

ANNUAL GOVERNANCE STATEMENT 2015/16

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 6(1b) of the Accounts and Audit Regulations 2015 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 2016 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 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 2015-19 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 years 2016/17 to 2019/20 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

- 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 Since October 2015 Merton joined the 4 borough Audit Partnership with Richmond, Kingston and Sutton. Wandsworth are due to join in October 2016, and the audit and investigation service merged to one partnership.
- 5.14 An annual report is produced by the Head of Audit 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 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.
- 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.

6.8 The Standards Committee and General Purposes Committee, in reviewing their work programmes during 2015/16, have both suggested that a merger would be a more efficient use of time given that there is some duplication in terms of reports received. The political groups were consulted and agreed that a merger should be recommended to a meeting of Council. Council, at its meeting on 18 May 2016, have agreed to merge the committees to form a new Standards and General Purposes Committee. The committee will review its terms of reference during 2016/17.

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, led by the Cabinet Office to detect fraud perpetrated on public bodies.

7.3 From April 2015 Merton joined the five borough fraud partnership led with Wandsworth, Richmond, Kingston and Sutton. This service will join with the shared audit partnership in October 2016.

Complaints

7.4 The Complaints policy is reviewed periodically to ensure it remains relevant and supports improvement in the way the council deals with complaints. New staff are introduced to effective complaints handling through their departmental inductions; and training and advice is provided to those teams which regularly deal with complaints.

7.5 Work is on-going with service departments to identify policy complaints so departments can deal with them appropriately. Departments receive feedback to help them identify areas for improvement and departmental actions are monitored to assess whether changes that are made make a difference. The number of complaints received by the council has increased in the past year with 20% more complaints received between 2014/15 and 2015/16. Performance over the same period shows 7% of complaints were escalated to Stage 2, compared with 5.5% in 2014/15.

7.6 The council's performance in responding to complaints is reported to the Corporate

7.7 Management team on a monthly basis and is published on the council's website via the performance monitoring dashboard. An annual report on complaints is presented to the Standards Committee of the council and is published on the council's website.

Transparency agenda

7.8 The council publishes the information specified by the government's Open Data requirements on the council's Open Data webpage. Work to publish the council's organisation chart was completed in April 2016. 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

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

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

7.11 Under the Freedom of Information (FOI) Act, a public authority must respond to an FOI requests within 20 working days. The council is measured against a corporate target of 90% of FOI requests dealt with in time .Performance in responding to FOI requests within the 20 day deadline has dropped slightly for 2015/16 to 84.5%. 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

7.12 The council holds a significant amount of personal data across its many business areas and has put in place actions to manage the risk of possible loss of this data. These include mandatory training for staff, publication of guidance and an Information Security policy. Staff are required to report any security incident promptly so it can be investigated and appropriate remedial or mitigating action can be taken. Each reported incident is followed up by the Information Governance Team to identify lessons to be learned and to make

changes to reduce the risk of data loss in future. The Head of Information Governance will decide whether to self-report an incident to the Information Commissioner's Office. Of the incidents reported during 2015/16, none have resulted in any sanctions or monetary penalties being levied against the council, reflecting the effectiveness of the policies and procedures that are in place.

- 7.13 The council's progress towards greater flexible and mobile working has brought new challenges for the secure handling of personal data. Staff using mobile technology must have a current pass in their online security training and are provided with a guidance booklet on good practice in handling personal information on a mobile device. The team revises the content of weekly good practice tips in the staff bulletin items to give guidance about the latest risks and issues.

Risk management

- 7.14 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.
- 7.15 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
- 7.16 The corporate risk strategy was reviewed as part of the annual refresh of the Business Plan 2016-20, 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.
- 7.17 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

- 7.18 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.
- 7.19 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

- 7.20 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. It includes 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
- 7.21 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

- 7.22 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 fifteen members, five of whom are co-opted. The chair of the Commission is the leader of the Merton Park Ward Independent Resident Group.
- 7.23 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.
- 7.24 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.
- 7.25 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

- 7.26 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.
- 7.27 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

- 7.28 The Councils Civil Contingencies planning arrangements ensures that the council's plans for responding to an emergency within the borough are current and promulgated throughout the departments to enable a robust response to any incident.
- 7.29 Ensuring the Councils Business Continuity arrangements are current and fit for purpose to enable the council to continue to deliver services during an incident affecting its own infrastructure and staff.
- 7.30 Ensuring that all Emergency Planning and Business Continuity arrangements are tested and exercised periodically across all departments and with external partners where necessary.

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).

10.4 Comments from external audit on the 2014/15 accounts were:-

‘We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2014, as to whether the Authority has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2014, we are satisfied that, in all significant respects, Merton Council put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2015’.

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 2015/16 Improvement Plan

11.1 The working group reviewed progress on the actions from the AGS review of 2014/15, which resulted in an improvement plan for 2015/16. There were eight recommended improvement actions, of which 4 has been completed, 4 actions to carry forward to the 2016/17 improvement plan. These are detailed below:-

Action	Action Taken
Members Declaration of Interests	Complete The current arrangements have been reviewed to extend the requirements to declare links to voluntary sector etc. This was agreed by GP committee in September 2015.
Potentially Violent Persons	Carry forward The policy has been updated in line with Data Protection Act and ICO guidance. Process needs to be put in place with new core systems.
To review and update financial procedures	Carry forward The financial Procedures are in the process of being updated and will dovetail into the new financial system. The new financial procedures will be presented at the next standard/GP committee and then onto Council
Strengthen compliance systems by rolling out compliance software Roll out compliance software to assist in ensuring compliance with operational policies	Closed A more cost effective method of encouraging compliance with policies has been put in place. this include regular staff bulletins, information on the intranet and sign off from the Heads of service/AD's on the annual self-assessments that staff are kept informed of the following policies:- <ul style="list-style-type: none"> • IT Policy • Code of Conduct for Employees (including discipline and disciplinary rules) • Sickness absence reporting • Equality and diversity policy • Health & Safety policy • Information Governance Policy (including Data Protection and Freedom of Information)
Declaration of Interests On-Line form New on-line form for staff to complete their annual returns. This will include declaration of staff relationships	Carry forward This is ready to be rolled out and a pilot test is due to be undertaken in September 2016, with full roll out by December 2016.
Management behaviours To roll out the management behaviour system for all managers to ensure a consistent and suitable level of competency.	Complete Management behaviours have been refreshed for 2016/17 in line with Merton being best Council for 2020. The new behaviours are linked to appraisals for the first three tiers in the organisation with a view to rolling the behaviours out to other tiers of managers.

<p>Shared Service – review of governance arrangements of each shared service including how FOI's are managed</p>	<p>Complete The Overview and Scrutiny Commission's task group reviews of shared and outsourced services Will report back to the Commission on 7 July 2016 and on to Cabinet on 19 September.</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> <p>A report detailing the governance arrangements in place for all shared services was presented to GP committee in September 2015. A regular update will be provided on the intranet.</p>
<p>Disclosure & Barring Service (DBS) To carry out a full review of all staff to be DBS checked to ensure they are done and to implement audit recommendations</p>	<p>Carry forward</p> <p>The DBS team will be working with the HR managers to contact their managers within their respective areas to provide the information necessary. Also working with LB Kingston, who now provides this service to ascertain the completion date.</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

- Implementation of the Children and Families Act 2014
- Delivery of TOM's and continuous improvement plans.
- Review of controls on the use of procurement cards

Environmental and Regeneration

- The agreement of collaboration will be reviewed periodically, especially with the anticipated expansion of the Shared Regulatory Services Partnership to include Wandsworth. The Joint Committee will continue to meet 3 or 4 times a year
- Phase C on the SLWP to start.
- Review of contracts register.
- Plans to make great use of IT systems to encourage even greater community engagement

- Working with Corporate Services to resolve IT and building issues for business continuity purposes.

Community and Housing

- C&H Scheme of Delegation is being reviewed currently by the Business partner

Corporate Services

- An earlier targeted approach to the Housing Benefit grant claim will be adopted with the external auditors to ensure a more timely and robust response to findings before submission to the DWP.
- Currently reviewing the current free visitor Wi-Fi arrangements to identify opportunities to improve accessibility to services.
- New Financial system due from July 16
- Review of internal controls in light of new financial system (part of review of financial procedures)
- Review of contracts register and compliance with CSO's in light of EDRMS and review of procurement generally.

12.3 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Standards/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 2016/17)

13.1 The improvement actions below have been identified as a result of the review carried out. Progress will be followed up during 2016/17 and reported to Standards /General Purposes committee.

Action	Lead	Implementation date
To review and update financial procedures	Head of Business Planning	November 2016
Potentially Violent persons Policy to be agreed at DMT and CMT and process to be put in place with new core systems	Head of Information Governance	July 2016
To review the terms of reference of the new Standards and General Purposes Committee.	Head of Democracy Services	October 2016
New financial system – to review internal controls in light of new financial system.	Head of Business Planning	October 2016

To ensure that the strategy for volunteers is in place	Head of Partnerships	November 2016
Declaration of Interests On-Line form New on-line form for staff to complete their annual returns. This will include declaration of staff relationships	Interim Head of HR and Shared Service Transition	September 2016
Disclosure & Barring Service (DBS) To carry out a full review of all staff to be DBS checked to ensure they are done and to implement audit recommendations	Interim Head of HR and Shared Service Transition	August 2016

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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