

## ANNUAL GOVERNANCE STATEMENT 2014/15

This statement from the Leader and the Chief Executive provides assurance to all stakeholders that within Merton Council 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 the 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 2015 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 & Investigation's 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 meetings have been 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 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 2015/16 to 2018/19, 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.
- 4.8 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. Quarterly reports are submitted to the Financial Task Group a sub-group of the Overview and Scrutiny Committee to review the Authority's financial position. 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](http://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. An internal Audit review of the governance arrangements for partnership received a satisfactory assurance. Recommendations made are in progress for implementation.

## **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 detail 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. These have all been reviewed and updated during 2014/15 except for Community & Housing (last refreshed in 2012).
- 5.10 Statutory officers are documented within the constitution. The Chief Executive (Head of Paid Service) works with members and Directors to deliver the council's themes.
- 5.11 The Monitoring Officer is responsible for ensuring agreed procedures are followed and that all applicable statutes and regulations are complied with.

#### **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. The code of conduct is currently in the process of being reviewed.
- 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. An internal Audit review in 2014/15 on member's declaration of interest has recommended that the council's current policy is reviewed; a report is being presented to members to consider this.
- 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 a 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**

- 7.1 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.
- 7.2 The council also participates in the National Fraud Initiative (NFI) a computerised data matching exercise, currently led by the Cabinet Office (from 1/4/15) designed to detect fraud perpetrated on public bodies.
- 7.3 As part of Central Government Single Fraud Investigation Service, all Housing Benefit fraud investigation work and staff undertaking this work transferred to the Department for Work and Pension on the 1<sup>st</sup> November 2014. Merton joined the five borough fraud partnership led by Wandsworth Council from April 2015.

### **Complaints**

- 74 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, 5.47% for 2014/15 compared to 8.33% in 2013/14. The council's performance in responding to complaints is reported to the Corporate Management team on a monthly basis and also published on the council's website via the performance monitoring dashboard and the annual complaints report is also published on the council's website.

### **Transparency agenda**

- 7.5 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 staff earning over £50k
  - Pay multiple
  - Pay policy statement
  - Payments to councillors – allowances and expenses
  - Councillors attendance at meetings
  - Democratic data including the Constitution, minutes, decisions and election results

- The Business Plan, policies, performance, audit and inspections
- Finance data and counter fraud statistics
- Merton's contract register
- Funding to the voluntary and community sector
- Structure charts
- Parking income and expenditure
- Details of on-street and off-street parking spaces
- List of property assets
- Trade union activity

7.6 The Protection of Freedoms Act 2012 requires the council to publish datasets that are requested.

7.7 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.

7.8 Under the Freedom of Information (FOI) Act, a public authority must respond to an FOI within 20 working days. The council is measured against a corporate target of 90% of FOI requests dealt with in time. Performance has dropped slightly for 2014/15 in responding to FOI requests to 87.37%. Performance is reported to the Corporate Management team monthly and is also published on the council's website via the performance monitoring dashboard.

### **Data Security**

7.9 The council has established processes to manage the risk of the loss of personal data, of which a significant amount is held across many business areas. The processes include mandatory training for staff, publication of guidance and an Information Security Policy. Prompt reporting of any security incident is required to enable appropriate remedial action to be taken. Each reported incident is followed up by the Information Governance Team to ensure that any lessons learnt are quickly deployed. The Head of Information Governance will decide whether cases are to be reported to the Information Commissioner's Office, and no cases reported during 2014/15 have resulted in any sanctions or monetary penalties against the council, due to the effectiveness of the policies and procedures that are in place.

7.10 The council's progress towards more flexible working has brought new challenges for the security of the personal data that we use, and the team constantly revises the content of the weekly staff bulletin items to give guidance about the latest risks and issues.

### **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 The Corporate Risk Management Group (CRMG) meets quarterly to review and challenge the risk registers and share best practice. Key Strategic Risks are



reported quarterly 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 2015-19, which is submitted to Council in March. . The strategy 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. An internal Audit review carried out in November 2014, provided a satisfactory assurance.
- 7.14 Risk analysis is also included in the service review process, where managers are required to risk rate their proposed budget savings and service level projects 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
- 7.18 Council, on 19 November 2014, considered and agreed procedures for recording and publishing non-key delegated executive decisions to comply with the statutory requirement under the Openness of Local Government Bodies Regulations 2014. Council agreed a definition for these decisions and also agreed that, as well as being published, all such decisions made should be subject to call-in to allow greater openness and transparency. Council officers have been briefed on the new requirements, guidance notes and forms have been published on the intranet. The decisions themselves are published on the website.

## Overview and Scrutiny Commission and Panels

- 7.19 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.
- 7.20 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.
- 7.21 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.
- 7.22 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

- 7.23 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.
- 7.24 Primary functions are to
- Promote good health and safety practice across the council,
  - Implementing and monitoring arrangements for Managing Asbestos 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.
- Produce an annual report to CMT updating them on audits and training completed, impacts of any changes to legislation and general state of H&S across the council. Including information on emergency planning and business continuity.

### **Civil Contingencies, business continuity and emergency planning**

- 7.25 There has been a sustained period of change within civil contingencies and emergency management. 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. As part of the pan London arrangements the MSL's will be peer reviewed this year.
- 7.26 Following the delivery of Business Continuity training to Managers and staff of critical services Safety Services has started testing the business continuity plans and departmental arrangements 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.
- 7.27 Following two years of review of the council's business continuity arrangements and alignment with the DR plan more robust BC plans are now in place and tested. These plans are now undergoing an internal audit review and will implement any recommendations when received.

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

- 8.1 Members –A members' development plan is in place and this is adapted to meet arising needs. Induction training is provided for all new and existing members. In May last year Local elections a series of workshops were designed and delivered to support new members. The workshops included: 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 were 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 are in place for 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 to all staff to ensure they have the skills and knowledge to undertake their roles. The management behaviours have been included in the appraisals for the Collective Departmental Management Teams for 2015/16 with the view to rolling it out to other management grades after the appraisal analysis in September to coincide with the launch of the Council's vision.

## **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 and refreshed in 2014 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.

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 from external audit on the 2013/14 accounts were

‘In accordance with guidance issued by the Audit Commission, in 2013/14 our conclusion was based on two criteria:

- ▶ The organisation has proper arrangements in place for securing financial resilience; and
- ▶ The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness.

We reviewed the Council's systems and processes relevant to both criteria and we had no issues to report. We issued an unqualified value for money conclusion on 19 September 2014. Our audit did not identify any significant matters.’

10.5 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 2014/15 Improvement Plan

11.1 The working group reviewed progress on the actions from the AGS review of 2013/14, which resulted in an improvement plan for 2014/15. There were ten recommended improvement actions, of which 1 has been completed, 6 actions to carry forward to the 2015/16 improvement plan. These are detailed below

Action	Action Taken
<p><b>To review and update Constitution including financial regulations and procedures</b></p>	<p><b>Carry Over</b>            The constitution has been reviewed and updates are being considered by members at the Council meeting July 2015 in relation to the declaration of non-pecuniary interest requirements and standing orders in relation to the employment of statutory officers.(carry forward)</p> <p>The financial Regulations have been updated and these went to Standard in October and General Purpose’s and Council in November (complete). The financial Procedures will be updated by October 2015 (carry forward).</p>

<p><b>Strengthen compliance systems by rolling out compliance software</b> Roll out compliance software to assist in ensuring compliance with operational policies</p>	<p><b>Carry forward</b> This is currently being procured and will include the following key policies:</p> <ul style="list-style-type: none"> <li>• IT Policy</li> <li>• Code of Conduct for Employees (including discipline and disciplinary rules)</li> <li>• Sickness absence reporting</li> <li>• Equality and diversity policy</li> <li>• Health &amp; Safety policy</li> <li>• Information Governance Policy (including Data Protection and Freedom of Information)</li> </ul> <p>The system will be implemented by 30 November 2015</p>
<p><b>Declaration of Interests On-Line form</b> New on-line form for staff to complete their annual returns. This will include declaration of staff relationships</p>	<p><b>Carry forward</b> This is ready to be rolled out and a pilot test is due to be undertaken in July 2015, with full roll out by September 2015.</p>
<p><b>Management behaviours</b> To roll out the management behaviour system for all managers to ensure a consistent and suitable level of competency</p>	<p><b>Carry forward</b> This has continued at Department Management level for 2015 appraisals. This will be rolled out in September 2015.</p>
<p><b>Transparency Agenda</b> To publish the remaining requirements of the DCLG Code of Recommended Practice for Local Authorities on Data Transparency</p>	<p><b>Complete</b> Head of Information Governance Many of the sets of information required by the mandatory requirements in the Code have been published. There are still some issues with tidying up the property and HR data in their new formats, and finalising what is required in respect of contract information and procurement card data. However, no complaints have been received about missing information. This is on-going but will be closed.</p>

<p><b>Implement External Audit recommendations in the Whistleblowing report</b> in relation to the procedures for the appointment of interim staff, reviews, and exemptions to CSO and staff relationship policy.</p>	<p><b>Completed</b>  <u>Comments from Head of HR</u>  A range of actions of been implemented to reflect the recommendations made by Ernst and Young and agreed by GPC in March 2014:</p> <ol style="list-style-type: none"> <li>1) Council officers should report all interim placements to the HR function – a database has been established and is regularly maintained and updated by HR, and cross-referenced with departments for accuracy. Details of the database have been reported to GPC meetings over the past year.</li> <li>2) HR should challenge departments in their use of interim appointments, the charge rates, and to ensure external recruitment is considered. Regular monthly meetings are held by HR with DMT's to review the database of interim appointments and to challenge accordingly.</li> <li>3) HR should be involved in any recruitment process including interims. HR retains control of all interim appointments and issuing of contracts of employment/ placement contracts. The recruitment and selection procedure has been amended to reflect the need for HR to be involved in all interim placements and HR maintains control through the central register as set out in 1) above.</li> <li>4) The Council should review its interview process to include interim appointments.</li> <li>5) The Council's procedure has been amended to reflect that all interim placements should be interviewed.</li> <li>6) The Council should review its policy on personal relationships at work. The policy has been re-drafted and approved by CMT.</li> </ol> <p><u>Comments from Head of Commercial Services</u>  I was a member of the working group which was set up following the Whistleblowing Report. The action on me was to review and revise the procedure for exemptions. This I have done and the revised form has been through GP and will be uploaded onto the Procurement intranet site shortly</p>
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<p><b>Shared Services –</b> review of governance arrangements of each shared service including how FOIs are managed</p>	<p><b>Carry forward</b> The Council's Commission established a task group review of shared services in March 2015 to examine a range of examples of shared services provision and report back in July 2015. This task group is intended to be the first in a series of task group reviews that will help scrutiny members to understand the different models of service provision and to identify the best approach to scrutinising each model.</p> <p>The Head of Information Governance liaises with neighbouring boroughs regarding how any complex or contentious FOIs are managed when they relate to any of the council's shared services</p>
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## 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

- Implementation of the Children's Act
- Delivery of TOM's and continuous improvement plans.

### Environmental and Regeneration

- Improvements being led by newly established Procurement Board which has included reviewing and improving contracts register. Training is being rolled out which will include details of new "remedies" legislation. Established Departmental Operational Procurement Group chaired by HOS (SSW). Work to further extend arrangements across Department
- Governance arrangements are being developed for new contracts arrangements for waste disposal and treatment as this is being procured in partnership with three other Council's Merton is the lead authority in this respect. This is continuing with the second phase and third phase Governance arrangements in place comply with Scheme of Delegation and CSD
- Map under review processes being streamlined. Development of TOM's plus implementation plans on target. TOM refresh planned for 15/16
- The agreement of collaboration will be reviewed periodically, especially with the expansion of the Shared Regulatory Services Partnership. The Joint Committee will continue to meet 3 or 4 times a year.
- IT systems which manage customer interactions, are currently under



review within the council in order for the council to use one system to deliver a seamless customer interaction and improve overall service delivery and customer information

- To review asset system of borough litter bins locations with highways ensuring all data is recorded and sections, waste and highways have access to the information. Specification for a new asset management system is currently being developed with a view to procurement later this year
- Improve cross section working with debt control/transactional services to minimise commercial waste outstanding invoices
- Plans to make great use of IT systems to encourage greater community engagement.
- The introduction of new systems for customer contact and CRM will significantly enhance and improve processes plus Love Clean Streets app for streamline reporting
- Performance meetings to have a greater emphasis on improvements actions.
- New IT systems in Waste to track performance through on-line dashboard

#### Community and Housing

- Refreshment of the Information Security Training will be undertaken this year
- Review policies and procedures within adult social care to comply with Care Act and other developments
- Consultation regarding library developments (Donald Hope and West Barnes).
- Ensuring capacity in procurement to avoid a repeat need for widespread exemption reports
- Full Review of Business Continuity Plan this coming year.

#### Corporate Services

- Open Data to be published promptly
- Implementation of TOM projects.
- Extend corporate asset management system to include all of the councils non-operational properties
- Currently reviewing the current free visitor Wi-Fi arrangements to identify opportunities to improve accessibility to services.
- Customer contact project to include various aspects to streamline contact with customers including self-service.
- New Financial system due from April 16
- Shared Internal Audit Service from October 2015

- HR -\_Work is being undertaken with our software supplier to embed the scheme within management processes through our payroll and employee record database
- Follow up on DBS audit and findings

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 2015/16)

13.1 The improvement actions below have been identified as a result of the review carried out. Progress will be followed up during 2015/16 and reported to General Purpose's committee.

Action	Lead	Proposed Completion date
<b>To review and update Constitution including CSO and financial procedures</b>	Head of Democracy Services and Head of Commercial Services and Head of Business Planning	October 2015
<b>Members Declaration of Interest.</b> To review the current arrangements to consider extending the requirements to declare links to voluntary sector etc.	AD Corporate Governance	July 2015
<b>Potentially Violent Persons</b> The Policy on dealing with potentially violent people is currently under review by the Information Governance team, in conjunction with Health and Safety. This is to ensure that the policy complies with the Data Protection Act, specifically the ICO guidance on how to manage any PV markers on records.	Head of Information Governance	October 2015
<b>To review and update financial procedures</b>	Head of Business Planning	October 2015
<b>Strengthen compliance systems by rolling out compliance software</b> Roll out compliance software to assist in ensuring compliance with operational policies	Head of Policy	November 2015

<b>Declaration of Interests On-Line form</b> New on-line form for staff to complete their annual returns. This will include declaration of staff relationships	Head of HR	October 2015
<b>Management behaviours</b> To roll out the management behaviour system for all managers to ensure a consistent and suitable level of competency	Head of HR	March 2016
<b>Shared Services</b> – review of governance arrangements of each shared service including how FOIs are managed	DMT/Business Partners- co-ordinated through the Head of Democracy	March 2016
<b>Disclosure &amp; Barring Service (DBS)</b> To carry out a full review of all staff to be DBS checked to ensure they are done and to implement audit recommendations	Head of HR	July 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**

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