

In June 2007 Cabinet adopted proposals with respect to the future provision of cultural facilities within the Wigan Pier Quarter together with a scheme to provide an accessible performance venue. At that time Cabinet were advised of the uncertainty of the level of resources that would be available due to redevelopment income receipt, grant clawback, and property development/asset sales completions, etc. This resulted in the Authority developing detailed proposals to address the individual issues of uncertainty.

A subsequent report to Cabinet in February 2008 clarified the individual issues and approved a risk matrix that established a potential maximum risk to the Council of £2.2m (likely to reduce to £1.35m based on additional capital receipt and meeting of grant conditions).

Further reports are scheduled to Cabinet prior to any firm decisions and the situation is being reported through and monitored by SMT with the Director Of Environmental Services having taken responsibility as Project Executive.

### Land contamination at Ince Central Estate

Heavy metal contamination was discovered on the Ince Housing Estate; being a historical problem which Wigan & Leigh Housing are involved in the process of remedying along with Wigan Council. Officers from Wigan & Leigh Housing and the Council have worked together with specialist surveyors and contractors, tenants’ groups and their legal representatives and with Central Government to devise a safe and permanent solution.

Remedial work on site is progressing on a phased approach, appropriate Council bids for funding to cover the remediation work, etc have been made to DEFRA and granted on a phased basis. Continued consultation takes place with affected tenants including periodic newsletters, etc

Throughout the process the approach taken by Wigan & Leigh Housing Company in conjunction with Wigan Council was to maintain a balanced approach between keeping residents informed, avoiding panic and unnecessary disturbance but ensuring the problem is dealt with as quickly and effectively as possible and this situation continues.

## **Employment Issues**

Several major “employee related” issues are being faced by the Council that have appeared in the press in various guises, etc. These issues include:-

### Pay and Grading Strategy

The requirement to undertake a pay and grading review of the Council’s workforce was determined within the 2004 pay settlement. Accordingly the Council agreed to implement the National Joint Council job evaluation scheme and to undertake an equal pay audit.

The Council’s strategic objectives as detailed in the Corporate Plan are to:-

- identify and respond to inequalities in current pay arrangements
- safeguard the council from equal pay/value claims and minimise the financial/employee relations implications
- meet the national requirements of undertaking a pay and grading review across the whole council
- implement a new pay and grading scheme having regard to the major financial/employee relations implications

The equal pay audit assessed the Council’s liability for potential equal pay claims and led to a proactive approach across AGMA with the development of a compensation matrix based on hours worked and length of service. Throughout this process both Senior officers and Members were provided with appropriate reports to allow proposed actions to be authorised and monitored. Arrangements were also made for ACAS conciliation and Counsels opinion at appropriate stages of the process.

The actual calculation and physical payout process involved officers from the Chief Executives and Finance and IT departments. Throughout the calculation process appropriate controls were in operation to provide assurance on the validity of the employee data and accuracy of proposed individual payouts. ACAS provided conciliation services on each pay event and senior officers from the Council also attended. Despite the above processes issues of slippage and data integrity were identified. However, to date over 90% of the affected employees have signed up to their “offers” and all outstanding cases are being dealt with.

The Audit Commission have been kept informed of the processes being followed by the Council and have raised no concerns to date.

The management of potential equal pay claims and the implementation of job evaluation remain highlighted as a major risk to the Council in the Strategic Risk Register and Medium Term Financial Plan and remain so at this time.

## Members Conduct

Following a Direction by the Standards Board associated with the numbers on complaints received in respect of Member conduct a review led by the Borough Solicitor and plans have been developed to hold cross party training sessions including ethical standards and also the establishment of a mediation system.

The Audit Commission within the Use of Resources report commented that :-  
*“Although the Council actively promotes a strong counter fraud culture and probity in the conduct of its business there have been high numbers of member referrals to the Standards Board during the period.”*

In addition to the above there have been several press reports about additional inappropriate Members conduct. However, it is hoped that the scheduled action will resolve the situation.

## Officers Conduct-Incapacity Benefit Fraud

In February 2007 the local press reported that a Council employee (Convenor/Trade Union Side Secretary) had appeared at the Magistrates Court charged with fraudulently receiving approximately £28,000 in incapacity benefit while working.

Clearly, such issues have a serious reputational impact on the Council and need to be addressed accordingly. The employee was disciplined, found guilty of gross misconduct, and dismissed. Following committal to Liverpool Crown Court the employee was found guilty of fraud and received a suspended prison sentence. This action generated further press articles in April, August, and September.

In all instances, appropriate action was taken within a controlled framework to mitigate potential financial and reputational loss to the Council.

## Officers Conduct-Embezzlement Fraud

In December 2007 the local press reported that two Council officers had been suspended from their posts after being accused of involvement in a major fraud involving large sums (£170,000) of Council Taxpayers money. This report followed an Internal Audit investigation that resulted in the suspension of 2 senior officers and a Police Referral.

The Police investigation is ongoing and will not reach a conclusion prior to the publication deadline for this statement, accordingly a detailed résumé is not appropriate at this time. However, the offence was identified by Council procedures and policy, was investigated and referred onwards to the Police immediately, appropriately disciplinary action taken and remedial controls introduced and reported to Members.

The Council's governance and risk management arrangements enable it to deal openly and effectively with situations such as those highlighted above. The nature of the organisation means that there will always be difficult situations to deal with, but its internal control mechanisms ensure that actions are taken appropriately and promptly, and it is openly accountable for those actions. This is a major strength of the Council and a significant factor in its continued "4 star" CPA categorisation.

**ANNUAL GOVERNANCE STATEMENT FRAMEWORK**

