

Annual Governance Statement

2011 / 2012

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Annual Governance Statement 2011/12

1 Scope of responsibility

Warwickshire County Council (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 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.

In discharging this overall responsibility, the 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.

The 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*. A copy of the code is on our website at:

<http://www.warwickshire.gov.uk/Web/corporate/pages.nsf/Links/E630DF14F85E1D12802574F1003A81E5>.

This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011.

2 The purpose of the governance framework

The governance framework comprises the systems and processes for the direction and control of the authority and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic aims and ambitions and to consider whether those 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 therefore only provide reasonable assurance and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risk 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 has been in place at the Council for the year ended 31 March 2012 and up to the date of approval of the annual report and statement of accounts.

3 The governance framework

- **Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users**

The Authority's Vision, which is reviewed annually as part of the Council's strategic planning process, provides strategic direction to the Council; it is the centre piece to its key plans and sets out its direction and aspirations. The Vision encapsulates what the Authority stands for, what it wants to achieve, how it wants to be regarded by the public, how it wants staff to identify with their council and how it wants to work with and influence other agencies and partners.

The Vision is informed by an extensive programme of consultation with the public and is based on 'State of Warwickshire' and 'Quality of Life' publications which identify the socio-economic drivers for Warwickshire. The 'Quality of Life' report focuses on both quantitative and qualitative outcome indicators which reflect objective measures such as unemployment and subjective measures such as fear of crime.

The Council's strategic aims and ambitions are developed and reviewed as part of the integrated business and financial planning process. The Strategic Delivery Framework, supported by the Corporate Business Plan, provides the context for the County Council's aims and ambitions and provides greater detail for the actions and outcomes which the Authority is aiming to deliver. The Vision, Aims and Ambitions and Intended Outcomes are communicated to citizens through a range of media including the Authority's website and, increasingly, social media. The Council has a clear forward policy statement in its Going for Growth agenda which will help the organisation navigate the next decade.

- **Reviewing the authority's vision and its implications for the authority's governance arrangements**

Warwickshire County Council adopted a Corporate Governance Code of Practice in October 2004 which was revised in 2007/08 to reflect new CIPFA/SOLACE guidance.

This code identifies the Council's commitment to corporate governance and makes explicit links to the Authority's Vision and Aims and Ambitions, explaining the relationship between the two.

The code underlines the critical role governance has in the delivery of objectives, stating that 'good governance is essential for the Authority to improve the quality of its services and has a significant impact on the public's level of trust in the services that the Authority delivers'.

- **Measuring the quality of services for users, for ensuring they are delivered in accordance with the authority's objectives and for ensuring that they represent the best use of resources**

Warwickshire County Council's approach to performance management is set out in its Performance Management Framework. The Authority has an explicit vision underpinned by a set of strategic aims and ambitions which are detailed in the organisation's Strategic Delivery Framework. The Authority's Strategic Delivery Framework addresses both national and local priorities and is supported by a suite of

Business Unit Plans, which in turn shape the work of business units, services, teams and individuals within the organisation. The achievement of targets at all levels within the organisation is regularly monitored by a range of methods. Integrated finance and performance reports both at a corporate and business unit level are considered by Cabinet on a quarterly basis and to Audit and Standards Committee, half yearly. Performance is also presented to the relevant Overview and Scrutiny Committees as requested by the Chair.

The Overview and Scrutiny Board commissions and maintains a rolling programme of scrutiny reviews which is refreshed every two months to ensure the programme can take account of new and emerging issues. Each review has performance improvement at its heart and is supported by Democratic Services officers. The Overview and Scrutiny Board reviewed and refreshed the five year strategy for overview and scrutiny in July 2009. Overview and Scrutiny arrangements are currently part of a review of Democratic and Corporate Decision Making within the review of the Council's Corporate Framework.

The Authority has a Medium Term Financial Plan which sets out how budget decisions are made. The budget process establishes the resources required to deliver the Authority's service priorities and involves a review of the overall use of resources. Services are required to deliver improvements in cost effectiveness on an annual basis. Relevant prudential indicators are approved by Council as part of the budget resolution.

- **Defining & documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication.**

The roles and responsibilities of the executive, non-executive, scrutiny and officer functions, along with the delegation of statutory powers, are defined and documented within the Authority's Constitution.

- **Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members of staff**

The Authority's Corporate Governance Code of Practice is supported by a programme of governance training for officers and a periodic Corporate Governance Audit. The last Corporate Governance audit was reported to the Audit and Standards Committee in June 2011. Standards of behaviour for the council's staff are defined in the 'Roles and Responsibilities' document which is provided to all staff on joining the authority and available through the corporate intranet. The expectations for the behaviour of elected members are published in the member's Code of Conduct.

- **Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage the risks**

Warwickshire County Council has decided to review all main policies and procedures through a review of Corporate Frameworks; a timetable has been developed for this which will be completed during 2012/13.

The Constitution sets out how the Council operates, how decisions are made and the procedures followed to ensure that these are efficient, transparent and accountable to local people. Responsibilities for decision-making, the role of individual members, the Council, the Executive, Committees and the process for determining the Authority's Key Decisions are defined in the Constitution. Delegations are detailed so that the functions of full Council, Cabinet, Cabinet Members, Committees and Officers are specified. The Forward Plan of Key Decisions is published on the Council's website. The Constitution is being reviewed as part of the ongoing review of the Council's Governance arrangements, due to be completed by the end of 2012.

A structured approach to procurement and contract letting is set out in Financial Standing Orders and Contract Standing Orders (CSOs). A Procurement Code of Practice provides further guidance to managers to ensure value for money is considered in all purchasing activity. The current set of contract standing orders was agreed by full council on 30th March 2010 and became effective 1 April 2010. CSO's are being reviewed as part of the Council's review of Governance arrangements and this exercise will be completed by September 2012. A risk management framework has been developed. Strategic risks are reviewed annually and incorporated in the Corporate Business Planning process. All business units have risk registers. The Council's insurances are reviewed annually.

- **Ensuring the authority's financial management arrangements conform with governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)***

Whilst the Local Authority does not fully conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010), the following alternative arrangements are in place to ensure that the authority's financial management arrangements deliver the same impact.

The Head of Finance is actively involved in the financial implications of all material business decisions, leads on promoting good financial management, is professionally qualified and suitably experienced and leads and directs a finance function fit for purpose. Although he is not a Strategic Director, he can attend any meeting with Corporate Board, to outline the financial implications of any proposed decisions. In addition, within the Financial Standing Orders of the Authority he has the responsibility to advise Strategic Directors as necessary on financial arrangements and has access to all documents concerned with finance. This has the effect of delivering the same impact and has now been confirmed by a formal protocol during 2012/13 as follows:-

'That the Chief Financial Officer is entitled to attend at and offer advice to meetings of the Corporate Board and Cabinet/Corporate Board in relation to any item which he considers raises financial issues'

- **Undertaking the core functions of an audit committee as defined in CIPFA's *Audit Committees – Practical Guidance for Local Authorities***

The Authority's Audit and Standards Committee operates to an agreed terms of reference which defines its core functions, roles and responsibilities. The terms of reference are published as part of the Constitution.

- **Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful**

Key roles in relation to ensuring compliance with policies, procedures, laws and regulations are performed by the Authority's Monitoring Officer and the Section 151 Officer.

The Monitoring Officer has put in place arrangements to ensure that all reports to member bodies are checked by qualified lawyers within the Authority to ensure compliance with legislation and corporate policies and procedures. All decision making member bodies are supported by a legal advisor who attends the meetings. In addition, the Monitoring Officer receives weekly briefings from the senior lawyers of the Authority highlighting if there are any:

- cases or potential cases where questions arise as to the Council's power to take action
- cases or potential cases of breaches of law or internal regulations, especially standing orders, contract standing orders or financial regulations
- proposals to act contrary to corporate policy or legal advice
- new legislation, statutory instruments or government proposals affecting areas of work carried out by the Authority

The Monitoring Officer with the Section 151 Officer also commissions periodic Corporate Governance and Contract Standing Orders compliance audits. The Council has delegated responsibility for maintaining an adequate internal audit function to the Strategic Director for Resources. A programme of risk based audits is carried out by the Risk and Assurance Service. A summary of audit work is reported to the Audit and Standards Committee which has responsibility for oversight of probity and audit issues and meets regularly. In addition, external audit and external inspection agencies such as Ofsted contribute to the review of the Authority's compliance with its policies, laws and regulations.

- **Whistle-blowing and receiving and investigating complaints from the public**

This was renamed the 'Whistleblowing Policy' from the 'Public Interest Reporting Code'. This outlines procedures for staff members wishing to raise a concern, the response they can expect from the Authority and the officers responsible for maintaining and operating the code (which is essentially all managers). Two articles on Whistleblowing were published on the intranet in 2011. A confidential register of concerns raised and the subsequent outcome of investigations is held by the Resources Group.

Complaints from members of the public are addressed according to the 'Corporate Complaints Procedure' ('making sure positive or negative customer feedback is valued and used to improve services') and managed corporately by the Customer Services business unit. Extensive guidance is available to staff through the Authority's Intranet site and to the public on the Council's website and through written publications. This procedure is currently under review and it is anticipated that the changes will take effect in 2012/13.

- **Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training**

The development and training of elected members is managed by Democratic Services within the Law & Governance Business Unit of the Resources Group. At the beginning of their term of office, each elected member undergoes an induction programme which includes training on Corporate Governance. The Authority conducts regular Member Development Seminars which cover a broad range of topics both on matters internal to the Council and on relevant external subjects. A member development programme is agreed each year to ensure core development needs of members aligned to their respective roles are met and to take account of new and emerging issues. Democratic Services also maintain an electronic database of the training received by and planned for members. The Chief Executive conducts appraisals of each of the three Strategic Directors and the County Fire Officer and they in turn appraise their respective Heads of Service. The appraisal framework applies throughout the organisation. Each appraisal results in a plan of development objectives which are supported by training as appropriate.

- **Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation**

The Corporate Communications Strategy defines Warwickshire County Council's approach to managing effective communication with the community and other stakeholders. The strategy defines the roles and responsibilities within the Authority for managing communication, the people and entities with whom the Authority needs and aspires to communicate and the methods, channels and media by which that communication is achieved.

Corporate Communications are managed within the Resources Group.

The Consultation and Engagement Framework was significantly revised and relaunched in July 2011 and will be part of the wider review of Corporate Frameworks during 2012/13.

The results of all public consultations are publicised on the Authority's website. A Forward Plan of Key Decisions is also publicly available, allowing interested parties to lodge their views prior to the decision being made.

The Council is responsible for the operation of a network of thirty Community Forums across the county, each of which meet on a minimum of four occasions per year. These are run in partnership with the District/Borough Councils, Warwickshire Police, and Health Service and provide the opportunity for the public to engage with Councillors and public service providers about their concerns and priorities. Governance arrangements will be kept under review.

- **Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements**

A Partnership Governance Toolkit has been developed for use when establishing partnerships. Within the suite of documents is a tool which enables the assessment of a partnership's contribution to the Council's strategic objectives. There is an approved list of the Council's significant partnerships. A 'Partnerships Protocol' is available to staff which 'identifies the different types of partnership that can be established and aims to set out the arrangements needed to facilitate their smooth running and effectiveness. It also sets out the standards expected to ensure that the Council is protected in the partnership arrangements that it is involved in'.

Partnership governance forms part of the responsibility of a Cabinet member. The formal Governance arrangements for the Council's partnerships have been under review for some time and there is a growing emphasis on supporting partnership bodies which focus their activity on supporting the delivery of services in local communities.

4 Review of effectiveness

The Council has a 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 executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by external auditors and other review agencies and inspectorates.

The review of effectiveness was co-ordinated by an evaluation team consisting of representatives from each group, the Head of Internal Audit and chaired by the Head of Law and Governance. In carrying out their review, the evaluation team:

- Considered the approach of the Authority to establishing its principal statutory obligations and organisational objectives
- Considered the approach of the Authority to identifying principal risks to the achievement of those obligations and objectives
- Identified the key control frameworks that the Authority has in place to manage its principal risks
- Obtained assurance from managers on the operation of key control frameworks and on the results of relevant external or internal inspection
- Evaluated the assurances provided and identified gaps

The evaluation team scrutinised a series of assurance statements prepared by executive managers. These statements describe and provide evidence of the control frameworks and, where appropriate, referred to the results of reviews carried out by external agencies during the year including the external audit of the accounts.

The work of the evaluation team was scrutinised by the Monitoring Officer and the Section 151 Officer before being submitted to the Audit and Standards Committee for further scrutiny and reported to Cabinet and Council.

The Authority's governance arrangements have also been reviewed throughout 2011/12 in a number of ways including:

- The Terms of Reference for a comprehensive review of the Council's overall Governance arrangements was agreed in 2011/12. This fundamental review will take place in two phases followed by member briefing and training of all aspects before the end of 2012
- Scrutiny Reviews
- Internal Audit has undertaken risk based reviews across all groups and a range of functions across the Authority

The results of the Internal Audit work were reported to the Audit and Standards Committee throughout the year and the individual reviews fed into the overall Internal Audit Annual Report. That report concludes that the Authority's control environment provides substantial assurance that the significant risks facing the Authority are addressed. The internal audit findings were duly considered in the preparation of this statement by the evaluation team and the Audit and Standards Committee. We have been advised on the implications of the result of the review of effectiveness of the existing governance framework by Cabinet and the Audit and Standards Committee and plan to address weakness and ensure continuous improvement of the system is in place.

5 Governance Issues

• Transforming the Organisation

In response to the challenges posed by the current economic climate, the Authority is transforming itself into a leaner, more streamlined organisation driven by a clear Going for Growth agenda. Significant changes are being made with regards to accountability arrangements, essential skills, procedures, culture and workforce planning to ensure that this transition is smooth and effective. The restructuring of the organisation in 2011/12 and the climate surrounding local government demands new models of governance, in particular we need to review how Members hold a business and commercial culture to account. Member engagement, strong leadership and clarity around delegation of responsibility are key to the successful implementation of this organisational change. We need to define what the local authority of the future is for, and the future role of elected Members.

The major focus for the Authority in the coming year is to address the challenges it faces in moving to a commissioning role. This involves a different approach to service delivery requiring the Authority to be clear about priorities, what needs we are trying to meet and ensuring that managers have the necessary skills to meet those needs. In addition, the Authority faces the challenge of matching rising customer expectations with reduced resources.

The move to a commissioning organisation where a large volume of activity will no longer necessarily be directly provided by Warwickshire County Council staff will require more highly developed commercial awareness across the organisation, which must be reflected in the specification, tendering and monitoring of services and the maintaining of propriety in relationships with all contractors. The Council is planning to recruit a Commercial Enterprise Lead in this context. The controls supporting a move to commissioning will need to be robust, continuously monitored and consistently applied. Delivery of the Authority's Strategic Commissioning Programme involves complex legal, financial, commercial, property, IT and contractual issues, which will

pose significant challenges for the Authority. Staff and Members must therefore be equipped with the skills to manage the different risks involved.

Good governance and standards of control need to be appropriate for the future shape and development of the organisation and strictly upheld during the process to ensure that risks are managed and we achieve the right outcomes. It is critical to manage the pace of change and understand the impact of that change.

The Council is committed to working with partners and has recently signed a Memorandum of Understanding with Coventry City Council and Solihull Metropolitan Borough Council with a view to maximising best value collaborative working opportunities and economies of scale. The value and success of this arrangement will require strong and equal commitment by all parties.

We have modified the way we support and work with our strategic partners to ensure an outward focus is retained, however work must continue to increase the precision and effectiveness of such arrangements and we will continue to make this a key priority. In addition, our capacity to drive the range of operational partnerships has reduced and we need to be clear on our focus in light of the smaller resource base. We need to continue to prioritise our strategic partnerships.

As part of the Council's overall review of its services and its financial savings programme 2011/12, significant work was undertaken on transforming the youth service and a number of libraries have been successfully transferred to the voluntary sector. Work is continuing on the transfer of further libraries and some other services to the private or voluntary sectors. The Council has approved an overall framework and policy in relation to Social Enterprises and Staff Mutuals to assist with this process of localising services. The Localism Act and its impact on service delivery options will be monitored. Locality Working and Community Forums remain a key priority for the Authority in its engagement with local communities and implementing improvements.

The Authority is committed to more flexible working to make the best use of its limited resources, but to achieve this will require the highest level of ICT support together with a robust, reliable ICT infrastructure. The Council is implementing cloud computing to reduce costs and increase flexibility allowing staff to work from other locations. Rigorous arrangements need to govern the adoption of cloud computing to ensure that risks to the Council associated with new and unexplored technology are carefully managed.

The role of ICT in the rationalisation of office accommodation is integral to the future functioning of the Council. The property rationalisation programme aims to reduce the number of Council owned and occupied buildings and achieve the requisite savings targets. However, it is imperative that the rationalisation of property also delivers the accommodation solutions necessary to ensure that services can be delivered effectively, to achieve the flexible working vision and to ensure the Council continues to fulfil its statutory responsibilities.

The above developments reflect major cultural changes in the way the organisation will need to operate. This will require robust management to ensure that benefits are delivered and the impact of change on the Council's employees, who are its most valuable asset, is recognised.

- **Adult Social Care**

Adult Social Care is facing significant cost, quality and demographic pressures at the same time as the service is moving from being a provider to a commissioner of services. This is against the backdrop of uncertainty nationally about the future funding of social care.

Adult Social Care continues to face fundamental cultural changes requiring improved skills in market and contract management whilst managing the budget impact. In particular the move to a commissioning model across many adult services will require constant monitoring and market development to ensure that the appropriate services are available and that they support all our customers in Warwickshire.

This change agenda requires a range of specialist skills to address the legal, financial, commercial, property, information governance and IT challenges it poses. The Authority will continue to monitor progress through regular reporting to Cabinet and the Adult Social Care and Health Overview & Scrutiny Committee.

- **Financial Management**

The current economic climate continues to put pressure on the Council to deliver quality services with limited resources.

Strong financial leadership is required to ensure that resources continue to provide value for money for the residents of Warwickshire, whilst still providing the standard of service that residents expect.

The current economic situation means that resources are constrained and the level of financial support available to managers has been adversely affected by the need for the finance support service itself to reduce costs. Work is underway to transform the finance service to allow it to deliver more effective ways of working and to ensure that the right financial management skills are available to managers across the organisation. This will enable them to function effectively and efficiently in delivering their services

The implementation of the new Agresso financial systems continued during 2011/12 and into 2012/13 in order to meet the Authority's need for improved financial information. A number of issues arose with the implementation of the system, particularly around the prompt completion of the bank reconciliation; this was mentioned in the External Auditors' Governance Report for 2010/11. Issues also arose during 2011/12 with the Procure to Pay module. Action plans are in place to address all the issues identified and steps are also in place to ensure that the remaining elements of the new system and the associated business process improvements are delivered on time and on budget whilst maintaining high standards of control.

- **Medium Term Financial Outlook**

The impact of the Local Government Resources Review is not yet known but could introduce substantial volatility in funding in the future. This includes the one off funding for council tax freeze and the localisation of council tax benefit and business rates and introduction of the Community Infrastructure Levy. These issues will

continue to be monitored and a dialogue maintained with district/borough councils within the County.

- **The Council's Changing Relationship with Schools**

The Government's education agenda and the rapid growth in the number of schools transferring to Academy status is the driver behind a significantly changing relationship between the County Council and Warwickshire schools.

With twenty secondary schools having already been granted academy status, a further two in the process of consulting and the likelihood of others leaving the Authority's control within the next twelve months, the Council is fundamentally reviewing the way in which it responds to the inevitable changing relationships with both maintained schools and Academies.

During 2011/12, the Council commissioned a comprehensive review of the changes taking place across the Warwickshire education landscape and the impact of these on the Authority's role and previous relationship with its schools. Various parts of the Council are taking forward the range of recommendations arising from that review to help establish the Council's new role and responsibilities in the fast changing education environment, and to review the impact this is having on the continuing viability of the Council's services to schools. The continuing viability of many of these services will be further examined during 2012/13.

A Council wide Academies Group is overseeing the coordination of the Council's response to the evolving issues and the Warwickshire Education Service (WES) Board is monitoring and responding to the impact of these changes on the Local Authority's services.

The approach of the Local Authority will be to continue to promote the welfare of children in education in Warwickshire and to work in partnership with schools, regardless of status, to ensure high levels of academic attainment. Robust management controls need to be in place to manage the risks associated with these developments and as a champion of the child, the Council will be placing continuing emphasis on a proactive and close working relationship with schools.

- **Warwickshire Fire & Rescue Service - Atherstone on Stour Tragedy**

Following Police and HSE investigations, three Warwickshire Fire & Rescue Incident Commanders were charged with Gross Negligence Manslaughter in relation to the death on 2 November 2007 of four fire fighters at Atherstone on Stour. All 3 men have now been acquitted. The County Council has also been charged in relation to a health and safety offences following the same incident, the Crown Court hearing for which will take place during Summer 2012. These proceedings will continue the profound impact this tragedy has had on the Fire and Rescue Service, particularly in terms of staff morale and confidence and the potential for reputational damage. All these issues are being continuously and carefully managed.

The replacement of the Police Authority with an elected Police and Crime Commissioner in 2012 will provide a new framework for future engagement with the Police Service.

- **Warwickshire Fire & Rescue Service - Strategic Alliance**

Within the current financial environment, the Council also faces the difficult task of managing the continuing provision of fire and rescue services, whilst delivering a challenging modernisation plan within significant financial constraints. Monitoring the implementation of the improvement plan is ongoing and as part of this process Cabinet agreed to explore the possibility of a Strategic Alliance with Northamptonshire Fire & Rescue Service to pursue greater levels of collaborative working and joint strategic commissioning. Work on developing a Memorandum of Understanding, business case and project plan will continue during 2012/13.

- **Keeping Information Safe**

Information security is a key issue for all public sector organisations in the light of data losses in a number of such bodies. In addition the Authority has also been subject to some data management issues which have been formally resolved. A robust process for investigating data losses is in place and the Authority continues to ensure that the data of its staff, customers and business activities is stored securely, legally and in accordance with Council policy. In addition, each Head of Service has carried out an information risk assessment to identify any improvements required in order to ensure that the organisation will not be exposed to the substantial fines that could otherwise be levied by the Information Commissioner's Office.

- **Public Health**

Responsibility for Public Health will transfer to Warwickshire County Council from the Health Service in April 2013. Work is currently underway to integrate Public Health into the County Council's structure and processes and to assess the financial implications. In preparation the Council has put in place a Shadow Health and Wellbeing Board whose role will continue to evolve.

There is a significant risk that insufficient resources would transfer from health to the County Council to deliver the new responsibilities. The new responsibilities may lead to conflicts between the commissioning arrangements and our leadership role. There remain uncertainties over the interface between the Authority and the Clinical Commissioning Groups and the impact on patterns of provision.

The inevitable challenges presented by this transfer of service will be carefully managed over the next twelve months.

- **Safeguarding Children**


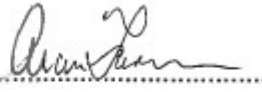
In light of recent high profile safeguarding children cases at a national level, it is clear that although the Council has received a Level 3 Ofsted report (which means that Warwickshire performs well and exceeds minimum requirements), it cannot be complacent about protecting children from harm and providing appropriate services for children in need. Responding to ever increasing levels of referrals will require careful judgements to be made both in terms of managing the associated increase in costs and our exposure to risk

- **Energy Costs**

Energy costs have been continually rising. Warwickshire County Council has managed this by monitoring the impact on budgets. In addition, a funding strategy has been agreed. This is an area that will inevitably pose further challenges for the Authority in the year ahead and it will be kept under careful review.

We view each of the above priorities as major challenges for the Authority as opposed to significant governance issues.

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 we will monitor their implementation and operation as part of our next annual review.

Signed:	 Jim Graham Chief Executive	 Cllr Alan Farnell Leader
Date: 25.9.12 27.9.12