

## **ANNUAL GOVERNANCE STATEMENT - 2011-12**

### **BACKGROUND**

Following a Corporate Governance Inspection in 2009 the Auditor General has taken intervention measures in the affairs of the Isle of Anglesey County Council under section 15 of the Local Government Act 1999. Since March 2011, Commissioners appointed by the Minister for Local Government and Communities have exercised the Council's executive function and a Chief Executive has been appointed by the Commissioners. The Council continues to have a Leader and has appointed an Executive Committee albeit without decision making powers.

The Commissioners have developed a Commissioner's Improvement Plan incorporating ten Corporate Governance Improvement Themes designed to address the governance weaknesses outstanding at the Council. Performance against these themes is monitored and reported on a quarterly basis. The Council has used progress against these ten improvement themes as one of a number of indicators when reviewing the effectiveness of its corporate governance arrangements in 2011-12.

The Council has made significant progress against the ten improvement themes, so much so that the Quarter 4 2011-12 report of the Commissioners to the Minister identified that the conditions have now been created which would enable the Minister to consider a return to democratic control, with safeguards, and that the Commissioners would be making such recommendation.

### **PART 1: SCOPE OF RESPONSIBILITY**

The 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. The Council also has a duty under the Local Government (Wales) Measure 2009 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.

In discharging this overall responsibility, the Council is also 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 and adequate and effective financial management.

The Council has not approved and adopted a local code of corporate governance which is inconsistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

The Council has in place a Constitution, policies and processes that are consistent with the principles of the CIPFA /SOLACE Framework 'Delivering Good Governance in Local Government.' The Constitution and relevant policies are published on the Council's website.

This statement meets the requirements of regulation 4(2) of the Accounts and Audit (Wales) Regulations 2005 in relation to the publication of a statement on internal control.

The Deputy Chief Executive (Interim) is the Responsible Finance Officer and takes responsibility for the proper administration of the Council's financial affairs under Section 151 of the Local Government Act 1972 and in accordance with the CIPFA Statement on the role of the Chief Financial Officer.

### **PART 2: THE GOVERNANCE FRAMEWORK**

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It should enable the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

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 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 the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework described below has been in place at the Council for the year ended 31 March 2012 and remains applicable up to the date of the approval of the Statement of Accounts.

In Part 3 below, each of the six Corporate Governance principles (Principles of Good Governance as proposed by CIPFA/SOLACE in their document entitled 'Delivering Good Governance in Local Government 2007') is described as it was during the 2011-12 financial year.

The appointed Commissioners have set out their ten Corporate Governance Improvement Themes. Improving performance in these areas is monitored and reported by Commissioners on a quarterly basis and is a major input into their overall opinion of the Council's Governance processes to be reported to the Welsh Government. The relevant themes have been set out under each of the principles to demonstrate how each supports them.

The progress made against each of the ten Improvement Themes has been included in this Annual Governance Statement to demonstrate and provide assurance on the ongoing effectiveness of the Council's governance arrangements.

### **PART 3: COMPLIANCE WITH CORPORATE GOVERNANCE PRINCIPLES**

#### **Principle One: Engaging with local people and other stakeholders to ensure robust accountability.**

The Council has taken a number of initiatives to ensure that it engages with stakeholders to ensure robust accountability. Examples of such arrangements are: planning decisions (public speaking at Committees); collaboration/partnership participation (attendance at programme boards), Energy Island collaboration (with public, voluntary and private and public sector stakeholders); and increased e-democracy to allow more public consultation and petitioning and publication of on line minutes and agendas).

All meetings of the Council and its Committees are held in public whenever possible. All papers for open meetings are published in advance on the Council's website.

**Drop in Sessions** - in summer 2011 the Commissioners, Shadow Executive Members and Corporate Directors decided on proposed strategic outcomes that the Council should work on for the next three years. Four main outcomes were identified and five drop in sessions organised in October 2011 across the Island for public engagement on the validity of the outcomes themselves and the best methods to achieve them.

Drop in sessions and wider consultation took place on the basis for the emerging Integrated Plan for the area (this plan superseded the Community Plan) which is due to be published in April 2013. This plan sets out the long term vision and priorities for the area up until 2025. Work will be progressing on detail during 2012/13.

In shaping the Council's strategic outcomes consultation also took place with the Children and Young Peoples Partnership and Llais Ni giving an opportunity for feedback from a young person's perspective. The proposed strategic outcomes were also presented for information and feedback to the Annual General Meeting of the third sector on Anglesey and to Medrwn Mon and the Citizens Advice Bureau. IOACC staff were also engaged with on the proposed strategic outcomes.

This engagement process continued until the end of October 2011 when the results were used as a major driver for the Corporate Business Plan. The Corporate Business Plan itself was open to consultation from January to February 2012. An Anglesey citizen survey was also undertaken between January and March 2012 to inform the work on the Council's priorities, service development and future community needs.

The effectiveness of the engagement process can be shown by the fact that feedback received endorsed the four initial proposed strategic outcomes and also added a fifth as a direct result of engagement. The fifth strategic outcome is that the 'People of Anglesey should be proud of their Council.'

There was some comment on the low number of citizens attending the Drop In sessions. The need to be more innovative and to seek alternative means of engagement such as Executive question sessions and postal questionnaires will be considered for 2012.

### **Relevant Commissioner Improvement Themes**

#### **Theme 6 – Develop strategic priorities with more outcome focused measurement.**

- Engagement with stakeholders to identify outcome based priorities to shape 2012/15 Corporate Plan; -  
Outcome 2011-12: achieved by drop in sessions and incorporating feedback into the Corporate Business Plan 2012-15.
- Engage with stakeholders to identify outcome based priorities to shape 2012/15 Community Strategy;  
Outcome 2011-12: The Community Strategy has now been superseded by the Single Integrated Strategic Plan following direction from the Welsh Government. Please see below for engagement on the Single Integrated Strategic Plan.
- Preparation of a Single Integrated Strategic Plan.  
Outcome 2011-12: The Single Integrated Strategic Plan is currently in the process of being developed for sign off and adoption by partners prior to April 2013.

#### **Theme 9 – Fully engage with and reflect the views and priorities of the citizens of Anglesey.**

- Develop and implement the Democratic Renewal Strategy;  
Outcome 2011-12: Development of the Democratic Renewal Strategy was on going in the period. However, a decision to postpone Anglesey elections and proposed changes by the Boundary Commission has affected targets within the Democratic Renewal Strategy. There is a strategy in place which includes a year one action plan

which is focused on increasing voter turnout and diversity within candidates and elected members.

- Develop and implement the Community Engagement Strategy;

Outcome 2011-12: The Community Engagement Strategy was produced in 2011-12 and includes area based engagement structures (school catchment areas) increased attendance and obtaining of views from Anglesey wide Roadshows and the completion of a Anglesey citizen survey between January and March 2012.

- Develop and implement the Communication Strategy;

Outcome 2011-12: The Council adopted a year one action plan involving the use of different communication channels to engage and inform citizens and increase website traffic to the Council's website.

- Develop and publish the Strategic Equality Plan.

Outcome 2011-12: The Strategic Equality Plan was developed, published and implemented in 2011-12.

### **Theme 10 – Develop effective partnerships between the Council and the public and private sectors at local, regional and national level.**

- Implementation of the Children & Young People's Partnership Plan;

Outcome 2011-12: The Children and Young People's Partnership Plan is a three year Plan for 2011-14. The Council considers that in 2011-12 it has progressed the implementation of the Plan in line with the completion date of 2014; however, the Plan does not include yearly targets or measures within it. The Plan itself may be superseded by April 2013 when new Partnership arrangements with Gwynedd Council are scheduled to replace the existing Children and Young People's Partnership.

- Implementation of the Children's Services Improvement Plan as a result of the CSSIW review;

Outcome 2011-12: A Children's Services Improvement Plan to address the weaknesses identified in the CSSIW report has been developed and has been incorporated within the Services 2012-13 Service Delivery Plan. Targets have been set for specific improvement areas and implementation of the improvement plan is under way.

- Implementation of the Health Social Care and Wellbeing Strategy;

Outcome 2011-12: – The development of the Health Social Care and Wellbeing Strategy has not been progressed as planned in 2011-12. There have been resource issues within Social Services which have restricted progress. The risk has been recognised and this remains as an on-going issue.

- Supporting the achievement of an effective/integrated Local Service Board.

Outcome 2011-12: – There has been a review of the Local Services Board model along with other key partnerships. The review has been undertaken by the Head of Policy IOACC and his equivalent in Gwynedd. The outcome is expected to be that the Local Services Boards of IOACC and Gwynedd will be merged and key partnerships rationalised during 2012-13. The model is still in the process of review to ensure a more streamlined and effective Local Services Board model.

#### **Identified areas of weakness**

**Local Code of Corporate Governance** - The Council has not adopted a local code of corporate governance, which is inconsistent with the principles of the CIPFA/SOLACE 'Delivering Good Governance in Local Government: A Framework' guidance.

**Single Integrated Plan** – Sign off on the Plan has been delayed until April 2013 due to the need to wait for agreement with the Welsh Government and for relevant guidelines to be issued.

**Health Social Care and Wellbeing Strategy** - The development of the Health Social Care and Wellbeing Strategy has not been progressed as planned in 2011-12 and remains an issue.

## **Principle Two: Members and officers working together to achieve a common purpose with clearly defined functions and roles.**

The Council has a number of policies and procedures designed to ensure that the roles and responsibilities of officers and Members are clearly defined and allow them to work together to a common purpose. Such procedures include the Council's Constitution; Codes of Conduct; Scheme of Delegations; Protocol for Member / Officer Relations; Rules of Procedure, Terms of Reference of Committees etc. Other documents such as job descriptions define the functions and roles of different members and different officers. The Council also has Political Management Protocols in place which help to establish and maintain better working relations between Members and individual Political Groups.

The Council also has designated Member portfolio holders for key Council services and their roles and responsibilities are clearly defined in job descriptions and person specifications. Portfolio holders provide leadership on giving political direction to officers and in gaining the respect of officers and providing support to officers in implementing portfolio related projects.

**Pre Council Briefings** – Each Council meeting held in 2011-12 had a prior pre Council briefing. The aim was to try to achieve agreement amongst leaders to avoid unnecessary conflict at meetings. Included in the deliberations of these meetings were the allocation of Chairs and Vice Chairs of Committees, the Standards Committee and Member Development.

### **Relevant Commissioner Improvement Themes**

#### **Theme 4 – Standards of conduct and behavior by members and officers**

- Compliance with Protocol for Self Regulation adopted by the County Council 4.3.10;  
Outcome 2011-12: – The Protocol for Self-Regulation has proceeded as planned with all panels established by the Standards Committee being done so under the protocol. The result has been that in 100% of panels there have been no referrals relating to Member behaviour in 2011-12. There was one issue in quarter three relating to a report from the Public Services Ombudsman for Wales.
- Review and agreement on Member / Officer protocol.  
Outcome 2011-12: The Member / Officer Protocol was produced by December 2012. A new draft of the Protocol was presented to the Standards Committee in March 2012 and was then sent out to consultation with members. The revised Protocol was adopted in May 2012.

#### **Theme 5 – The organisation, coherence and effectiveness of the Council's Senior Management Team.**

- Review role, purpose and function of SLG/MT;

Outcome 2011-12: The Council has reviewed and revised its Strategic Leadership Team (SLT). A new structure has been put in place and appointments made to most of the new posts created. Appointments include: Chief Executive; Deputy Chief Executive; Director of Community; Director of Sustainable Development and Director of Lifelong Learning. There are also two new posts of Head of Functions, one entitled Resources and the other Legal and Administration. These two posts are not members of the SLT. A review of the Heads of Service level will follow when the SLT has settled into place.

The thrust of the changes has been a review of the purpose and function of the SLT and Management Team with a key factor being the splitting of strategic and operational responsibilities between the two.

- Identification of Internal Corporate Governance Improvement Objectives for 2012/13;

Outcome 2011-12: Under the Local Governance (Wales) Measure 2009 Councils are required annually to identify improvement objectives for the forthcoming year. For 2012-13 the Council has identified four improvement objectives. The first relates to improving Children's Services and aims to ensure that children are protected from harm and abuse and that their well-being, independence and stability are promoted. The Second is regenerating our communities and aims to prevent homelessness and to meet the housing and associated needs of homeless people. A third improvement objective is to improve corporate governance and aims to ensure that the Council fully achieves its promise to promote and protect the interests of the island, its citizens and its communities. Nine improvement key actions supporting this improvement objective have been agreed. The fourth improvement objective is the realisation of the outcome agreement and aims to ensure that the IOACC aligns itself and works in partnership towards the aims of the Welsh Government.

- Propose allocation of resources to priorities in budget setting.

Outcome 2011-12: The 2012-13 budget is aligned to the priorities in the Corporate Business Plan. The Council held two Member led workshops in January 2012 to go through differing proposals from officers on how savings could best be achieved.

### **Theme 7 – Introduce a robust process for the performance, project and risk management.**

- Establishing, adopting and implementing a Corporate Planning and Performance Management Framework to produce and monitor the organisation's work into the future;

Outcome 2011-12: The Corporate Planning and Performance Management Framework has been developed and implemented. The Framework consists of a structured approach with the Corporate Business Plan being the strategic driver for Council lead work supported through implementation of Service Development Plans.

The Corporate Business Plan has relevant targets and measures to demonstrate success or failure on an annual basis. The Framework also includes improvement priorities for 2012-13. The Corporate Planning and Performance Management Framework includes the tracking of performance against targets on a quarterly basis and emphasises the importance of project and risk management as key implementation tools.

- Drafting and agreement of the Annual Improvement Report.

Outcome 2011-12: The Annual Improvement Plan 2012-13 has been developed and was signed off by full Council in October 2011.

### **Identified areas of weakness**

None identified

## **Principle Three: Developing the capacity and capability of Members and Officers to be effective.**

The Council has established arrangements to provide training for both Members and officers suited to their respective roles. Performance management and appraisal arrangements assist to identify training needs.

The Council has continued to develop an appraisal system which includes all employees including Directors and Heads of Service. The Council has worked collaboratively with Conwy and Denbighshire Councils to produce a corporate competency appraisal scheme. The scheme is the same for all officers from the Chief Executive down.

The Council has introduced a change management initiative aimed at beginning a culture change process within the Council in terms of how managers manage people, finance and performance. The initiative is called Ethos Mon and includes the adoption by managers of a number of values and beliefs focused on the citizen and customer.

**Member Development Programme** - An Annual Development Plan for Elected Members (November 2010 to March 2012) was produced and implemented during the period. The Development Programme is a living document and therefore not all listed sessions have been provided and others have been added as changes in priorities and circumstances warrant. Progress with Member Development is reported to the Standards Committee on a regular basis. The Committee monitors and evaluates the training provided. The Annual Development Plan for Elected Members - November 2010 – March 2012 contained 27 separate workshops / training events for Members. Scheduled training sessions included statutory (including Planning; Licensing; code of conduct) and non statutory (including Chairmanship skills) sessions. For 2012-13 an ambitious draft Development Programme was endorsed by the Standards Committee in March 2012.

Members are also encouraged to attend workshops and training opportunities outside of the Council and in February 2012 the Council was well represented by members and officers at TAIH Transport Consortium workshop in St Asaph. Scheduled for summer 2012 are collaboration workshops to be held jointly with the local Health Authority.

**Member / Officer Workshops** – In 2011-12 there were joint Member / Officer sessions on Budget setting and financial background. The Commissioners have scheduled joint Member / Officer workshops for 2012-13 on organisational development to ensure both Members and officers are pulling in the same direction.

**Member Development Working Group** – The Working Group has not met since January 2012 but did meet regularly in 2011-12. The Member Champion has recently resigned and so the Council needs to look at appointing a new Champion as well as a new Chair. Consideration will also be given to revising the terms of reference for the Group.

**Piloted personal development reviews** – have been introduced for Members to identify training needs and most Members have already taken part in the process. Those who have not yet participated will be required to do so. It is intended that in future such reviews will take place automatically for Members after their election.

### **Relevant Commissioner Improvement Themes**

#### **Theme 1 – Relationship between Members and Political Groups**

- Compliance with the Political Management Protocols as agreed and accepted by Full Council on the 8<sup>th</sup> March, 2011.

Outcome 2011-12: The success criteria for the Council's Protocol for Member / Officer Relations are zero reports to Commissioners of breaches of protocols. In quarters 1 and 2 the RAG progress against target was red and for quarters 3 and 4 this had improved to amber. There were a number of reported breaches of the Political Management Protocols relating to the selection of chairs of committees. As the issues were not rectified non compliance continued during the period as reflected in the RAG reporting detailed above. The issues raised have now been superseded by changes to the Protocols adopted in May 2012.

#### **Theme 2 – The effectiveness of the Council's Standards Committee.**

- To review the Council's Protocol for Member / Officer Relations presently at 5.3 in the Constitution, in conjunction with the Information protocol;

Outcome 2011-12: Commissioners presented changes to protocols in May 2012.

- Quarterly review of Members training plans and member attendance at training courses.

Outcome 2011-12: At the December 2011 meeting of the Standards Committee two reports were provided on the progress of the Member Development Plan and also the Personal Development Review pilot. A further report was made to the March 2012 Committee.

#### **Theme 4 – Standards of conduct and behavior by Members and Officers.**

- Fully accepted job descriptions and personal specifications by Monitoring Officers Office.

Outcome 2011-12: At quarter 4 2011-12 there were three Members who had not signed their Member's job description.

#### **Theme 8 - – Improve the capacity, quality and management of corporate support services.**

- Produce action plan to drive prioritized improvement of Finance function;

Outcome 2011-12: – An action plan has been developed and includes ten areas for improvement. At the end of quarter 4 2011-12 two areas for improvement were assessed as 'red'. These areas related to embedding Risk Management into the decision making processes and the reviewing of the process for closing accounts and implementing a robust and sustainable solution. Additional resources were allocated in the 2011/12 year and made permanent for the 2012/13 budget to strengthen staffing within Finance. Interim staff employed in the closing of accounts process have been training and guiding staff to be able to undertake close down in future years so as to make the process sustainable. The implementation of a modern financial management system has been agreed for 2012/13.

- Prioritise recommendations of ICT Peer Review and produce action plan to drive prioritized improvements 'smartly'.

Outcome 2011-12: An action plan was produced and incorporated into the ICT Services Delivery Plan for 2011-12. The Service Delivery Plan identifies priorities for improvement with associated required actions. ICT Services have also carried out a review of staffing levels with the aim of restructuring the Service.

- Implement essential elements of the HR strategic work programme;

Outcome 2011-12: Implementation is to be facilitated through the Council's People Strategy and the implementation of an organisational management review; restructuring of senior management; appointment of new a Chief Executive and successful review of the Council's terms and conditions of service.

- Development and implementation a new Corporate Personal Development Review process.

Outcome 2011-12: The Corporate Personal Development Review process was introduced in 2011-12. The result was that 64% of staff Personal Development Reviews were undertaken in 2011-12.

### **Identified areas of weakness**

**Submission of Accounts** - The Council did not submit its accounts for audit in 2010/11 on time and as a result the audit was not completed within the required timescale. This follows a delayed completion of the external audit in 2009/10. This was mainly due to resource issues within the Finance Service which were the subject of review and report in 2011-12. The introduction of IFRS requirements was also an issue in the delay in preparation of the Council's accounts for 2010/11. Significant improvements were made in 2010/11 in reviewing the classification of assets and therefore their evaluation and in 2011/12 the implementation of an asset management system was successfully completed.

**CSSIW Children's Safeguarding** - In February 2011 the Care and Social Services Inspectorate Wales undertook an inspection of the arrangements for assessment and care management of children in need on Anglesey, which indicated serious failings regarding the safeguarding of children and consequently that further inspection work was warranted. In response the Council has produced a Service Improvement Plan, which has been monitored and assisted by the Service Improvement Board. The Board reports on a regular basis to the Scrutiny Committee and the Commissioners Improvement Board.

The Care and Social Services Inspectorate Wales undertook a Children's Safeguarding Inspection of the Isle of Anglesey County Council in October 2011. The report was published on 2nd March, 2012. This inspection examined the quality of the Safeguarding practices and the Council's ability to sustain and improve the service. The Inspectorate drew attention to a number of areas that needed to be improved. The new Service Improvement Plan incorporates CSSIW required improvements for the year ahead, and focuses on a strategic approach to taking the service from recovery to sustainable improvement.

**Estyn Inspection Report – Education** - Estyn published its report the Quality of Local Education Services for Children and Young People on 31 July 2012 and drew attention to significant weaknesses. The nature of the report's conclusions was such that in a joint statement with the Minister for Local Government and Communities, the Minister for Education and Skills announced further Welsh Government intervention, specifically to address the failings identified. The Minister for Education and Skills also announced that external 'challenge and support' arrangements would be put in place to ensure that the necessary improvements were delivered and that a Recovery Board would be established to advise the Commissioners accordingly.

Since that time, with the consent of both Ministers, Commissioners have been working closely with Welsh Government officials, the Welsh Local Government Association and the Isle of Anglesey County Council to ensure that there is alignment between the next phase of the corporate governance recovery process and the 'challenge and support' role of the Recovery Board.

The Council's political and officer leadership has fully accepted the findings of the Estyn report and has welcomed the appointment of a Recovery Board which is aligned with the existing corporate governance intervention process. The newly appointed Director of Education and Lifelong Learning, working in conjunction with the Senior Leadership Team, Elected Members and Commissioners, is preparing a robust Post Inspection Action Plan with that in mind. The following initial action is being taken by the Council:-

- steps have been taken to formalise the Partnership Agreement between the Council and schools;
- measures have been put in place to improve performance against key national indicators;
- steps have been taken to address the overspend in the secondary SEN integration budget;
- a corporate response is being formulated on the issue of surplus places in schools through an innovative, project managed approach to property rationalization;
- an organisational development strategy, supported by an operating model that will take account of leadership, accountability, performance management and best practice in service delivery transformation, is being developed.
- Progress on these matters will be updated and reported upon more fully in the Commissioners' Quarter Six Report at the end of September 2012

**Business Continuity** – The Council does not have in place a formally approved and complete Business Continuity Plan or ICT Disaster Recovery Plan. However, arrangements are in place to deal with disaster scenarios as they arise but these are not formally written down and there is no assurance that they would be effective in the event of a major disaster scenario. The Council is continuing to develop its Business Continuity and in March 2012 undertook a Business Continuity Workshop attended by Heads of Services which included a simulated disaster scenario and how the draft Business Continuity Plan could be used to recover from it. A number of important lessons were learnt and an action plan developed.

**Risk Management** - The Council has made progress in developing its Corporate Risk Register and initial drafts have been completed. Work is ongoing on implementing the Risk Management Framework including the reporting of the Corporate Risk Register on a regular basis to the Strategic Leadership Team; the Audit Committee and to the Corporate Scrutiny Committee. Training is scheduled for members of the Audit and Scrutiny Committees to familiarise them with the Risk Management Framework and reporting lines to be adopted by the Council. The Corporate Risk Register was formally presented in draft format to the Audit and Scrutiny Committees in 2011-12. Directors are currently incorporating the recording of relevant mitigating actions against risks in the Register.

Service level Risk Registers are in place and are reported to the Quarterly performance meetings. This process became embedded in the Quarterlies process during 2011-12.

**Compliance with Policy and Procedure** - A number of Internal Audit reports in 2011-12 related to compliance with key corporate policies. The reviews of these corporate policies found that compliance was inconsistent across the Council. Reviews found that the responsibility for implementing, monitoring and providing corporate assurance on compliance with key corporate policies was not clearly defined.

Review also found that there has been limited use of the Council's system for electronic sign off of policies which records users as having read, understood and agreed to abide by

policies. Without such record of sign off it is more difficult to show that the policies have been adequately disseminated and accepted by relevant staff.

The existence of and compliance with policy and procedure is a key component of the Council's Governance framework. Failure to adequately ensure that staff are made aware of such policies and procedures increases the risk of non compliance. A report concerning these issues was issued to the Chief Executive in 2011-12 and the progress in implementing recommendation will be followed up in 2012-13.

**Job Evaluation / Equal Pay Processes** – Progress was made towards the implementation of job evaluation in 2011-12 but at the end of the period was still a work in progress.

**Data Security** – The Council reported two separate instances of data breaches to the Information Commissioner in March 2012. Both of the data breaches referred to occurrences in Children's Services. As a result of these breaches a data breach management plan was produced to provide a framework for the Council's responses and subsequent action to prevent re-occurrence of the breaches. A further report of a data breach relating to the publication of business papers for the Standards Committee was also made in May 2012.

The Council received an Information Governance report from its external auditors ProceWaterhouseCoopers in May 2011 which contained nine recommendations to strengthen control in this area. A follow up review in May 2012 by the Council's Internal Audit Service found that none of these recommendations had been fully implemented. Recommendations related to key areas such as; the appointment of a Senior Information Risk Owner (SiRO); mapping of its information assets and flows; co-ordinating the Council's responsibilities for Information Governance; reviewing the Council's Information Governance policies, development of a Comprehensive Assurance Plan; a more comprehensive approach to staff training and awareness around information security; addressing the current inconsistencies in the way that different services, retain, store and dispose of their paper based information; development of a Data Transfer Register and undertake an Internal Audit review of the starters and leavers process.

**Staff Appraisals** - Appraisals were not consistently undertaken during 2011-12 for all staff although 64% of staff appraisals were undertaken following the introduction of the Corporate Personal Development Review process.

**Member's job description** - three Members have yet to sign the Member's job description.

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

The Constitution and associated procedures establish responsibilities for decision-making. Decisions are made taking account of appropriate professional advice. Executive decisions are published and subject to scrutiny. Performance management arrangements are in place to record the Council's performance against both local and national KPIs.

Pre Committee Meetings are held before every Scrutiny, Audit and Planning Committee and also prior to Commissioner Board meetings. The meetings are attended by the Chair and Vice Chairs and relevant senior officers. The aim of these meetings is to familiarise the Chair and Vice Chair with the agenda items and reports, identify any areas of significance or issues that are likely to be contentious, and to provide any additional supporting documents or information required by the Chair and Vice Chair. The meetings also aim to ease the work flow of committees and to ensure that the meetings can be managed effectively.

The Council has taken steps to enhance the effectiveness of the Audit Committee through workshops attended by Committee Members and senior officers. These workshops were designed to undertake a self assessment of the effectiveness of the Council's Audit Committee by comparing its performance to that set out as best practice within the Toolkit for Local Authority Audit Committees produced by the CIPFA Better Governance Forum. Results of the self-assessments in each of the last three years has shown year on year improvement in effectiveness.

The Council uses the 'Ffynnon' performance management system as the Council's prime performance management tool and the basis of the Quarterly Performance Management meetings. Such meetings require Service Business Plan targets to be scrutinized and monitored.

All reports, minutes and decision registers are published in a timely manner and are published on the Council's website and are open for inspection. All meetings are held in public, subject to the consideration of exempt information as defined by the 1972 Local Government Act.

**Scrutiny Arrangements** - The current Scrutiny Committees Structure was agreed by the Council in May 2010 and is made up of five Scrutiny Committees:

- Corporate;
- Housing and Social Services;
- Economic Development, Tourism and Property;
- Education and Leisure; and
- Environment and Technical Services.

The aims of the Scrutiny Committees are to:

- Promote open and transparent decision making and to hold the decision takers to account in a constructive manner;
- Support the Council on achieving its vision for the county and its strategic aims and priorities; and
- Promote continuous improvement, best practice and innovation with the services, functions and policies which the Council has responsibility for or influence over.

Each Scrutiny Committee produces a Work Programme. Request for items to be included in a Scrutiny Committee Work Programme can be made by any member or citizen, but as the Committees have limited resources, a test of significance is in place to prioritise which items are included.

An Overview and Scrutiny Annual Report is completed each year, the latest being for the municipal year May 2011-12, which was submitted to the full Council on the 10 May 2012. The Annual Report includes performance achieved against pre set targets and indicators.

### **Relevant Commissioner Improvement Themes**

#### **Theme 3 – Scrutiny and its ability to effectively challenge and influence decisions and policies.**

- Reduction in number of Call-ins due to increased activity of the pre-scrutiny function;  
Outcome 2011-12: Items on the Work Programme which are potentially contentious go to pre scrutiny and then onto the decision maker. Between May 2010 to April 2011 there were three 'Call in' applications, and between May 2011 and April 2012 there

was one 'Call in' application. However, in May 2012 there were two 'Call in' applications, which if this trend was to continue, would mean an overall increase in 'Call in' applications.

- Reflecting the Public voice re concerns for Scrutiny by monitoring the number of citizens or reps from community groups who participate in the Scrutiny process e.g. attending meetings / responding to questionnaires.

Outcome 2011-12: The monitoring and recording of the number of citizens / community groups involved in Scrutiny per annum is included as a local performance indicator. The Overview and Scrutiny Annual Report 2011 -2012 shows a total of 319 such involvements which are in the main made up of questionnaire responses, attendance at Committee meetings, and attendance at 'drop' in sessions during the period.

- Ensuring that Scrutiny accomplishes its function of being a **critical** friend of the Executive.

Outcome 2011-12: Shadow Executive Members cannot be a Member of a Scrutiny Committee and so Committees are independent from the Executive. A key aim of the Scrutiny process is stated as being 'to promote open and transparent decision making and to hold the decision takers to account in a constructive manner.' By so doing the Scrutiny Committees accomplish their function of being a 'critical friend' to the Executive.

#### **Theme 7 – Introduce a robust process for the performance, project and risk management.**

- Corporate Risk Register to be in place and operational by October 2011.

Outcome 2011-12: An initial Corporate Risk Register was produced in 2011-12 and presented in draft form to the Scrutiny and Audit Committees. Service Risk Registers were produced in the period and reported to the Quarterly performance meetings. Service Risk Registers will be presented to Scrutiny Committees in 2012-13.

#### **Identified areas of weakness**

The Council has not formally adopted and implemented a Risk Management framework although a draft framework has been developed. A review of risk management arrangements within services has identified some good practices and operational risk registers have been produced and maintained in most services. The Council did produce an initial Corporate Risk Register in 2011-12 and Service Risk Registers are reported upon in the Quarterly meetings. However, the Corporate Risk Register has yet to be fully incorporated into the Council's processes and to be reported and scrutinised on a regular basis at Audit and Corporate Scrutiny Committees.

The introduction of a robust process for performance, project and risk management is one of the Commissioners ten Corporate Governance Improvement Themes for the Council.

As in 2010-11 Internal Audit work during the year has identified non compliance with a number of key corporate policies. Internal Audit reported on this to the Chief Executive and Audit Committees in 2011-12.

**Principle Five: Promoting values for the authority and demonstrating the value of good governance through upholding high standards of conduct and behavior.**

The Council has Codes of Conduct covering both Members and officers. A Policy for the Prevention of Fraud and Corruption is in place and the Council has a designated Monitoring Officer and Standards Committee whose roles include ensuring that high standards of conduct and behavior are maintained.

The Council's political leaders have pledged to adhere to high standards of conduct and behaviour in order to move the Authority forward and have all signed up to a protocol for self-regulation. They have agreed that group discipline should become a cornerstone for self-regulation; to avoid personal confrontation in Full Council and in the media; make reasonable attempts to resolve disputes through agreed internal processes and take responsibility for the actions of their group members.

The Standards Committee is made up of three County Councillors, one Town / Community Councillor, and five independent people (who are not Councillors or employees of the Council). The Committee has developed a Standards Committee Work Programme which sets out a clear work schedule against a timetable and resources.

The Council has in place an Officer / Member protocol the purpose of which is to set standards of conduct expected from Members and Officers of the Council in their relations with one another and to offer guidance on some of the issues which most commonly arise. It is acknowledged that the quality and effectiveness of the relationship between Members and Officers of the Council lie at the heart of good local governance.

## **Relevant Commissioner Improvement Themes**

### **Theme 1 – Relationship between Members and Political Groups**

- Compliance with the Political Management Protocols as agreed and accepted by Full Council on the 08 March, 2011.

Outcome 2011-12: - The issues which resulted in non compliance with the protocols in 2011-12 have now been superseded by changes to the protocols adopted in May 2012.

### **Theme 2 – The effectiveness of the Council's Standards Committee.**

- To conduct a preliminary hearing within 6 weeks following referral from the Public Services Ombudsman for Wales or the Indemnity Sub Committee.

Outcome 2011-12: There was one instance of referral from the Public Services Ombudsman for Wales in 2011-12. It was not possible to conduct a preliminary hearing within six weeks on this occasion due to the unavailability of some of the key figures involved.

- To conduct hearings into applications for dispensations received from County Councillors pursuant to Statutory Instrument 2001;

Outcome 2011-12: There were no applications for dispensations in 2011-12.

- To supervise the two Registers of Members Interests annual reviews followed by advice and guidance, if appropriate;

Outcome 2011-12: An annual review of the two Registers of Members Interests was undertaken and advice issued concerning issues raised. A further review has been included in the 2012-13 advanced work programme.

- To supervise the Register of Gifts and Hospitality by annual reviews followed by advice and guidance, if appropriate.

Outcome 2011-12: An annual review of the Register of Gifts and Hospitality was undertaken and advice issued concerning issues raised. A further review has been included in the 2012-13 advanced work programme.

## **Principle Six: Focusing on the purpose of the authority and on outcomes for the community and creating a vision for the local area.**

The Single Integrated Strategic Plan is currently in the process of being developed for sign off and adoption by partners prior to April 2013. The Plan sets out a vision for the island and long term objectives for the area. The Single Integrated Strategic Plan and other key documents provide the strategic context for many of the Council's work programmes.

The Isle of Anglesey County Council Improvement Plan (Corporate Business Plan) 2011-12 set out the priorities for the year and was based upon five corporate priorities that were developed and adopted following wide consultation. The corporate priorities provide a blue print for future and ongoing developments and improvements. The Improvement Plan sets out the adopted Council strategic aim which is that: 'the Council will promote and protect the interests of the island locally, regionally and nationally.'

The Improvement Plan also includes the five agreed strategic priorities to support this aim. The strategic priorities are broad thematic themed areas and provide a balanced approach to reflect the Council's statutory responsibilities, focus on improved corporate governance arrangements, service efficiency and community outcomes.

The strategic priorities of the Council are:

- SP1 – Enhance the reputation of the Council and Island;
- SP2 – Protect and develop the Island's economy;
- SP3 – Build and support sustainable communities;
- SP4 – Promote healthy, safe, and fair communities; and
- SP5 – Businesslike and Affordable Services

The Improvement Plan shows the Council's focus on improvement planning in accordance with the Local Government (Wales) Measure 2009.

The Council's community leadership role is contained in the work of the Local Services Board which is a multi agency body which consists of representatives from the Isle of Anglesey County Council, the Police, Health, Voluntary, Fire, Further and Higher Education sectors and one voice Wales representing local community and town councils. The purpose of the Board is to shape future priorities in response to the key challenges facing the Island over the next few years.

The Council provides leadership on the Energy Island initiative an initiative that has the potential to bring in £billions to Anglesey and North West Wales over the next 15 years through a range of energy related projects. These include Wylfa B at £8 Billion, Centrica Wind Farm a similar amount, plus other schemes (e.g. Wave generated power schemes).

**WAO Annual Improvement Report** – A report setting out the Council's progress against the Welsh Audit Office's Annual Improvement Report 2012 was reported to the Sustainability

Board in May 2012. The report highlighted progress against recommendations and provided future actions and timelines. The report showed progress against the single recommendation and four proposals for improvement made in the original WAO report.

**Compact Agreement** – Is an agreement between the Welsh Government, Welsh Local Government Association and the 22 Welsh Local Authorities to realise 47 specific themes with regards to the co-operation and collaboration agenda.

The Council produces an annual Corporate Business Plan which sets out the Council's high level work programme for the next year and provides details on a number of improvement objectives set. These build on the priorities outlined in the previous year's plan with the continued focus on delivering quality services to citizens. Individual Services are required to produce Service Business Plans linked to the corporate objectives of the Corporate Business Plan.

The Council values the importance of citizens and communities to support key priorities, and undertakes consultation with a wide range of stakeholders to ensure that the Council is focusing on delivering the right outcomes.

### **Relevant Commissioner Improvement Themes**

#### **Theme 6 – Develop strategic priorities with more outcome focused measurement.**

- Engagement with stakeholders to identify outcome based priorities to shape 2012/15 Corporate Plan and the 2012-15 Community Strategy.

Outcome 2011-12: The Community Strategy has now been superseded by the Single Integrated Strategic Plan following direction from the Welsh Government.

#### **Theme 10 – Develop effective partnerships between the Council and the public and private sectors at local, regional and national level.**

- Outcome based Corporate Business Plan 2012/15 with clearly identified performance indicators and measures.

Outcome 2011-12: The Council has produced via the new Corporate Planning and Performance Framework an outcome based Corporate Business Plan for 2012-15. The Plan includes clear performance indicators and measures. Improvements have been identified for consideration when producing the 2013-16 Corporate Business Plan to further refine the indicators and measures.

### **Identified areas of weakness**

None identified

## **PART 4: REVIEW OF EFFECTIVENESS AND SCRUTINY ARRANGEMENTS**

The Isle of Anglesey County Council has conducted an annual review of the effectiveness of its governance framework during 2011-12 including the system of internal control.

The Audit Committee is tasked with the annual review of the effectiveness of the Council's Corporate Governance arrangements through its approval of the Annual Governance Statement. The review of the effectiveness of the Corporate Governance framework is informed by the work and engagement of Directors and other members of the Strategic Leadership Team, Heads of Service and the Head of Service Audit's annual report along with the comments and opinions of the External Auditor and other third party assurance agencies.

The role of the Council's Scrutiny Committee's is to hold the Executive to account as a 'critical friend' and to monitor and assist in the improvement and development of the Council's policies and services. The Council has five Scrutiny Committees which advise on policy formulation and hold the Commissioners to account in relation to specific matters. They may also review areas of Council activity which are not the responsibility of the Commissioners or matters of wider local concern. The five Scrutiny Committees are:

- Corporate;
- Environment and Technical Services;
- Housing and Social Services;
- Economic Development, Tourism and Property; and
- Education and Leisure.

A forward Work Programme covering all five Committees has been produced detailing when meetings will be held and the issues to be included at each meeting.

The Council's Standards Committee has met regularly during the year to review and consider issues relating to the conduct of members and is responsible for promoting and maintaining high standards of conduct by the Isle of Anglesey's County Council Members.

The Internal Audit Service is provided in accordance with CIPFA's Code of practice for Internal Audit in Local Government in the United Kingdom. The Head of Service Audit prepares an annual report that summarises the results of Internal Audit work during the year and on the overall system of internal control within the Council.

The Head of Service Audit reported for 2011-12 that there were three identified significant areas of weaknesses in control which would prevent the Council placing reasonable reliance on the systems of internal control in respect of those systems reviewed during the year. These areas were Risk Management, Business Continuity and Governance all of which have been referred to earlier in this Statement.

The Head of Service Audit concluded that the audits undertaken and completed in 2011-12 did not identify any other areas of concern which are considered significant or business critical for the Council as a whole beyond the three stated above.

## **PART 5: CERTIFICATION OF ANNUAL GOVERNANCE STATEMENT**

We propose to take appropriate steps to address the weaknesses identified in the Annual Governance Statement and to further enhance our governance arrangements in the forthcoming year. We will monitor the implementation and operation of improvements as part of our next annual review.

-----  
**Leader of the Council**

**Date:**

-----  
**Chief Executive**

**Date:**