



**Report to:** Overview and Scrutiny Co-ordinating Committee.  
Standards Committee.  
Audit, Governance and Improvement Review Committee.  
**Cabinet.**

**Date:** 26<sup>th</sup> May 2009  
9<sup>th</sup> June 2009  
11<sup>th</sup> June 2009  
**18<sup>th</sup> June 2009**

**Subject:** **Annual Governance Statement and Supporting Documents**

**Report of:** **Director of Business Support Services**

**Contact officer:** **David Smith 01942 827235**  
**Martyn Kenyon 01942 827550**

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**Purpose / summary:** To approve the Council's Annual Governance Statement for 2008/9.

**Alternative options considered and reason for selecting the one recommended:** The Statement is a statutory requirement

**Recommendation / decision:** Members are requested to approve the Council's Annual Governance Statement for 2008/9.

**Risks / Implications:**

Financial:	Assists in demonstrating that finances are effectively safeguarded through high standards of corporate governance
Staffing:	n/a
Policy:	Demonstrates ownership of the Council's entire governance arrangements
Equal Opportunities - Has a Diversity Impact Assessment been conducted?	Not needed
Wards affected:	None directly

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

No

**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

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Has the Service Director - Borough Solicitor confirmed that the recommendations within this report are lawful and comply with the Council's Constitution?

**Yes**

Has the Service Director – Corporate Services confirmed that any expenditure referred to within this report is consistent with the Council's budget?

**N/a**

Are any of the recommendations within this report contrary to the Policy Framework of the Council?

**No \***

\* delete which applicable

**For Cabinet reports only :**

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

**Tracking/Process:**

	Consultation	Ward Members	Partners
Panels	Overview & Scrutiny 26 <sup>th</sup> May 2009	Cabinet	Council
	Standards Committee 9 <sup>th</sup> June 2009	18 <sup>th</sup> June 2009	
	Audit, Governance and Improvement Review Committee 11 <sup>th</sup> June 2009.		

David Smith  
 Executive Director of Business Support Services  
 12th June 2009

## **Introduction**

The **2008/9 Annual Governance Statement (AGS)** needs to be considered by the key Officer and Member Groups within the Council to enable contributions to be made and demonstrate the widest possible ownership within the Council.

It accompanies the 2008/9 Statement of Accounts and provides assurances to the public as the quality and effectiveness of the Council's governance arrangements. It provides a description of the arrangements in place and provides commentary and explanations around some of the governance issues that have arisen during the year and have been of interest to the public and the media.

The Statement has previously been reviewed by the Business management Group and Strategic Management Team and has been presented to the Member Groups (Overview and Scrutiny Co-ordinating Group, Standards Committee and Audit, Governance and Improvement Review Committee) which play a lead role in ensuring the Council's governance arrangements remain effective. The document has been updated and revised to incorporate comments and suggestions received from each of these groups.

The Statement remains effectively in draft format until the final version is approved by Cabinet and signed by the Chief Executive and Leader on behalf of the Council. The statutory deadline for this along with the publication of the Accounts is 30<sup>th</sup> June 2009.

The Annual Governance Statement is informed by 2 key documents:

1. Annual Internal Audit Report
2. Review of the Council's Local Code of Corporate Governance

which are not included with this report as they have been fully considered by the relevant Senior Officer and Member groups, prior to the final presentation of this Statement to Cabinet.

## **Recommendation**

Members are requested to approve the Council's Annual Governance Statement for 2008/9.



## **ANNUAL GOVERNANCE STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2009**

**Wigan Council is committed to the highest standards of corporate governance.**

**Governance is about how bodies ensure that they do the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner.**

**It comprises the systems and processes, and culture and values, by which bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities.**

**A key aspect of governance is the requirement to put into place *“effective risk management systems, including systems of internal control”*.**

**This Annual Governance Statement supports the Council’s Statement of Accounts and outlines how it manages its affairs to deliver high quality services and ensure that public money is effectively spent**

## **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 were 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 Council's aims are high standards of accountability and effective support for services.

#### **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 2009 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, Chaired by an Opposition Leader, 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 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 26<sup>th</sup> March 2009.

- A consistent and clear commitment to countering fraud and corruption that is demonstrated within core policy documents and associated investigatory practices. This commitment is further demonstrated by 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**

- |   |   |
|---|---|
| ▪ Executive functions                   | ▪ Officer Employment Procedure Rules    |
| ▪ Non-Executive Functions               | ▪ Member/Employee Protocol              |
| ▪ Local Choice Functions                | ▪ Senior 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 (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
- Annual Governance Statement
- 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
- 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 Executive Director of Business Support Services and Service Director – Borough Solicitor 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 effectiveness and detailed remit of Internal Audit are reviewed through the Audit, Governance and Improvement Review Committee who approve all Internal Audit Plans and receive reports on Internal Audit Activities (reports 11<sup>th</sup> December 2008, 11<sup>th</sup> June 2009). 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 2009/2010.

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 BMG on 10<sup>th</sup> March 2009 and the Audit, Governance, and Improvement Review Committee on 26<sup>th</sup> March 2009

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, 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 11<sup>th</sup> June 2009.

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 satisfies statutory requirements and maintains the required competence in all Internal Auditing Professional Standards.

The most recently reported Audit Commission review of Internal Audit (December 2008) concluded that "IA delivers a high standard of service at Wigan MBC and delivers well against the requirements of the CIPFA Code" and 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 provided assurance to the Executive Director Business Support Services that internal controls were maintained and also provided a comprehensive level of coverage to allow reliance on Internal Audit work wherever possible.

As reported to the Audit, Governance, and Improvement Review Committee on 11<sup>th</sup> June 2009, 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 2008/2009. 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**

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

- Audit, Governance, and Improvement Review Committee 25<sup>th</sup> September 2008 (Annual Governance Report).
- Audit, Governance, and Improvement Review Committee 11<sup>th</sup> December 2008 (Use of Resources Auditor Judgements).

- Audit, Governance, and Improvement Review Committee 11<sup>th</sup> December 2008 (Review of Internal Audit)
- Audit, Governance, and Improvement Review Committee 26<sup>th</sup> March 2009 (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

*"We did not identify any misstatements that management decided not to adjust."*

*"Our audit did not identify any material weaknesses in systems of accounting and financial reporting."*

*"The Council's web based final accounts working papers are seen to be notable and during 2008 have been further enhanced to eliminate the areas of duplication and to ensure the new SORP requirements were supported by clear working papers."*

*"The Council has well established key controls which are operating effectively."*

### 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

*"The Council is committed to maintaining and improving the quality of data. Overall responsibility for data quality lies with the senior management team and the service director for business transformation. This demonstrates the corporate commitment and high profile of data quality within the Council."*

*"Strong arrangements are in place to ensure that data supporting performance information is also used to manage and improve the delivery of services."*

*"Clear data quality objectives are formally documented. The Council's approved corporate data quality policy defines the corporate objectives as well as detailing actions that will be undertaken to deliver against each of these objectives. This will ensure that arrangements for data quality are improved."*

*"Arrangements are in place for monitoring and reviewing of data quality. The Council has quarterly monitoring arrangements and reviews progress on Audit Commission recommendations. Internal Audit also undertakes a programme of reviews based on their own risk assessment. There is a virtual performance team in place whose remit is to support the monitoring of data and share good practice across the Council. These arrangements all support good governance in relation to data quality."*

*“Data Quality issues are promoted amongst staff. A virtual performance team is in place made up of lead performance managers. The role of this team is to promote the importance of data quality and work across partnerships to develop standards. These arrangements demonstrate the corporate commitment to data quality.”*

*“Security arrangements for the Council’s key systems have remained consistent. There is a corporate information security policy in place, and backups of systems are taken daily. In addition a review of data continuity has been undertaken.”*

*“The Council has put in place strong arrangements which ensure that data supporting performance information is used to manage and improve delivery of services.”*

*“Accountability for performance is clear. All objectives have clearly defined goals which ensures clear accountability at all levels. In addition objectives in department plans are linked to the corporate plan. This accountability will help ensure that strategic objectives are met.”*

### Use of Resources Auditors 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*).

Key Positive Comments from the Audit Commission include :-

*“Financial Reporting (theme score 3) – the Council promotes external accountability and has enhanced its strong performance in this area for 2007/2008 by the inclusion of an Annual Report within the Corporate Plan with additional budget information, summary of accounts and environmental footprint. The accounts publications have considered best practices and embraced feedback following wide ranging consultation.”*

*“Financial Management (theme score 4) – the Council places strong emphasis on robust financial management arrangements and has continued to refine its financial planning processes to show clearly the links between financial planning, resource allocation and the Council’s priorities as expressed in corporate service plans. There have also been further improvements to the budget setting, monitoring, and reporting arrangements by providing structured, reliable, and timely information to budget holders and members with a clear emphasis on areas of significant risk. The Council asset management plan provides a strategic forward looking goal for property assets to ensure that these link to corporate priorities. It can demonstrate strength in its approach to using property as an enabler of change and has an established approach to challenging the use of its current asset portfolio.”*

*“Financial Standing (theme score 4) – the Council has a proven track record on performing better than budget over many years with strong budgetary control procedures in place to ensure that overall spending is maintained within approved budget levels. The increase in the theme score from level 3 to level 4 reflects further development in the use and reporting of key performance indicators along with a comprehensive assessment of the reserves position using various budget assumptions and risk factors. The logical and structured approach to the use of reserves and balances continues to allow the Council to implement significant organisational changes and developments against a backdrop of potential future financial pressures which may arise. These areas have been submitted to the Audit Commission as notable practices.”*

*“Internal Control (theme score 4) – the Council has strong arrangements in place to ensure sound systems of internal control which have continued to be further embedded within the organisation. There are notable practices in the operation of the governance assurance framework and further improvements have been made in applying the principles of risk management in service areas and amongst elected members. The Council actively promotes a strong counter fraud culture.”*

*“Value for Money (theme score 3)– the Council has strengthened its arrangements to promote Value for Money during the year. The Council has improved its understanding of how costs compare with other authorities and how deprivation affects its costs. It identifies, and takes action to address unintended high spending, takes a robust approach to monitoring the performance of its external service providers and promotes cost-effective partnership working. It self-reviews delivery arrangements robustly and is prepared to invest to save. Arrangements to produce reliable data are good and there is a systematic approach for reviewing and improving VFM. Efficiency savings are reinvested in priority areas to promote VFM and to improve outcomes for service users. Effective budget monitoring is helping the Council to reduce expenditure. The 2008/2009 Budget Setting report includes clear links between priorities, spending levels, capital and revenue spending plans, external factors and pressures, balances and the levels of Council Tax.*

#### Annual Audit and Inspection Letter

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:-

*“In priority areas, educational attainment, school attendance and young people in employment all improved. A continued focus on a 'clean and green' environment is now having a significant impact.”*

*“Partnerships are delivering improved outcomes such as reductions in road accidents, better health for older people and fewer people are committing offences. Local people have more opportunities to influence service development, supported by a strong Council commitment to community engagement.”*

*“Good performance in children and young people’s services has been enhanced by better safeguarding arrangements. Adult social care performance remains good and outcomes for most users are positive.*

*“Value for money remains good. A Council re-organisation has increased the funds available for front line services and is improving access to services.”*

### **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 2008/2009 was restricted to:-

#### **Commission for Social Care Inspection Annual Performance Assessment 2007/2008**

The 2007/2008 annual assessment by the CSCI confirmed that the Council retained its 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 :-

- *“Leadership ensures that planning and overall strategic development is well linked to the national agenda and is appropriately focussed on increasing personalisation and prevention.”*
- *“Partnerships working is being used as a route to further service development with the current LAA having a good emphasis on social care issues.”*
- *“There is effective monitoring of equal opportunities and a demonstrable input to the development of the social care workforce. Systems are in place to monitor professional and occupational standards in both council and commissioned services.”*
- *“The Proportion of households receiving intensive home care demonstrates a focus on those most in need. Unit costs of home care have decreased and this can now be regarded as a strength.”*
- *“The success of the POPP schemes and a collaborative approach to commissioning with other councils demonstrate capacity for collaborative commissioning.”*
- *“Skills in market management have been demonstrated through the outsourcing process in relation to domiciliary care services.”*
- *“Plans for increasing personalisation include an appropriate and demonstrable focus on developing a social care market that will provide appropriate support.”*

- *“The Council can demonstrate that work with partners under the LAA is having an impact on the health of the population.”*
- *“Numbers of older people accessing grant funded services are nearly double those of comparator councils. A single gateway into these services helps promote accessibility.*
- *“The council can demonstrate that assistive technology is having a beneficial effect on peoples quality of life and contributing to positive outcomes for people who are at risk of falling.”*
- *“There is evidence that local people feel involved in developments demonstrating an effective commitment to engaging local people.”*
- *“People who use services and their carers are part of a coalition of stakeholders in mental health services that has had a demonstrable impact on service development.”*

### 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 2008 assessment collated Council progress in respect of its Children and Young Peoples Plan, JAR and previous APA Action Plans together with evidence and briefings provided by OFSTED, other inspectorates and relevant bodies.

OFSTED again awarded an overall assessment of Grade 3 (good) and confirmed that performance was now consistent in all themes at this level representing an improvement on the previous year’s assessment. This review identified many *“major strengths”*, including :-

- *“Strong corporate leadership, vision and action ensure resources are aligned to areas of most need.”*
- *“The gap is narrowing in many outcomes for vulnerable children and young people because of effective partnership and team work, the targeting of hot spots, and a growing focus on preventative services.”*
- *“Good account is taken of the views of children and young people in deciding priorities which are reflected in the council’s plan and LAA.”*
- *“Strong partnership working, strategic planning, and intelligent use of local data across all outcomes.”*
- *“Effective action to improve significantly the proportion of initial and core assessments and the timeliness of initial assessments.”*
- *“No primary and very few secondary school children are excluded permanently.”*

- *“The views of children and young people have significantly shaped the Children and Young Peoples’ Plan and its priorities.”*
- *“Multi-agency action to prevent offending is effective.”*

### **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**

*“There are a number of areas in our direction of travel report that have been raised in previous years, where performance is either rooted in the lowest quartiles, shows a lack of sustained improvement or improvement is of a relatively modest order. These are in areas recognised to have an impact on the quality of life for Wigan citizen, and include:*

- *some assessment times in Adult and Children’s social care;*
- *relatively modest progress on direct payments, despite a rising population of older people;*
- *homelessness; and*
- *teenage conceptions.”*

#### **Audit Commission- Use of Resources**

- *“Ensure that a robust quality checking process is applied to the annual accounts and supporting working papers to minimise the likelihood of errors occurring.*
- *Although some improvement targets have been set there are some performance indicators under development and sustainability objectives need to be rolled out corporately.*
- *The Council has commenced a corporate planning process to integrate asset management planning with business planning but this needs further development.*
- *The Standards Board issued a directive last year due to the high number of member referrals. Action is being taken to improve the situation but there are some areas still to be fully addressed with further training in 2008/09.*
- *Continue taking action to identify and address unintended high spending at an early stage. Ensure that arrangements to promote VFM introduced or refreshed during 2007/8 are effectively embedded and operate consistently across all Council areas.*
- *Arrangements to produce reliable data are good. However, the Council has identified inconsistencies in its cost data management arrangements, which it is addressing during 2008/2009.*

- *The Audit Commission's May 2007 Inspection of the Supporting People Programme concluded that efficiency savings had not been well targeted. A lack of focus was preventing the Council from maximising the potential benefits of the initiatives being delivered."*

### Commission for Social Care

Key areas for development include:

- *"A need for further developments around safeguarding;*
- *Increasing access and availability to advocacy services;*
- *Improving the waiting time for major adaptations;*
- *Ensuring carers are receiving appropriate support, assessments and reviews;*
- *Ensuring an appropriate approach to referral and assessments;*
- *Improving the timeliness of assessments."*

### OFSTED

The following improvement areas were detailed :-

- *"Despite a marked improvement in 2007/8, teenage conception rates remain well above similar councils and the national average.*
- *One looked after child in four does not have an annual health assessment.*
- *Despite improvements this year, the number of core assessments completed within 35 days is below similar areas.*
- *Although training in the use of the common assessment framework is widely available, a low number were completed in 2007/08.*
- *Despite overall standards remaining average or above, results in English at Key Stages 1 and 3 fell for the second year running.*
- *Re-offending rates have increased and are higher than comparable areas and nationally.*
- *Despite an improvement in the last year, twice as many young people with learning difficulties and/or disabilities than nationally are not in employment, education and training.*
- *Not all action has resulted in secure and notable improvement in outcomes; for example, teenage pregnancy, timeliness of core assessments and attainment in English."*

## **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
- Ashton, Leigh, and Wigan Primary Care Trust

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

### **Wigan and Leigh Housing Company**

On 14<sup>th</sup> May 2009 an annual assurance opinion was presented to the Company’s Governance, Standards, and Audit Committee by the Head of Audit and Risk Management viz.:-

*“From the Internal Audit work undertaken in 2008/2009 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 and Leigh Housing produce their own Annual Governance Statement, which is to be presented to the same committee which concluded that *“on the basis of our own knowledge of the Company’s structure, performance and operations and from the opinion of the Head of Audit & Risk Management, we are satisfied that Wigan & Leigh Housing’s internal control/corporate governance arrangements are adequate and operating effectively.”*

### **Wigan Metropolitan Development Company**

In August 2006 a review Internal Audit (Wigan MBC) assessed the governance arrangements of the Company and its subsidiaries. A follow up review was scheduled in March 2007, but enquiries found that the recommendations had not been implemented at that time. The completed action plan has subsequently been developed and a further Internal Audit review completed in March 2009 to ensure that the recommendations have now been fully implemented.

The review found that the Company Accountant had reviewed current processes and implemented the majority of the initial recommendations made by Internal Audit. Consequently, a good level of assurance can now be placed on the governance arrangements of the Company. However, there are a small number of recommendations still outstanding that are being assessed by the company.

## Leigh Sports Village

Leigh Sports Village is a partnership venture valued at approximately £83m. Wigan Council have made financial and land asset contributions to the scheme. The major partners are Greenbank Partnerships Ltd, Wigan Council, Wigan Leisure and Culture Trust, Wigan and Leigh College, Leigh Sports Village Company, Sports Council, and a number of local sports clubs. The proposed structure is that the majority voting interests in the company will be held by the Council with minority interests in the company will be held by the various clubs operating on the site once lease agreements are in place.

Wigan Council entered into an agreement with developers Greenbank Partnership and other parties to provide a 12,000 capacity Stadium, football and rugby pitches, a Club house for Leigh East Amateur Rugby League Football Club, an athletics track and training facility for Leigh Harriers, 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 have been leased by the Council to a controlled local authority company - Leigh Sports Village - as they are completed.

Leigh East, Leigh Harriers, Leigh Six Form College, and Leigh Indoor Sports Centre and Pool are now operational and the main stadium commenced operations in December 2008. The Leigh Sports Village company has commenced trading – letting out the sports facilities to other partners in the project and also public lettings.

The sports and education aspects of the development are now operational with ongoing commercial and office space developments currently being marketed by Greenbank Partnerships Ltd.

## Wigan Leisure and Culture Trust (WLCT)

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

A follow up review has been completed in April 2009. 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 these have been or are in the process of being addressed.

At the request of the Audit, Governance and Improvement Review Committee, 2 senior managers and a board member from WLCT attended the Committee in December 2008, to provide a detailed explanation of the governance and financial management arrangements of the Trust. This enabled members to ask some challenging questions and demonstrated the accountability of the major partner to the Council for the funding it provides.

#### Ashton, Leigh, and Wigan Primary Care Trust

Wigan Council and Ashton, Leigh, and Wigan Primary Care Trust have entered into a Single Commissioning Agency agreement to ensure that both organisations have a strong foundation for jointly working on strategic priorities and investment.

All processes are controlled via the SCA Shadow Board consisting of senior Council and Trust Members and Officers. The Shadow Board is supported by a SCA Executive Group and a range of sub groups covering Finance, Human Resources, Performance, and IT.

The PCT are responsible for maintaining and reporting their own governance arrangements. However, a joint review will be undertaken during 2009/2010 to assess the specific joint governance arrangements of the SCA and this will be addressed and reported accordingly by both bodies..

## **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.

### Service Planning

An area of ongoing development is the revision of the Council's Service (Improvement) Planning process. Following a review of the process, a proposal was presented to the Business Management Group for a revised format of performance plans to be developed at Departmental, Service and Team levels, driven by and informing the Council's Corporate Strategy and deployed for planning in the medium term period 2009-2012. This builds on our successful approach to business and financial planning.

A template for plans has been agreed and all departmental plans are currently being refined, for implementation in the 2009/10 financial year and monitored via the respective overview and Scrutiny Committees. Once approved, all departmental plans will be published on the intranet.

### Townships

A further area of development is the Democratic Services review of Townships and their role in the democratic process. This review has produced a series of recommendations presented to Cabinet, Overview and Scrutiny and agreed at Cabinet on the 16<sup>th</sup> April 2009. The proposals include linking the Townships to the Council's Constitution to formalise the relationship and use the Townships as a major consultation and engagement vehicle for setting Council priorities. This would also mean a more formal accountability process. The recommendations were approved by full Council on the 29<sup>th</sup> April 2009.

### Local Strategic Partnership

In addition, the governance arrangements of the Local Strategic Partnership are being reviewed as part of a review that also includes consideration of partnerships and PACT. The review will help to align these partnership arrangements to the Council's Constitution.

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

### Pay and Reward

One area where work is still ongoing is Job Evaluation. The drafts of the Council's proposals for pay and reward were considered by the Council's Senior Management Team on February 3<sup>rd</sup> and subsequently by Cabinet on February 5<sup>th</sup>. The initial

proposals were accepted and passed for consultation with Trade Unions. All employees have since been consulted on the proposals. The next steps in the process are:

- Consultation with staff will be completed by mid-June
- New arrangements to be implemented by October.

### Partnership Arrangements

Initial work was completed by Internal Audit around Partnerships. A register was compiled and no additional significant partnerships were identified. Further work is needed to update the register, refine the system, and clarify assurance processes, including regular progress reports to the relevant Member groups.

### Third Sector Involvement

The newly established 3<sup>rd</sup> Sector Liaison Committee has undertaken a review of third sector capacity (facilitated by IDEA) and work has commenced on implementing a Partnership Improvement Plan to take this work forward

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

#### Employee Policies

An area of ongoing development is the review of the Employee Code of Conduct which has been delayed due to organisational re-structuring. This will now be linked to the national code of conduct which is currently under development.

The Standards Committee meeting on 10<sup>th</sup> June 2009 also agreed to progress the updating of the Member – Officer Protocol .

It should also be noted that an IT Acceptable Usage Policy is in the process of being developed by the Head of ICT, supported by the Data Protection Officer and Internal Audit. Once complete, the draft version will be approved via the Business Management Group and issued to all employees via LANconsent.

#### Customer Access

A new Customer Access Strategy and a revised Complaints Procedure was presented to Audit, Governance and Improvement Review Committee on 26<sup>th</sup> March 2009. Improvements are proposed to the complaints procedure by use of a central database to enhance monitoring and an increased focus on customer satisfaction. These will be implemented from April 2009.

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

#### Scrutiny

Improvements around the scrutiny function should be noted. These include:

- Dedicated member of staff solely responsible for scrutiny appointed in March 2009;
- Disestablishment of the five Advisory Panels and the four Overview and Scrutiny Select Committees;
- Reduced Overview and Scrutiny Committee membership; and
- Establishment of four Scrutiny Committees to mirror the four thematic and delivery partnerships of the Local Strategic Partnership (to operate from the 2009/2010 municipal year). Their work to be linked via a Co-ordinating Committee, and the Scrutiny function further supported by the work of 2 Select Committees to consider specific projects.

### Risk Management

The Risk Management Policy was last updated in 2006 and is scheduled for review in 2009/10 to ensure that it remains current and reflects best practice. The Policy will then be made available on the intranet and internet.

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

#### Member Training and Development

The revised Councillor Training and Development Strategy was broadly agreed by the Councillor Services Group on 26 March 2008. This is to be updated to include the confidentiality arrangements agreed and further developed to reflect recent government proposals. Once updated, this will be included as an agenda item at a future Cabinet meeting.

Group leaders from participating groups (Labour, Conservative and Independents) have carried out Councillor Development Reviews. 30 reviews have been carried out so far. The aim is for full participation, but the initial target is for at least 60% of all Members to participate, to enable achievement of the North West Employers Organisation's (NWEO) Member Development Charter.

The Members Induction Pack is in the process of being reviewed and updated to provide Members with additional information. The new pack is expected to be ready in draft form by May 2009. The Councillor Services Group has endorsed the value of mentoring arrangements for new members, Accordingly, the political groups are introducing mentoring arrangements for new members

An application is scheduled this year to achieve the Member Development Charter.

#### Officer Training and Development

Corporate Awareness training which forms part of the induction process for new starters has not been carried out since December 2007. A new approach to Corporate Induction is currently being piloted with a sample of new starters from the last 12 months. The success of this pilot will be determined and a decision will be made to implement the new approach for all new starters.

A Corporate Training and Development Plan/Brochure is currently being developed and will be separate to the Organisational Development Strategy.

In last years report, we stated that the resource allocation section of the action plan contained within the People Strategy was incomplete and specific monitoring arrangements had not been agreed. This continues to be the case and will be actioned by the Head of Peoples Services during 2009/2010.

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

### Community Engagement

An area of ongoing development is that of “Routes to Involvement” which is a policy framework for community involvement, engagement, participation and consultation. Work started in 2008 and continues to be implemented with key milestones through 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.:-

#### **Employee 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:-

#### Job Evaluation/Pay and Reward Strategy

All councils have a requirement under the 1997 Single Status Agreement to review their pay and reward structures. As part of this process the Council agreed to implement the National Joint Council job evaluation scheme and to undertake an additional review of rewards and allowances to ensure that consistent terms and conditions operated for all employees.

The process has involved extensive union and employee consultation which inevitably has featured heavily in the local press. However, the process is on schedule and should reach its conclusion (pay and phase 1 allowances) within the current financial year.

The process followed has been supported by external consultants, is fully reflected in the Council’s budget strategy, Medium Term Financial Strategy, and features as a major risk to the Council in the Strategic Risk Register. Extensive employee consultation and support mechanisms have been introduced and will operate until the process reaches its final conclusion.

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

## Officers Conduct-Embezzlement Fraud

From December 2007 onwards the local press have periodically reported that two Council officers have been suspended from their posts after being accused of involvement in a major fraud involving large sums (£192,000) of Council Taxpayers money. This report followed an Internal Audit investigation that resulted in the termination of employment of 2 senior officers. The case was referred to the Police in accord with the Council's prosecutions policy.

The case has recently been tried in Crown Court which resulted in one of the former employees entering a guilty plea with the other being not found guilty. Whilst the situation was regrettable, it is positive that the offence was identified by the Council's Whistleblowing policy, was fully investigated and referred immediately onwards to the Police, appropriate disciplinary and financial recovery action taken and remedial controls introduced and reported to Members.

## Chief Officers Salaries

Following the release of information to the Taxpayer's Alliance pressure group via a freedom of information request, details of the salary levels and assumed increases of certain Chief Officers salaries appeared in a recent press article that attracted significant public commentary.

The Council provided a balanced response outlining why certain salaries had increased with linkages to ongoing restructuring, increased responsibilities of individuals, and local and national comparators.

It should be noted that information on the number of officers (including teachers) earning in excess of £50,000 per annum is provided within the Council's Statement of Accounts.

## **Members Issues**

### Members' Allowances

In the wake of publicity surrounding expense claims of Members of Parliament, (MPs), a number of questions have followed at a local level to ensure similar liberties are not being taken with Councillors allowances. It was formally explained at the Audit Governance and Improvement Review Committee on 11<sup>th</sup> June 2009, that of the £1.12m paid out to Councillors in 2008/9, £1.1m (98%) of this was paid as Basic Allowances and Special Responsibility Allowances which are pre-approved, fixed amounts, based on recommendations from an independent remuneration panel, taking account of amounts paid by similar local authorities.

## Members Conduct

Several issues involving the criminal conduct of Members while holding office have received significant media coverage culminating within the period of the statement, viz.:-

Abusive Pictures – in July 2007 a former Member was arrested by the Police on Council premises in connection with a complaint involving child porn and firearms offences. The former Member was charged with offences relating to these issues on 3<sup>rd</sup> November 2008 and subsequently found guilty at Crown Court and sentenced to a six year prison term on 16<sup>th</sup> April 2009.

Council equipment (laptop provided for constituency duties) was assessed by the Police and found not to have been involved in these offences and the Member stood down from his seat upon his arrest in 2007. An assessment of the Council's Members server and associated internet logs confirmed that no inappropriate action had taken place by the Member by these means and the actions for which he was prosecuted involved his own equipment, etc.

Members are bound by a national Code of Conduct (adopted at Wigan Council) which dictates the standard of their conduct. However, in this case the Member stood down from office immediately precluding the Council from taking punitive action.

Enforcement Order – a Member pleaded guilty at Crown Court to breaching an enforcement notice linked to an alleged change in use of land adjacent to his property. The Member subsequently complied with the enforcement order and received a conditional discharge in January 2009

## **Data Security Issues**

Two separate significant data security issues involving sensitive Council data have been identified during the year, both of which necessitated the involvement of the Information Commissioner, viz.:-

### Data Theft

The Council's Email profanity software identified a header string "xxx". Further investigations established that although there were no problems with the header string the document had a significant number of attachments that appeared to be of a personal nature.

An initial Internal Audit assessment identified that the person who issued the Email was an agency worker in a senior position who had recently left the Council. A significant number of Emails from the ex-worker were subsequently identified being delivered to two hotmail accounts. Investigations quickly established that personal details of Council employees (approximately 3,000 individuals) were among the Email data.

Due to the contents of the data, the Council's Data Protection Officer was involved and an action plan developed that included Police referral, Information Commissioner Referral, Data subject notification, employment agency notification, and publicity strategy. All actions were taken in consultation with the relevant Chief Officers.

The actions taken by the Council were accepted by the Information Commissioner, the ex-employee was arrested and cautioned by the Police, all data subjects were notified and a call centre was established to deal with further enquiries, and a successful publicity release was delivered outlining the actions taken by the Council.

## Data Loss

On 27<sup>th</sup> January 2009 a burglary took place at the Childrens and Young Peoples HQ (Progress House) in Wigan. During the burglary several laptops were stolen, one which was subsequently established to contain personal details of approximately 30,000 current and ex-pupils of Wigan schools.

The actions taken by the officer in downloading and retaining such information on mobile equipment was a clear breach of the Council's data protection and IT security policies and the officer has subsequently left Council employment.

Appropriate action has been taken including:-

- notifications to the information Commissioner
- letters to the parents of the affected children (data subjects)
- press release

Additional action is currently being assessed (senior officer working group chaired by Executive Director-Business Support Services) including:-

- assessment of policies and procedures in respect of all mobile data devices
- enhancements to LAN consent procedures to notify employees of policies and procedures
- determination of appropriate software solutions
- any additional matters subsequently raised by the Information Commissioner

## **Other Issues**

### Council Procedures – Chinagateway Development

Following a request by a local elector the Audit Commission investigated the robustness of the Council's procedures relating to the decision to sell land at Westwood Park for the Chinagateway development.

Although the Audit Commission concluded that there were no issues in respect of the specific decision to develop Westwood Park they did make recommendations aimed at improving certain general Council procedures relating to:-

- the content of press releases in advance of decisions being made
- clarification in the call-in procedural rules
- further clarity in dealing with complaints

All recommendations made by the Audit Commission were accepted by Council on 3<sup>rd</sup> September 2008.

### Child Care - Accidental Death

A 6 year old girl died as a result of burns received at a Barbeque whilst in her grandfather's care. Despite an Inquest and the police concluding that it was a tragic accident the father made complaints about the care given to the child and actions of staff who were supporting the family. Whilst it is accepted by all that the death did not occur as a result of abuse, it has been decided to hold a Serious Case Review and Management Review (which are ongoing) to ensure that any lessons that can be learnt will be identified and applied to future practice.

**Conclusion:**

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

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 external assessment categorisation.

**ANNUAL GOVERNANCE STATEMENT FRAMEWORK**

