

Statement on Internal Control

1. Introduction

The Accounts and Audit Regulations 2003 introduced a new regulation (effective from 1 April 2003) in relation to bodies' responsibility for financial management in that Authorities are required to publish a Statement on Internal Control with their Annual Statement of Accounts.

The Statement on Internal Control is required to include appropriate disclosures to detail the extent to which the Authority is carrying out its activities in accordance with proper practices, viz.:-

- Acknowledgement of the Authority's responsibility for ensuring that a sound system of internal control is maintained and reviewed (including the review process followed).
- Confirmation that the system on internal control was in place for the duration of the financial year and remained so up until the date of approval of the annual accounts to provide reasonable assurance of effectiveness.
- Reference to an ongoing risk management process designed to identify and prioritise the risks to the achievement of the Authority's policies, aims and objectives.
- A description of the key elements of the internal control environment (see Appendix 1).
- Confirmation that the results of the review of effectiveness of internal control have been discussed by the Authority and where appropriate, details of actions taken/proposed to deal with significant control issues.

2. Performance, Vision Purpose and Values

Wigan Council has 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 can be proud of.

The Vision is supported by the key themes of: -

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

Effective Governance – good systems for managing the Council.

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

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 *Corporate Governance in Local Government: A Keystone for Community Governance*. Copies of the policy documents are available on our website (www.wiganmbc.gov.uk) under the "Council, Standards, and Codes Of Practice" sections.

4. Purpose of the 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 mission of *securing quality services, delivered fairly, courteously, and responsibly by well informed providers who take pride in what they do.*

5. The 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 31st March 2005 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 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.
- 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) 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. The framework demonstrates that risk management arrangements are robust and embedded within the service planning and decision making processes of the Authority.
- Published Anti-Fraud and Corruption Strategy, Whistleblowing Policy, and Fraud Prosecution Policy 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 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

Executive functions	Officer Employment Procedure Rules
Non-Executive Functions	Member/Employee Protocol
Local Choice Functions	Chief Officers Management Team
Delegations to Officers	Call-In Protocol
Budget and Policy Framework Rules	Internal Audit Remit and Protocols
Executive Procedure Rules	Managed Audit Protocol
Overview and Scrutiny Procedure Rules	Members and Officers Codes of Conduct
Financial Procedures Rules	Local Code of Corporate Governance
Contracts Procedures Rules	

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 (Departmental Plans standards)
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
Best Value 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 :-

- Chief Officers Management Team (COMT) procedures and associated management action
- Strategic Planning (Risk Management) Group
- Financial Management reporting
- Performance Management reporting (including the formal review of Risk Registers)
- Cabinet/Panel reporting
- Overview and Scrutiny function
- Statutory Officers (Head of Paid Service, Monitoring Officer, S151 Officer)
- Internal Audit

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

- External Audit
- CPA refreshment
- External Inspectorate

The Directors of Finance & IT and Legal Services 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 Cabinet who approve all Internal Audit Plans and receive reports on Internal Audit Activities (Cabinet reports 25 November 2004, 14 April 2005, 16 June 2005).

As previously reported to Cabinet 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 has continued 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. Specifically the Authority's risk management strategy (policy statement approved by Council on 4 February 2004) has been refined and further developed and has now been fully implemented by the introduction of a Strategic Risk Management Group and compilation of a Strategic Risk Register, as approved by Chief Officers Management Team and Cabinet on 1 February and 17 March 2005 respectively. Although risk management is the responsibility of each Chief Officer, the Director of Finance & IT as the Council's Section 151 officer undertakes this responsibility at a corporate level.

In addition the Assistant Director of Finance & IT (Audit and Payroll Services) is responsible to review independently and report to Cabinet annually, to provide assurance on the adequacy and effectiveness of the Code in practice and the extent of management compliance with it. This report was reported to Cabinet on 16 June 2005 as part of the Internal Audit Summary Activities Report.

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.

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 attains the required competence in all Internal Auditing Professional Standards.

The most recently completed Audit Commission review of Internal Audit 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.

The Audit Commission were satisfied that Internal Audit met all the required internal auditing professional standards and concluded that they could rely on the work of Internal Audit and stated that the *"Managed Audit works well in Wigan, and has been demonstrated in the joint planning process, BVPI and corporate governance work in the year."*

As reported to Cabinet on 16 June 2005, 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 2004/2005. 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 improvement and 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 Auditor Judgements to support 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 "excellent" CPA categorisation. This is particularly evident in the key areas of risk management, service planning, and corporate governance. **In conclusion, it is the opinion of the Director of Finance and IT that the Authority operates an effective overall internal control environment.**

This opinion is supported by the independent review work performed by external agencies as follows:

External Audit

The current Annual Audit and Inspection letter presented to Cabinet by the Audit Commission on 20 January 2005 commented positively on the Authority's internal control and performance frameworks as follows: -

- *"The council responds well in addressing issues raised by previous corporate assessments. It has developed a clear set of over arching aims to guide its activities within its Vision, Purpose and Values statement."*
- *"Performance Management – remains an area of strength for the council and it is continuing to develop and extend the scope of its Performance Plus management system"*
- *"The Council's 2004/2005 Best Value Performance Plan complies with statutory requirements and sets out the performance of the Council in a clear manner. An unqualified opinion was given on the BVPP during November 2004."*
- *"Our review of the Council's internal financial controls did not identify any significant issues. Internal Audit continues to provide a good service to the Council and meets required professional standards. The Council has also continued to make progress in its risk management arrangements."*
- *"Risk management is now an integral part of the service planning process which, in turn, sets out the basis by which performance will be managed."*
- *"CPA – There are no changes to the overall assessments from last year which all score as "good" and within individual elements there is continued year on year improvement."*
- *"We have not identified any significant weaknesses in the framework established by the Council for ensuring the legality of its significant financial transactions."*
- *"We have not identified any significant weaknesses in your arrangements to prevent and detect fraud and corruption. The council has in place effective standards of conduct and arrangements for preventing and detecting fraud and corruption."*
- *"The council has developed a sound framework for managing its LPSA with the government."*

Comprehensive Performance Assessment

The Authority was subject to reassessment by the Audit Commission in December 2004 and maintained its "excellent" categorisation. However, although the Authority maintained an overall "4" within the Auditor Judgements, the aggregate score of the individual elements further improved from the December 2003 assessment and now rates 15 elements from 18 rated as a maximum "4"). The Auditor Judgements assessment covers key areas of internal control including Internal Audit, Governance Arrangements, Risk Identification and Management, Ethical Standards, Prevention and Detection of Fraud, Monitoring of Financial Systems, and Legality of Significant Financial Transactions, etc.

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 2004/2005 was restricted to:-

Benefit Fraud Inspectorate

The October 2004 Benefit Fraud Inspectorate report confirmed that the Authority had maintained its performance level at "Fair towards Good" with an improved Performance Standards achievement of 96% compliance. The inspection also confirmed continued performance improvement in respect of the three key BVPI's.

Commission for Social Care Inspection

In November 2004 the CSCI confirmed that the Authority had retained its two star rating following the annual review and that its capacity for improvement in respect of adult services had improved to "excellent". The Inspectorate further commented that *"The Council has continued to use the Best Value Review process as a driver for service improvement along with the Business Excellence Model."*

Office for Standards in Education (OFSTED)

Recent input has been in the form of reviews of individual schools where assessments are made of standards of teaching, curriculum development and governance arrangements. Around 10 inspections per annum are made, providing an independent view of the quality of the Education service. A recent inspector commented *"..Financial planning and management are of a very good quality and the school evaluates the impact of major spending decisions on standards well.."*. This is a fairly typical commentary and reflects the high levels of support provided to schools by the Local Education Authority and the Internal Audit service.

Audit Commission (ALMO Inspection)

In May 2005 the Audit Commission confirmed that Wigan and Leigh Housing ALMO had retained its “good” two star rating following its recent inspection (previous inspection October 2002).

Although the inspection was not a direct inspection of the Council (the ALMO has delegated responsibility for providing housing management and maintenance services to the Council’s homes with the Council retaining ownership of the homes), certain key recommendations will impact directly on the Council and will be addressed as part of the agreed action plan.

5. 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 6th August 2003) it was recognised that certain issues would be introduced incrementally and this action was agreed with the Audit Commission. The recent review by Internal Audit assessed each issue and its implementation status, and concluded that *“Wigan Council’s position against their Local Code Of Corporate Governance is again considered to be excellent. However, there are still areas where further detailed work is required or is being carried out to ensure full compliance with the code. This review determined that appropriate work is being carried out to address the outstanding areas within an agreed timescale and continued year on year improvement with the detailed requirements of the local code.”*

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 commitment to effective governance.

On the basis of the opinion of the Director of Finance & IT 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:

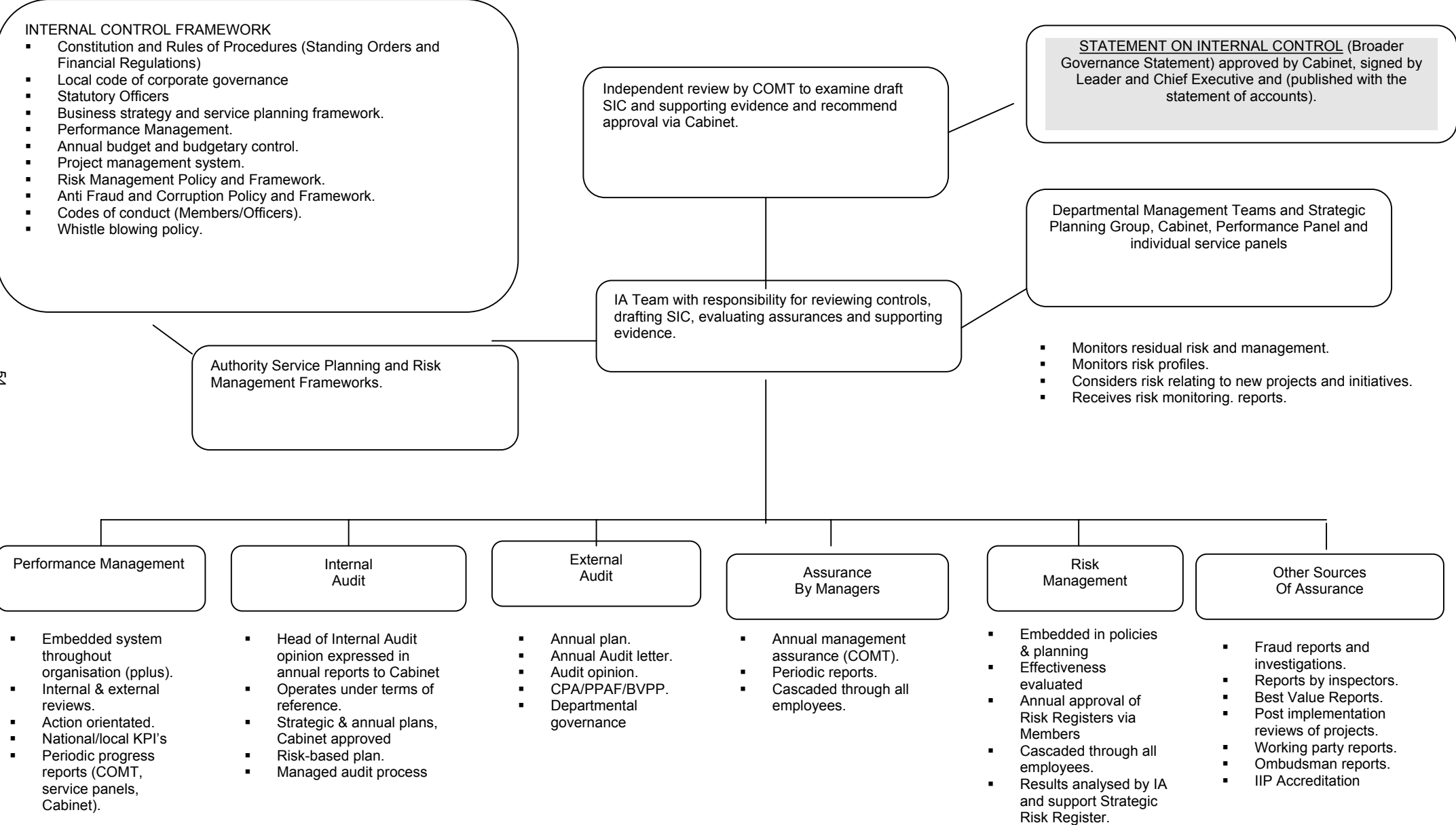
Lord Smith, Leader of the Council & Joyce Redfearn, Chief Executive on behalf of the Members and Senior Officers of Wigan Council.

Date:
.....

STATEMENT ON INTERNAL CONTROL FRAMEWORK

APPENDIX 1

Wigan Pier and Robin Park Investment Fund - These reserves are maintained to provide longer term funding for planned significant upgrades at these two locations.



Corporate Governance Annual Statement of Assurance

Community Focus

A development in the area of Community Focus is the replacement of the Best Value Performance Plan for 2004/2005 with a more focused Corporate Plan. This plan will focus on the high level objectives of the Council and include key;

- Information
- Performance Indicators
- Tasks
- Risks

for each of the objectives. The plan will be published by 30 June 2005, in line with the deadline for Best Value Performance Indicators publication

Service Delivery Arrangements

Performance monitoring is an area where significant work has been undertaken and will continue as follows:

- A core standard on performance reporting has now been agreed by Chief Officer's Management Team. This sets out standards on levels and frequency of performance reporting. Work will be carried out in 2005/2006 on the deployment of this standard.
- A draft set of high level performance indicators has been agreed to monitor achievement of the individual elements of the Council's Vision. Further work is being carried out to refine this draft set of indicators and ensure consistency across the objectives.
- Significant progress has been made during 2004/2005 on the roll out of the Performance Plus system as part of the "Golden Thread" project. This project involves the Policy and Performance Improvement team working with departments on the identification and mapping of their objectives and how they link into the Council's Vision objectives. The project will continue during 2005/2006.

In order to continue the implementation of the Partnership Action Plan agreed with the Audit Commission, the following tasks are being addressed:

- Finalisation of a partnership protocol
- Guidance for elected members on their involvement in partnerships
- Establishment of a comprehensive partnership database which can be shared
- Full assessment of partnership risks from the Council viewpoint.

Further work is required in Business Continuity Planning. Although in many areas, arrangements have been agreed to deal with business continuity issues, these are not yet documented into departmental or corporate plans. This is an area of development for the Council. Business Continuity guidelines have been put together by Internal Audit, in liaison with the Emergency Planning section and posted on the Intranet. The Departmental Plan standards for 2005/2006 include the need to consider business continuity risks under the risk management section. A key area where contingency planning is required is the current potential flu pandemic. The Council through its Chief Officers Management Team is currently working to identify the critical elements of service provision and address them accordingly.

Risk Management and Internal Control

Developments in the area of risk management are as follows:-

- Risk Management Policy approved in February 2004 which will be reviewed and updated in the 2005/6 financial year.
- Departmental risk registers are currently being updated, with support from Internal Audit.
- Risk management is included in the new Departmental Plan standards, so all high risks should be reflected in the service plans.
- Production of the Strategic Risk Register with an identified method of reviewing all the major risks which could impact upon the achievement of the Council's Vision.
- Use of the Strategic Planning Group and Cabinet reporting to ensure the Strategic Risk Register maintains a suitable profile.
- Consideration of risk management implications in all reports considered by members.

Further developments to more fully embed risk management are planned for 2005/2006, as follows:

- Review and update of Risk Management Policy
- Publication of all risk registers on the Intranet
- Formal training sessions for Managers
- Formal risk management training sessions for members will be provided in 2005/6. The Council's External Auditors have offered to support this process.
- Formal assessment of risk factors within Committee reports (referenced to Risk Registers)
- Development of claims performance indicator charts to monitor the success of risk management initiatives

These tasks are included in the Internal Audit and Risk Management 2005/2006 service delivery plan.

Other "significant" Issues

A range of issues, involving the Authority, has attracted significant public interest during the financial year. With the exception of the Ombudsman case, all the issues have been recognised as major risks to the Council and are 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 is detailed below, viz.:-

- **Land contamination at Ince Central Estate.** Heavy metal contamination has been discovered on the Ince Housing Estate; this is a historical problem which Wigan Council will need to ensure is remedied. Officers from Wigan & Leigh Housing (W&LH) and the Council are working together with specialist surveyors, tenants' groups and their legal representatives and with Central Government to provide a safe and permanent solution. Whilst the survey work has been ongoing to discover the extent of the problem, W&LH and the Council have worked to raise awareness of the situation through a series of public meetings and newsletters. The intention is to maintain a balanced approach between keeping residents informed, avoiding panic and unnecessary disturbance but ensuring that tenants' concerns are properly addressed.

In addition to the addressing the public health and awareness issues, the remedial works will have a significant cost so negotiations are ongoing with the Government for specific grant funding.

- **Broomfield Tip Fire.** The coal spoil that burned underground for a long period was finally extinguished in October 2004. The problem was uniquely difficult and caused considerable public concern. A number of families were temporarily relocated and the overall cost was considerable, despite a considerable contribution from the North West Development Agency. The Council worked closely with specialist consultants, the Primary Care Trust and the Health Protection Agency to ensure that the fire was extinguished as speedily as possible whilst maintaining residents' health as its top priority.

Although the above situations were not of the Council's making, they have obviously been distressing for the local communities. The Council has worked as openly as possible to retain public confidence and ensure the problems are dealt with efficiently, with any learning points taken on board. Given Wigan's industrial heritage, further survey work is currently underway or being considered across the borough to identify whether other potentially problematic sites exist.

- **Mere Oaks Special School Closure.** In 2001 the Ofsted report on the work of the LEA identified the need to reduce the number of statemented pupils in Wigan and to review special school provision. To this end the LEA undertook a review of special school provision. The results of which led to the following proposals:
 - To close Mere Oaks School and develop a resourced provision within mainstream setting; and
 - To close five special schools and reopen three that would cater for a range of pupils with learning difficulty.
 The decisions were supported by the Independent Adjudicator, but Mere Oaks is held in high regard by service users who have held high profile protests against the proposed closure. A judicial hearing in relation to the decision is to take place on the 14 July 2005, following which the Council will take legal advice on the options available.
- **Westwood Park / A5225 Link Road.** This £8.4m 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. Significant resources have already been invested in the preliminary stages of the scheme so alternative methods of financing the scheme are currently being investigated, which may mean some disruption to the capital programme as major schemes are prioritised.
- **Ombudsman-Adoption Case.** An investigation by the Ombudsman into an adoption case, found in favour of the plaintiffs. There was criticism of the Council's procedures and an order was made for damages to be paid. By the time the Ombudsman's report was produced, an internal investigation had already taken place and improvements were made to internal procedures relating to adoption and fostering placements. These changes should ensure that similar problems do not arise again in future.

- **Waste Disposal Costs.** Government concerns over landfill arrangements have led to significant increases in waste disposal charges, a problem faced by Councils across the country. To proceed under current arrangements will be prohibitively expensive so recycling strategies are being considered to reduce the amount of waste being sent to landfill. As an interim measure, Wigan Council has taken a number of short term actions that will reduce the current waste streams eg kerbside collection of green waste and introducing a permit system at Household Waste Recycling Centres. In the longer term, the Council will need to make some difficult decisions about the way its residual waste is treated and the Waste management infrastructure that will be required. To this end, the Council has commissioned an external review of its waste management strategy.

- **Highways Repairs.** Despite having a reasonable track record in defending against claims for injuries, the amounts paid out each year in compensation and legal costs are an unwelcome burden on the Council's Insurance Fund. Work has been performed to demonstrate that an initial investment in inspection and repairs will:
 - Identify defects earlier, thereby helping to reduce trip incidents and costs of compensation claims
 - reduce rates of deterioration and the associated repair costs.
 An initial investment of £192k for 2005/6 has been allocated from the Insurance Fund. The success of the pilot will be monitored for effectiveness and should produce some significant savings to the Council's Revenue Budget

- **Management Arrangements - Childrens and Adult Services.** The reorganisation of the previous Education and Social Services departments, in line with legislative changes and the service improvement agenda, has been formally implemented from the commencement of the 2005/6 financial year. To minimise service and personal disruption, the changes have been in the planning stages for over 2 years. Despite the major changes involved, this has enabled the new arrangements to be introduced virtually seamlessly, with all key figures quickly settling into the new arrangements.

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 it's internal control mechanisms ensure that actions are taken promptly and it is accountable for those actions. This is a major strength of the Council and a significant factor in its "Excellent" categorisation.