

ANNUAL GOVERNANCE STATEMENT 2013/14

This statement from the Leader and the Chief Executive provides assurance to all stakeholders that within Merton Councils processes and systems have been established, which ensure that decisions are properly made and scrutinised, and that public money is being spent economically and effectively to ensure maximum benefit to all citizens of the borough.

1. Scope of responsibility

- 1.1. Merton Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Merton Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
- 1.2. In discharging this overall responsibility, Merton Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.
- 1.3. Merton Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.
- 1.4. This statement explains how Merton Council has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit Regulations 2011 which requires all relevant bodies to prepare an annual governance statement.

2. The purpose of the governance framework

- 2.1. The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 2.2. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of London Borough of Merton policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3. The governance framework has been in place at the London Borough of Merton

for the year ended 31 March 2014 and up to the date of approval of the annual report and statement of accounts.

3. The governance framework

- 3.1 The London Borough of Merton has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit & Investigations' annual report, and also by comments made by the external auditors and other review agencies and inspectorates
- 3.2 As part of this review a Corporate Governance steering group has been established and terms of reference agreed. Monthly meeting held and an evidence pack compiled to consider a combination of economy, efficiency and effectiveness factors, the results of this review are detailed in the six principles below and areas of improvement in section 13.

4. Principle 1: Focusing on the purpose of the authority and creating and implementing a vision

- 4.1 The Merton Community Plan has been developed by the Merton Partnership and sets the overall direction and vision for the borough until 2019. This is supported by the Council's Business Plan and Departmental Service Plans. These are reviewed and updated annually.
- 4.2 The Council's Business Plan 2014-18 sets out the following vision:

'By 2015 Merton Council will be smaller, reducing in size. Our top priority will continue to be to provide safe services of the best possible quality. Providing value for money services to our residents is at the heart of our business and we must be able to demonstrate that all of our services represent best value for money. We will do this by finding innovative solutions to maximise future efficiency.

We will deliver services that customers want and need and, where possible, involve our customers in service specification and design.

Delivering quality and value services in an era of significantly reduced resources will require strong and determined leadership. A single business view is essential to ensure a 'One Council' approach is followed in everything we do. Leaders at all levels will be visible and lead by example.

Change of this magnitude will only be achieved through a unified effort.

- **Get Involved!** – identify and implement improvements.
- **One team** – Directors, managers and staff have an equal part to play.
- **Learn** – from each other, our mistakes and from what our customers say.
- **Determination** – to try out new ideas'.

Performance management

- 4.3 The council has robust performance management arrangements in place and as part of the service planning process, performance indicators are challenged by the Business Planning team, Departmental Management Teams (DMT), Corporate Management Team, reviewed by members and Overview and Scrutiny.
- 4.4 Performance data on the service plan indicators are published on both the intranet and internet on a monthly basis. Progress on performance is regularly reviewed by DMTs and members
- 4.5 Review and challenge of PIs are established as part of service planning e.g. if PI this year is different from last years. Review and challenge with monthly, quarterly and annual returns e.g. monitor if changes markedly from prior measure. London Authority Performance Solutions provides current comparison data across London for approximately 30 Indicators – compare and challenge if our data changes markedly and report to Corporate Management Team - this is not published as agreed by constituent authorities
- 4.6 Performance reports on partnership working are produced for the Merton Partnership Executive Board.

Financial strategy and financial management

- 4.7 The council has approved a four year Medium Term Financial Strategy (MTFS) for the years 2014/15 to 2017/18, which is aligned and integrated with its business plan priorities, and incorporates the revenue and capital expenditure implications of budget proposals. The MTFS is reviewed, and rolled forward annually in order to ensure that the council's scarce resources are focused on achieving the council's vision, strategic objectives, and statutory functions as set out in the Business Plan.
- 4.78 Merton's financial performance is reported on a monthly basis to the Corporate Management Team, and action plans are prepared if any likely major variations are identified. Regular reports are made to the overview and scrutiny commission and panels, and to the council's cabinet. These are used to inform the MTFS process. Ongoing implications of current year spending pressures are incorporated into the MTFS and future years' budgets as appropriate.

Partnerships

- 4.9 The Merton Partnership – the local strategic partnership – is the overarching strategic partnership and is responsible for the delivery of the Merton Community Plan (the Sustainable Community Strategy). The Merton Partnership Governance Handbook and the Performance Management Framework set out the respective governance and performance management arrangements for the Merton Partnership, including the thematic partnerships sitting under the Partnership and Executive Board (namely the Health and Wellbeing Board, the Children's Trust, the Sustainable Communities and Transport Board, and the Safer and Stronger Strategy Group [which also serves as the Crime & Disorder Reduction Partnership]). The Merton Partnership

website is www.mertonpartnership.org.uk

- 4.10 The principles guiding the relationship and conduct between the Council and voluntary, community and faith sector is set out in the Merton Compact (last refreshed in 2011). The Merton Compact is monitored by the Compact Board, comprising representatives from Merton Council (political and officer), representatives from the voluntary, community and faith sector, and representatives from other public sector bodies, as well as the local Chamber of Commerce.
- 4.11 The Merton Community Plan was refreshed in 2013. This involved consulting over 1,000 residents, partner organisations and a wide range of representatives from the voluntary, community and faith sector. The Merton Community Plan sets out the achievements of the Partnership over recent years and priorities for the next five years.
- 4.12 The Council maintains a Partnerships Register which captures details of partnership bodies the Council is involved in that are outside the standing bodies of the Council, but which inform policy development or implementation. The Partnerships Register is reviewed annually to ensure it is up to date, and is published on the Council's intranet and website.

5 Principle 2: Members and Officers working together to achieve a common purpose with clearly defined function and roles

- 5.1 Elected Members are responsible for the governance of the council. The council's governance arrangements are enshrined in the constitution. Within this framework, the council is able to provide clear leadership to the community; take decisions efficiently and effectively; improve service delivery; and hold decision makers to account.
- 5.2 The constitution is updated regularly. Amendments are recommended to Council by the General Purposes Committee, following reference by the Chief Executive as the statutory Head of Paid Service, the Assistant Director of Corporate Governance, and the Standards Committee.

Delegations

- 5.3 The Council's constitution sets out the roles and responsibilities of the executive, non-executive, scrutiny and officer functions.
- 5.4 The functions of Council are set out in Article 4 of the constitution. These include responsibility for adopting and changing the constitution, policy framework and budget
- 5.5 Cabinet (Article 7) has responsibility for carrying out all of the Council's functions which are not the responsibility of any other part of the local authority.
- 5.6 Part 3B of the constitution sets out responsibility for non-executive council functions, including those carried out by Standards Committee, Appointments Committee, Planning Applications Committee, Licensing committee, Appeals Committee, General Purposes Committee and the Borough Plan Advisory

Committee.

- 5.7 Overview and scrutiny (Article 6 and Part 3B) discharges the functions conferred by the Local Government Act 2000, Local Government Act 2003, Health and Social Care Act 2001, Police and Justice Act 2006 and the Local Government and Public Involvement in Health Act 2007. Its operation is set out in more in section 6 of the report.
- 5.8 Except for matters reserved to members or other decision makers, all other matters relating to the Council's executive and non-executive functions are delegated to the Chief Executive.
- 5.9 The constitution includes a scheme of delegation that sets out the powers delegated to officers, and provides for Financial Regulations, Contract Standing Orders and a range of operational and departmental procedures which govern the council's discharge of its functions.
- 5.10 Statutory officers are documented within the constitution, The Chief Executive (Head of Paid Service) is documented in the constitution, and there is effective discharge of this role through his work with Members and Directors to deliver the council's themes.
- 5.11 The Monitoring Officer is in place and in accordance to the constitution is responsible for ensuring agreed procedures are followed and that all applicable statutes and regulations are complied with. During 2013/14 the monitoring officer was the main contact for the FID Whistleblowing investigation and co-ordinated the response to the external auditors reports as well as setting up a working group to ensure that recommendations are implemented

Chief Financial Officer

- 5.12 The authority's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).

Internal Audit

- 5.13 Internal Audit is an assurance function that provides an independent and objective opinion on the control environment. It operates to defined standards as set out in the Public Sector Internal Audit Standards. An external assessment was carried out in March 2014, which concluded that Merton's Internal Audit function complied with the standard.
- 5.14 An annual report is produced by the Head of Audit & Investigations which provides an opinion on the adequacy and effectiveness of the internal control environment.
- 5.15 A review has been undertaken on the 5 elements of the CIPFA statement on the role of the Head of Audit & Investigations in public sector organisations. These elements are all met.

6 Principle 3: Values of Good Governance and standards of behaviour

Codes of conduct

- 6.1 The Council has an Employee Code of Conduct that applies to all Council employees without exception, as well as to non-employees who are engaged (e.g. agency workers) or contracted by the Council. The summary code of conduct is available on the intranet, is given to all new members of staff and discussed as part of the induction process.
- 6.2 The Members' Code of Conduct is included in the Council's Constitution and includes the principles of public life and information on declaring and registering interests. Each year (after Annual Council) Members are asked to declare their interests and mechanisms are in place to update these regularly when there are changes.
- 6.3 The Standards Committee receives annual reports on gifts and hospitality declared by staff and Members.

Standards Committee

- 6.4 The Standards Committee has overall responsibility for corporate governance. The Committee is also concerned with the promotion and maintenance of high standards of conduct within the council; the enforcement of the Member Code of Conduct; and advising the council on ethical governance matters. The Committee monitors the registers maintained in relation to gifts and hospitality received by councillors and offered to and accepted by staff. The Committee comprises eleven members, three of whom are non-voting co-opted members.

General Purposes Committee

- 6.5 The Council operates an General Purposes Committee, that fulfils the role of an Audit Committee in accordance with CIPFA recommended best practice, and this committee has overall responsibility for ensuring controls are adequate and working effectively
- 6.6 This Committee is responsible for a range of non executive functions, including electoral matters and personnel issues. It also has responsibility for considering and making recommendations to Full Council on any changes to the Council's Constitution. Its functions include ensuring compliance with relevant laws and regulations, internal policies and procedures, and overseeing council accounts and audit activity.
- 6.7 A review was carried out on the effectiveness of the General Purposes committee against Cipfa's guidance, Audit Committees: Practical Guidance for Local Authorities. This found that the committee was meeting regularly and covered the range of governance issues, except risk management. Risk is however reported to Cabinet and overview and Scrutiny on a regular basis as well as to council on an annual basis as part of the business plan, therefore reliance could be placed on this.

7. Principle 4: Making transparent decisions which are subject to scrutiny and risk management

- 7.2 The council has an anti fraud and corruption strategy. Integral to these arrangements is the Whistleblowing Policy which is communicated to staff via the intranet, leaflets and posters to outbuildings. All Whistleblowing cases and action are reported annually to the General Purposes committee.
- 7.3 The council also participates in the National Fraud Initiative (NFI) a computerised data matching exercise, currently led by the Audit Commission, designed to detect fraud perpetrated on public bodies. Housing Benefit Matching to Department for Works and Pensions (DWP) records is also undertaken.
- 7.4 The Audit and Investigations teams merged in February 2014 to form the Audit & Investigation service. The merger will assist with future proactive fraud work and will help to co-ordinate the investigations of fraud and irregularity.
- 7.5 As part of Central Governments Single Fraud Investigation Service, all Housing Benefit fraud investigation work and staff undertaking this work will transfer to the Department for Work and Pension on the 1st November 2014. This means that all investigation staff are in scope to transfer. Arrangements are currently being made to ensure that a funding is available to undertake corporate fraud work.

Complaints

- 7.6 The Complaints policy is reviewed regularly to ensure on-going continuous improvement in how we deal with complaints. Complaints handling is included in departmental induction and specific training on how to respond positively to complaints has been provided to teams who have high volumes of complaints. Work is on-going with service departments in identifying Policy complaints so that they can be dealt with appropriately and also ensuring we learn from complaints. Performance is steadily improving with fewer complaints escalating to Stage 2. The council's performance in responding to complaints is published on the council's website via the performance monitoring dashboard and the annual complaints report is published on the council's website..

Transparency agenda

- 7.7 The council publishes most of the information specified by the government's Open Data requirements on the council's Open Data webpage. Work is in progress to publish the outstanding data of the council's organisation chart and the new requirements of the 2014 Transparency Code. The current data published on the council's website includes:
- Spending over £500
 - Senior employees' salaries
 - Job descriptions of senior staff
 - Pay multiple
 - Pay policy statement

- Payments to councillors – allowances and expenses
- Democratic data including the Constitution, minutes, decisions and election results
- The Business Plan, policies, performance, audit and inspections
- Finance data
- Link to Merton's contract register
https://www.londontenders.org/procontract/portal_contracts.nsf/fcontent?ReadForm&requesttype=view&requestview=authority&start=1&count=10&contentid=1.003
- Funding to the voluntary and community sector
- Top level staff structure
- List of property assets was published

7.8 The Protection of Freedoms Act 2012 places a number of duties on public authorities with the aim to simplify the complex procedures around the release of Government-held datasets so they can be requested and used by the public and published on a regular basis. To accompany the dataset provisions the Information Commissioner's Office has issued guidance. This advises that:

- when we disclose a dataset in response to an information request, this should be provided in an electronic format which is capable of re-use, whenever reasonably practicable,
- where we own the copy right we must license the dataset for re-use,
- we may charge a fee for licensing re-use of the data set,
- we have to make requested datasets available for re-use under our Publication Scheme, unless it is not appropriate to do so.

7.9 Merton Council publishes an Information requests disclosure log which gives brief details of the requests received that week under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004.

7.10 Under the Freedom of Information Act, a public authority must respond to a Freedom of Information (FOI) request within 20 working days. The council is measured against a corporate target of 90% FOI requests dealt with in time (Monthly in arrears). Performance has dropped slightly for 2013/14 in responding to FOI requests to 88.3% however there has been a 22% increase in the number of requests received. Performance is published on the council's website via the performance monitoring dashboard.

Risk management

7.11 Risk management is a central part of the organisation's system of internal control. The focus of the risk management strategy is to ensure the identification and treatment of risk as part of everyday management.

7.12 As part of the transformation process, the responsibility for risk management has been moved to the corporate Business Planning, to ensure risk management is embedded in all financial and service planning. The Corporate Risk Management Group (CRMG) meets quarterly to review and challenge the

risk registers and share best practice. Quarterly Key Strategic Risks are reported as part of the financial monitoring report to cabinet and overview and scrutiny and annually included as part of the business plan to Council

- 7.13 The corporate risk strategy was reviewed as part of the annual refresh of the Business Plan 2014-18, which is submitted to Council in March. The risk management strategy has been revised and streamlined. Changes include the wording of the risk scoring methodology, which now allows managers to make a more realistic assessment of their risks. The strategy also now makes reference to the authority's risk tolerance levels, to recognise that some risks can be tolerated and others must be mitigated against. Work has been undertaken with a "Risk Management" specialist through our insurance arrangement to review departmental and corporate risk registers, separating "risks" and "issues" and standardising classification.
- 7.14 Risk analysis is also included in the service review process, where managers are required to risk rate their proposed budget savings for the coming years

Policy and decision making

- 7.15 Policy and decision making is conducted within a leader and cabinet structure. The cabinet leads on the preparation of the council's policies and budget, and makes recommendations to the full council on the major policy plans and the budget and council tax. Where there is a relevant policy, the cabinet takes decisions within the adopted framework of plans and the procedural rules to implement them.
- 7.16 The constitution provides that the responsibility for the adoption and alteration of policy documents within the council's strategy framework lies with the full council. New policies and proposed changes are considered in the first instance by the General Purposes Committee, and are also subject to scrutiny
- 7.17 A forward plan of proposed key decisions is published and updated each time a new key decision is added to the list. This sets out details and the proposed timing of key decisions (as defined by law and Article 13 of the constitution) to be made by the council. The Council has introduced new processes in relation to reports containing exempt information in order to comply with The Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 which came into force on 10 September 2012

Overview and Scrutiny Commission and Panels

- 7.18 The Overview and Scrutiny Commission and Panels are responsible for holding the executive to account, influencing the decision making process, and shaping the development of new policy. Scrutiny oversees the development of the council's business plan and budget and takes an active role on financial and performance monitoring of council services. Three scrutiny panels cover all portfolios, and all areas of council activity. The Commission comprises fourteen members, four of whom are co-optees. The chair of the Commission is the leader of the Merton Park Ward Independent Resident Group.
- 7.19 The External Scrutiny Protocol sets out scrutiny powers, duties and responsibilities of the council and its partners. The protocol seeks to ensure all

partners, statutory and non-statutory, adhere to the same principles for effective scrutiny, provide information, consider recommendations and respond to the relevant overview and scrutiny panel within an agreed time frame. The protocol forms part of the council's constitution.

- 7.20 The key principles of scrutiny in Merton, set out in the scrutiny handbook, are that it should be member-led, consensual, evidence-based and relatively informal. The handbook also contains advice for councillors and officers on their respective roles, guidance and practical steps on how to achieve successful scrutiny. It is based on experience of scrutiny in Merton, best practice research and examples from other local authorities.
- 7.21 Under the Council's constitution an annual report is presented to Council, outlining the work of the overview and scrutiny function over the course of the municipal year. This is used as an opportunity not only to showcase the work carried out but also to demonstrate some of the outcomes achieved and the ways in which local residents have been involved in scrutiny.

Health and Safety

- 7.22 The council's safety management system ensures compliance of employers under the Health and Safety At Work Etc Act 1974, The Management of Health and Safety At Work Regulations 1999 and all sister regulations.
- 7.23 Primary functions are to
- Promote good health and safety practice across the council,
 - Develop and implement corporate policies and guidance to safeguard the health, safety and welfare of the Council's employees, clients, and members of the public and other persons.
 - Provide departmental management teams with suitable systems and procedures to ensure compliance with their duties under the legislation.
 - introduce priority action and follow-up processes as part of the inspection and audit program ensures that resources are directed to dealing with the more important items first.

Civil Contingencies, business continuity and emergency planning

- 7.24 There has been a sustained period of change within civil contingencies and emergency management. Since 2012 the London resilience structure underwent several changes, with resilience moving under the remit of London's Mayor and City Hall. Changes to the London arrangements saw the implementation of Borough Resilience Forums as statutory bodies delivering resilience at the local level and during the last year the inclusion of Public Health to the agenda and public risk registers. The revision of the Minimum Standards for London during 2013 placed increased responsibility on local authorities to self regulate and provide greater resilience on supporting community cohesion

and community recovery post incident. This increase in workload has come with no additional resource.

- 7.25 Safety Services has undertaken a full review of all disaster and business continuity plans with departments. A process of reviewing business impact assessments was undertaken with Business Partners and CMT agreed a structure of criticality for recovery. The revision also included a disaster recovery framework which has been developed with IT to enable the critical services to function within prescribed timescales as part of a recovery process. The revised strategic and departmental arrangements have been agreed by CMT in May this year and are published on the intranet. During this coming year the plans and departmental arrangements will be tested as part of the on-going assurance to London Resilience Team that Merton is compliant with Civil Contingencies both at a local level and as part of the London resilience planning process.

8 Principle 5: Developing the capacity of members and officers to be effective

- 8.1 Members – A members’ development plan is in place. Induction training is provided for all new and existing members. In preparation for the May – Local elections a series of workshops will be designed and delivered to support new members. The workshops will include. Overview of the Council, standards and ethics, information security and managing casework, the role of a Councillor; introduction to overview and scrutiny, introduction to finance, safeguarding community leadership, licensing, planning, risk management and the importance of developing personal development plans.
- 8.2 In addition to the induction topics covered above; in house sessions will be arranged to explain specific items i.e. Housing Benefits, Public Health. Generic training will be provided to include public speaking, understanding equalities, using social media, IT skills, speed reading, chairing meetings, influencing skills, personal organisation, personal safety – this is not an exhaustive list. Personal Development Plans will be put in place for all members and these will be reviewed on an annual basis to ensure learning needs are met and other areas for development identified.
- 8.3 Officers – All council employees (except those on probation) will have an annual appraisal. Training needs are identified through staff appraisals and training can now be booked on the council’s iTrent System. The Council has Induction workshops throughout the year for new starters and for employees who change their roles. There is a managers’ induction session for managers new to the Council or new to role. Training is available for all staff to ensure they have the skills and knowledge to undertake their role. The management behaviours have been included in the appraisals for Departmental Management Teams and Leadership team for 2014/15 with the view to rolling it out to other management grades after the appraisal analysis.

9. Principle 6: Engaging with local people and stakeholders

- 9.1 A wide range of communications channels are used by the council to target different audiences. The Council magazine, My Merton, is delivered to every household in the borough four times a year. The Council also uses online and social media channels to target different audiences. Some services have developed bespoke communication channels to reach particular target audiences.
- 9.2 A wide range of engagement forums are used, some led by the council, others by the community, to communicate the council's vision and to consult local people, for example the Interfaith Forum, LGBT Forum, BAME Forum, Involve, Community Forums, Youth Parliament, and Young Advisors
- 9.3 The council follows the principles for engagement agreed by the Merton Partnership in 2010 as part of the Get Involved - Community Engagement Strategy. These principles let residents know what they can expect from council consultations and they are invited to report on occasions when consultations fall short of these expectations.
- 9.4 All our consultations and many of our partner's consultations are listed in our online database. Residents and stakeholders can sign up for alert emails to be updated when new consultations are in place on the system so they can find out how to get involved.

10. Other areas of corporate governance and assurances

- 10.1 A review of the effectiveness of the governance arrangements for the council have been carried out also using the following areas:
- Performance management
 - Internal Audit
 - External Audit
 - Risk management
 - Other Inspection Reports
- 10.2 This evidence has been considered by the Steering Group as the review of effectiveness of the Corporate Governance Framework and Internal Control. The external audit review and Internal Audit Annual Report (see Appendix A).
- 10.3 External Audit Value for money review – Good Governance framework for local government include the following supporting principle 'ensuring that the authority makes best use of resources and that tax payers and service users receive excellent value for money'.
- 10.4 Comments on the 2012/13 accounts were
- 'We did not identify any areas which would lead to qualifying the economy, efficiency and effectiveness criteria
- We did not identify any areas which would lead to qualifying the financial resilience criterion.'

External Audit review on Whistleblowing allegation

- 10.5 External Audit completed a review of a Whistleblowing allegation late 2013 early 2014, into possible corruption. The review found no evidence of corruption but made a number of recommendations in relation to the procedures for appointing interim staff, regular review of their appointment, procedures for exemptions to Contract Standing Orders and procedures relating to declaring staff relationships. A working group was established to put these recommendations in place and the AGS working group will follow progress on these as part of the improvement plan for 2014/15.
- 10.6 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Corporate Governance working group to the General Purposes committee that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below

11. Follow up of 2013/14 Improvement Plan

- 11.1 The working group reviewed progress on the actions from the AGS review of 2012/13, which resulted in an improvement plan for 2013/14. There were ten recommended improvement actions, of which 6 have been completed, one resulting in a further action (compliance software) leaving 5 actions to carry forward to the 2014/15 improvement plan. These are detailed below

Proposal for improvement	Action taken
<p>Business Continuity Plans and Business Impact Assessments To update all Business Continuity Plans and to ensure that Business Impact assessments have been completed</p>	<p>Completed The strategic business continuity plan and corporate services business continuity plan have been agreed at CMT and are published on the Merton intranet. Disaster recovery arrangements with LB Wandsworth are in place and will continue to develop towards a fully automated process over the coming year. This does not affect the implementation of the plan or the recovery of services but is a continued development of IT process</p>
<p>Financial regulations and procedures To review and update</p>	<p>Carry forward to 2014/15 Improvement Plan These amendments will go as part of the constitution amendments in October 2014 to Standards Committee and to General Purposes Committee in November 2014 for approval.</p>
<p>Scheme of Delegations To develop and implement a new template and guidance to simplify, streamline and ensure consistency</p>	<p>Completed The new approach and template agreed by CMT for the departmental schemes of management has been implemented. These are shorter, simpler and standardised. All departments published revised new-look schemes by end November 2013</p>

<p>Declaration of Interests On-Line form New on-line form for staff to complete their annual returns. This will include declaration of staff relationships</p>	<p>Carry forward to 2014/15 Improvement Plan New on-line form has been designed and has been tested. Guidance has been issued to Directors and staff guidance has been revised and will be issued when the on-line form is ready for launch. The online system has been delayed as the Personal Relationships Policy is currently being reviewed</p>
<p>Establish a Partnership Register for the Council</p>	<p>Completed A revised Partnership Register was established in July 2013 building on the last review in 2009. This has now been published on the Council's intranet pages under Plans and Strategies. In May 2014 the Partnership Register was also published on the Council's website at http://www.merton.gov.uk/council/partnerships.htm. The Policy, Strategy and Partnerships Team as updated the Partnership Register again in July 2014 and will do annually thereafter.</p>
<p>Update Policy Register</p>	<p>Completed Due to the delay in implementation of compliance software, a Policy Register for the council was developed in 2013 and is published on the Council's intranet pages under Plans and Strategies. In May 2014 the information presented in the Policy Register was also published on the Council's website at http://www.merton.gov.uk/council/plansandpolicies.htm. The Policy, Strategy and Partnerships Team will update the Policy Register again in July 2014 and annually thereafter. Carry forward to 2014/15 Improvement Plan The roll out of compliance software to assist in ensuring compliance for operational policies is currently in progress. There has been some delay due to compatibility issues with Wyse terminals, but this has now been resolved. The Head of Policy, Strategy & Partnerships has taken on responsibility for overseeing roll out and met with the compliance software suppliers in May 2014 to have a demonstration of the system. A revised roll out plan is in development.</p>
<p>Performance and Risk Management System To implement a new performance management system to improve the monitoring of targets</p>	<p>Completed <u>Performance Management</u> Corporate and Service Planning Indicators are monitored on the new Covalent System. This has greatly improved reporting flexibility. <u>Risk Management</u> Risk registers have been transferred onto the Covalent System</p>

<p>Management behaviours To roll out the management behaviour system for all managers to ensure a consistent and suitable level of competency</p>	<p>Carry forward to 2014/15 Improvement Plan Management behaviours will be rolled out to managers across the organisation. The behaviours have been included in the 2014/15 appraisal process for DMTs and Leadership teams. The Council has used the 360-degree feedback for these tiers to identify strengths, development and gaps to inform the 2014 appraisal and learning development needs.</p>
<p>Transparency Agenda To publish the remaining requirements of the DCLG Code of Recommended Practice for Local Authorities on Data Transparency</p>	<p>Carry forward to 2014/15 Improvement Plan A new Transparency Code was published by the DCLG in May 2014, and publication of much of the information it covers will become mandatory. The Information Governance Team is working with HR and other relevant teams to meet the updated requirements of the new Code, including where possible, publishing some of the information which is recommended but not mandatory.</p>
<p>Workforce Development Strategy To complete the strategy in relation to succession planning</p>	<p>Completed The Workforce Strategy Board has produced a draft workforce strategy. This has been presented to DMT and CMT who provided comments and approved the draft. The workforce strategy was then presented and approved by the Merton 2015 Board in June 2014. The strategy will be implemented to support the 'change programme' in the organisation.</p>

12. Assurances by Directors and Heads of Services

- 12.1 All heads of services have completed self-assessment questionnaires on corporate governance and internal control. These are reviewed and signed off by the appropriate director.
- 12.2 No major weaknesses in Corporate Governance and Internal Control were identified from the self-assessments however the following key areas of development/improvement were identified:

Children, School and Families

- Further work on-going in relation to establishing the Youth Partnership in Mitcham
- As the EYCC Locality arrangements are embedding further work is on-going to support robust self-evaluation and planning linked to analysis
- Work being planned to deliver a 0 -25 SEND service in collaboration with Adult Services – this is in line with legislation in the Children and Families Act 2014

Environmental and Regeneration

- Governance arrangement being developed for new waste disposal contracts – 3rd phase on-going. (Merton is the lead in partnership with 3 other boroughs)

- Divisional risk registers to be established for street scene and waste.
- Highway assets management plan is on-going- procurement later this year
- Traffic & highways moving to sustainable communities – need improved partnership between this and Future Merton
- Constant review of non-statutory fees as well as work undertaken to implement recommendations of any relevant audit reports
- Considering appointment of H&S champions within the division.

Community and Housing

- A major planning and re-design process is currently underway across ASC to prepare for the Care Act 2014 implementation in April 2015
- Currently all services are increasing the use of volunteers in connection with MVSC, MENCAP and other groups.
- Ongoing review of partnership arrangements. Re-procurement of security and self-service contracts in the next 18 months

Corporate Services

- A corporate asset database is being developed to hold all of the Council's property related information in respect to operational and non-operational assets.
- Further improvements in frequency and quality of reconciliations are planned for 2014/15 and these measures are integral to the replacement of financial systems.
- There are plans to review the feasibility of a four-borough HR service
- Single Fraud Investigation Service – transfer of investigation staff. Setting up an anti fraud function.
- Volunteering project to support service users to manage their money effectively– MSVC

12.3 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the General Purposes committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below'.

13. Significant governance issues (Improvement Programme 2014/15)

13.1 The improvement actions below have been identified as a result of the review carried out. Progress will be followed up during 2014/15 and reported to General Purposes committee.

Action	Lead	Proposed completion date
To review and update Constitution including financial regulations and procedures	Assistant Director of Corporate Governance and Joint Head of Legal Services/ Head of Business Planning	March 2015
Strengthen compliance systems by rolling out compliance software Roll out compliance software to assist in ensuring compliance with operational policies	Head of Policy, Strategy & Partnerships	December 2014
Declaration of Interests On-Line form New on-line form for staff to complete their annual returns. This will include declaration of staff relationships	Head of Human Resources	November 2014
Management behaviours To roll out the management behaviour system for all managers to ensure a consistent and suitable level of competency	Head of Human Resources	June 2015
Transparency Agenda To publish the remaining requirements of the DCLG Code of Recommended Practice for Local Authorities on Data Transparency	Head of Information Governance	December 2014
Implement External Audit recommendations in the Whistleblowing report in relation to the procedures for the appointment of interim staff, reviews, and exemptions to CSO and staff relationship policy.	Head of Human Resources/Head of Commercial Services	December 2014
Shared Services – review of governance arrangements of each shared service including how FOIs are managed	Joint Head of HR and Heads of Shared Services	March 2015

13.1 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: _____ **Leading Member**

Signed: _____ **Chief Executive**