

**HARROW COUNCIL
ANNUAL GOVERNANCE STATEMENT
2009/10**

1. Scope of Responsibility

- 1.1 Harrow 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.
- 1.2 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.
- 1.3 The Council has approved and adopted a corporate governance framework, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy can be obtained from Harrow Council, Civic Centre, Station Road, Harrow, Middlesex HA1 2XF. This statement explains how the Council has complied with the code and the governance framework and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of this Annual Governance Statement.

2. The Purpose of the Governance Framework

- 2.1 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 enables the authority to monitor the achievement of its strategic objectives and consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Harrow 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.
- 2.3 The governance framework has been in place at Harrow Council for the year ended 31 March 2010 and up to the date of approval of the statement of accounts.

3. The Governance Framework

Identifying, communicating and reviewing the authority's vision

- 3.1 Harrow Council's vision is "to be recognised as one of the best London Councils by 2012, in a borough that is cosmopolitan, confident and cohesive".
- 3.2 The priorities and flagship actions set out in the corporate plan were set in response to consultations with residents and filter down the organisation hierarchically at Directorate, Service and individual plan levels. The priorities are communicated to residents through "Harrow People" magazine and the harrow.gov internet site.
- 3.3 The Council's vision and corporate priorities are consistent with the Sustainable Community Strategy.
- 3.4 The Sustainable Community Strategy is developed by the Harrow Strategic Partnership together with the local community, with local agencies, stakeholders and residents involved in identifying its priorities. The Strategy shows how the organisations making up the Harrow Strategic Partnership will try to shape the effects of global, national regional and local trends and events to work towards successful outcomes for Harrow. These successful outcomes include making Harrow a better place to live and work over the long term.
- 3.5 Through this partnership, the HSP Members have agreed a new Local area Agreement which runs until March 31st 2011 and reflects the work that partners need to do over the next 3 years to improve the quality of life for local people.
- 3.6 The Better Deal for Residents: Shaping Harrow for the Future (BDfR) programme has been developed to significantly reduce costs each year for the foreseeable future, whilst radically considering the manner and scale of services offered, given the changing needs of residents. The BDfR programme will, in the first instance, include a fundamental review of how the council can deliver more integrated services to local taxpayers across all the public sector partners in the borough. It will focus on how the council can better-align services with residents' needs, whilst being more cost effective. The BDfR will act as the first phase of the Council's Change Management Programme, which will be undertaken over the next two to three years. The programme includes the follow 5 workstreams:
- Future Operating Model
 - Place Shaping and Property
 - Cross Council Efficiency Review
 - Service Efficiency/BPR Programme
 - LEAN
 - Better Together
- 3.7 Five improvement boards, which cover all areas of the Council, oversee all improvement initiatives across the Council, and the Corporate Strategy Board (CSB) has regular performance monitoring meetings scheduled throughout the year. CSB Membership consists of the Council's 5 Corporate Directors, the Assistant Chief Executive, the Director of Legal and Governance Services and is chaired by the Chief Executive.
- 3.8 Progress towards the Council's corporate priorities is regularly monitored by the improvement boards, Corporate Strategy Board (CSB), the Executive (Members of the Cabinet, consisting of the Leader of the Council and nominated Portfolio Holder

Councillors) and the LAA by the Harrow Strategic Partnership. Improvement boards also monitor risks to the achievement of Directorate objectives each quarter.

- 3.9 The Executive meets monthly and the Corporate Strategy Board meet weekly to monitor performance and to consider the key risks to the achievement of those objectives. There are also six weekly 'leadership meetings' between CSB and Cabinet Members.
- 3.10 The corporate priorities are reviewed annually and the priorities for 2009/10 were to:
- Deliver cleaner and safer streets
 - Improve support to vulnerable people
 - Build stronger communities.

Measuring the quality of services and ensuring best use of resources

- 3.11 The Council has an integrated planning and budget framework to develop its corporate plan and medium term financial strategy each year, and monitor performance against plans and budgets. The Sustainable Community Strategy and the Local Area Agreement inform the Council's Corporate Planning process. The direction provided by the Corporate Plan and the Medium Term Financial Strategy is cascaded through directorate service improvement plans down to service development plans and then to personal development plans and IPADS for individual staff.
- 3.12 The process commences with the development of a Year Ahead Statement, setting out the evidence base to support the Council's priorities, and this sets the scene for the planning round. More detailed work follows, culminating in the approval of the corporate plan and budget in February each year.
- 3.13 In December 2007 the IDeA carried out a corporate Peer Review of the Council with its partners, at the request of the incoming Chief Executive. The results of this informed the Council's key improvement priorities and shaped the Council Improvement Plan (CIP) for 2008-11.
- 3.14 Performance against plans, key indicators and targets and budgets are monitored during the year by Directorate Management Teams, quarterly Improvement Boards and CSB. There are quarterly monitoring reports to Cabinet on both the budget and performance using a balanced scorecard approach.
- 3.15 The Council has made considerable progress to improve its financial position and financial management in the last 3-4 years. This has involved much more robust medium term planning, an increase in the number of qualified finance staff, training for budget holders, and the replacement of the finance system with Enterprise Resource Management System (ERP). The Council commissioned a financial effectiveness review during 2007-08 with support from Capital Ambition. The recommendations from this were incorporated into the Council's Improvement Programme.

- 3.16 A Use of Resources Assessment was carried out annually up to and including 2008/09 by the Audit Commission which was wide ranging and covered financial management, performance management, internal control and value for money. The outcome of the assessment resulted in actions being built into service plans and the Council's Improvement Programme. This assessment has been abandoned by the new government and as a consequence there will not be an assessment relating to 2009/10 and a new assessment/self-assessment regime has yet to be announced.

Defining roles

- 3.17 The Council's constitution describes the role of Members, the Executive, Portfolio Holders, Mayor, full Council, the Standards Committee and the Overview and Scrutiny Committee. The Council launched a new corporate consultation strategy in 2008/09
- 3.18 Officer responsibilities are also set out in the Constitution, including the Chief Executive and Corporate Directors, the Director of Legal & Governance Services. This includes the various statutory responsibilities of these roles and role profiles of senior officers are in place and relevant officers have written delegated authority to undertake the statutory functions. The role of the Finance Director complies with CIPFA guidance.
- 3.19 Democratic services maintain a register of Members' interests which is published on-line via the Council's web-site.
- 3.20 The Constitution is reviewed on an on-going basis, with full Council making amendments as and when required. During 2009/10 the Constitution was reviewed and a Code of Corporate Governance was included along with updated Financial regulations and Contract Procedure Rules.

Standards of behaviour and codes of conduct

- 3.21 Members and employees have clear codes of conduct, which set out expectations of behaviour and are regularly reviewed and re-issued. Training for Members on the code was provided during 2007-08 and the employee code forms part of the officer induction training. Following the local elections in May 2010 a new administration was elected and an induction programme for the new council members was organised by the Council's Democratic Services team which involved training on ethical governance and was well received by members.
- 3.22 A Standards Committee is in place to ensure that individual Members uphold and exemplify good governance and behaviour, and the role of the Committee and its structure was revised during early 2008/09 to reflect its new powers and responsibilities. Proposals to abolish Standards for England will reinforce the Committee's role in leading on the local Ethical Governance agenda.
- 3.23 Separate mechanisms for Members and Officers are in place in the event that the codes are breached and appropriate action is taken as necessary.
- 3.24 Registers of gifts and hospitality are held at Member and Officer level and reviewed regularly. Departmental Management Teams review the Officer registers at regular intervals. The Member's register is available on-line via the Council's web-site.

3.25 In September 2008 the Council adopted new Council values which apply to all employees and replace the previous competency framework for middle managers and above. The values set out expected behavioural standards within 6 themes known as the CREATE values:

- Customer first;
- Respect;
- Engaged communication;
- Actively 'One Council';
- Taking responsibility;
- Energise and improve.

3.26 A new suite of employment policies were prepared during 2007/08 and introduced from April 2008 which includes key HR policies for dealing with grievance, disciplinary and harassment issues. These have been communicated to managers under new capability and dignity at work procedures and are available on the Council's intranet site together with the full range of HR policies.

Decision making

3.27 Decision making arrangements are set out in the Constitution. The Council operates a Leader and Cabinet (Executive) model of decision making. Although some decisions are reserved for full Council, most are made by the Executive or by Committees, Sub-Committees or officers. The powers delegated to individual portfolio holders are set out in the Constitution. In accordance with the Local Government Act 2000 the Council has mechanisms in place to allow the effective, independent and rigorous examination of the proposals and decisions by the Executive. These mechanisms involve the Overview and Scrutiny process, call-in. The conduct of the Council's business is governed by the Constitution, which includes Standing Orders and Financial Regulations.

3.28 Forthcoming Executive decisions are published on the Forward Plan which sets out all future key decisions that may be made within the following four month period.

3.29 The Executive is responsible for the implementation of policy and ensuring the effectiveness of service delivery.

3.30 The scrutiny function supports effective decision making and policy development by the Executive. The Overview and Scrutiny Committee is responsible for overseeing a targeted work programme that can help support service improvement through an in-depth investigation of performance and the development of an effective strategy/policy framework for the council and its partners. This includes consideration of the corporate plan, local area agreements and the medium term financial strategy. The Performance and Finance sub-committee is the scrutiny body responsible for monitoring the performance of the council and its partners in relation to their stated policy and priorities.

3.31 All formal meetings are clerked by well trained and experienced Democratic Services Officers who also provide advice on constitutional procedure. Lawyers are present when appropriate to provide advice on law.

- 3.32 Members are required to make sound decisions based on written reports which are prepared in accordance with report writing guidelines and all Cabinet reports have to be cleared by officers in finance, legal services, performance management, environment and portfolio holders. Reports must pay due regard to equalities issues, crime and disorder implications, and risks.
- 3.33 The Executive receive a briefing (Cabinet Briefing) two weeks before the formal Cabinet meeting date when Members can ask detailed technical questions of officers. A Member Development programme is in place to support Members and provide them with information and the skills to make effective decisions.
- 3.34 The Constitution details those decisions that may not be taken by the Executive and those decisions that have been formally delegated to officers.

Internal control and risk management

- 3.35 The Council's internal control and risk management arrangements are assessed every year by the Audit Commission as part of Use of Resources. In the most recent assessment published March 2009 the Council was rated 3 out of 4. This means that the Council is consistently operating at above minimum requirements and performing well. (As covered in 3.16 this assessment has now been abolished.)
- 3.36 The Council has a duty to manage its risks effectively and this is achieved through a consistent corporate process in a hierarchical series of risk registers. A risk management strategy is reviewed and agreed by the Executive each year. The strategic risk register is reviewed by the Corporate Strategy Board on a quarterly basis. All Directorates have risk registers as part of Service Improvement Plans and these are reviewed by Directorate Management Teams regularly and the Improvement boards quarterly.
- 3.37 The corporate Risk Steering Group, consisting of nominated directorate risk champions and chaired by the Assistant Chief Executive, met four times during 2009/10 and provide challenge on the robustness of the strategic and corporate operational risk registers and the adequacy of controls to mitigate the risk. It also reviewed its Terms of Reference and provided input and comment on the risk management strategy and guidance.
- 3.38 All risk registers identify risks to the achievement of objectives, the impact and likelihood of current and target risk scores, mitigating actions to control the risks and assign risk owners/champions and control owners.
- 3.39 Business as usual projects are managed through the corporate risk management process, with dedicated risk registers in place to ensure risks are being managed throughout the life of a change programme/project.
- 3.40 All committee reports requiring decisions are required to include commentary on the risks associated with the subject matter of the report so that Members can take informed decisions based on the balance of opportunities versus risks.

Audit arrangements

- 3.41 An effective Internal Audit service is provided by an in-house team, which operates in accordance with the standards set out in the CIPFA Code of Practice for Internal Audit for Local Government.
- 3.42 The Council's External Auditors, Deloitte LLP, rely on the Internal Audit team's work on the authority's core financial systems.
- 3.43 The Council has operated an Audit Committee in accordance with the CIPFA Guidance *Audit Committees – Practical Guidance for Local Authorities*, since July 2004. Its terms of reference were reviewed and widened during 2007/08 to encompass the review and monitoring role of a range of risk related services including monitoring performance on corporate governance generally. The new role was agreed by full Council in October 2007 and the committee renamed the Governance, Audit and Risk Management (GARM) Committee.
- 3.44 Training was undertaken for the members of the GARM Committee in March 2007 and lead members were nominated as specialists in distinct areas of the GARM Committee responsibilities further training is planned for September 2010.

Compliance with statute and internal policies and procedures

- 3.45 The Council's legal service tracks new legislation and keeps the relevant Directorate(s) informed of the implications for future service delivery. Corporate issues are discussed at the Corporate Strategy Board and Corporate Leaders Group.
- 3.46 All internal policies and procedures are contained on the Council's intranet site and communicated to staff. Compliance is monitored through the annual management assurance exercise, Internal Audit reviews and specific monitoring at Directorate Management Team meetings and the quarterly improvement boards.
- 3.47 Key internal policies and procedures are reviewed and communicated regularly, such as the Council's Financial Regulations and Contract Procedure Rules both updated during 2009/10.
- 3.48 Serious breaches of policies and procedures are subject to the Council's disciplinary procedures and where necessary investigated by the Council's Internal Audit service which works closely with the Council's Corporate Anti-Fraud team which maintains the Council's corporate anti-fraud policy and corruption strategy.

Whistle blowing and complaints

- 3.49 The Council has a whistle blowing policy, publicised to staff and available on the intranet. The policy is primarily designed for staff to raise concerns but also explicitly encompasses contractors, councillors and agents outside the authority. A register of complaints is maintained by the Monitoring Officer.
- 3.50 The Council has a three stage complaints procedure for Members of the public to complain about individual service areas. This was refreshed in 2008/09 and details of the procedure and an online form are contained on the Harrow.gov website. Details of the Local Government Ombudsman Service are included and a printable information pack is available to download. A similar facility exists for Members of the public to provide general comments and suggestions, or compliments.

Training and development

- 3.51 The Council runs a Member induction programme for new Members and a development programme for all Members. The latter consists of a schedule of events throughout the year in a variety of formats, including events led by key officers from across the organisation and quarterly update sessions to keep Members up to speed on new developments/ideas.
- 3.52 A staff appraisal programme (IPAD) exists for all employees which is conducted on an annual basis with a mid year review. The process is formal with a corporate template and is designed to record achievements of staff, enable discussion about training and development needs, personal development and provide a clear understanding of how all individuals work contribute to the Team, Service, Directorate and Corporate priorities. The 2009/10 Management Assurance process highlighted that managers consider that the appraisal process is working well in only 44% of departments across the Council i.e. only 44% reported that 100% of IPADs had been completed. However action has been identified in the action plan arising from the Staff Survey in November 2009 and the IPAD process is currently being reviewed with senior management to address the cultural challenges in ensuring effective performance management in preparation for a re-launch in April 2011.
- 3.53 The appraisals process is monitored at Divisional Management Team level, at Council Improvement Boards and as part of the annual management assurance exercise.
- 3.54 All Directorates started work in 2007/08 on building workforce strategies and these were implemented in 2008. Learning and development plans for staff are integral to these strategies, as are initiatives to provide career opportunities for existing staff within the Council and Directorates.
- 3.55 A managers development programme was attended by most middle managers during 2008/09 and professional qualification opportunities are provided within Directorates.
- 3.56 All service areas have a budget allocated for training and development of staff.

Communication and consultation

- 3.57 The Council has a corporate consultation strategy which was launched in 2008/09. Consultations are therefore managed through a number of channels, including the Residents Panel.
- 3.58 The Council magazine "Harrow People", which is delivered to every household in Harrow seven times a year, is used to communicate important messages
- 3.59 Internally a variety of media are used to keep staff informed of developments and important information. These range from communications e-letters to poster campaigns, "The Arrow" internal newsletter, the 'Grapevine' an e-newsletter, the Chief Executive's newsletter and staff forums held jointly by the Chief Executive and Leader of the Council when all staff are able to attend and ask questions.

- 3.60 The Council's communications strategy was reviewed in 2007/08 and a new corporate communications team was established. A new strategy was agreed by Cabinet in March 2010, but given the change in administration, this is now under review.
- 3.61 Protocols for 2 way communication between the Council and the Trade Unions are well established.
- 3.62 All Committee meetings are held in public except where items on the agenda are exempt from publication due to confidentiality.

Partnerships

- 3.64 As part of the process for agreeing the 35 improvement priorities for the Local Area Agreement, partners committed to a number of values around addressing inequality, focussing on preventative actions and delivering value for money through the LAA. They have also signed up to a compact agreement, setting out the principles for partnership working and how they engage with the voluntary and community sectors. A Scrutiny review of the relationship between the Council and the Voluntary Sector was carried out in 2007/08 and work to achieve the recommendations from that review commenced in 2008/09 and all but one, relating to HREC have now been implemented. It is expected that there will not be an LAA in the future, given the Coalition Government's decision to abolish CAA and reduce the reward grant in-year.
- 3.65 The Council has engaged a number of commercial partners to support the delivery of services, from a business transformation project to construction and infrastructure partners. The partnerships have been secured under framework agreements and are subject to strong governance and accountability processes.
- 3.66 Directorate Service Improvement Plans are required to list key partnerships and to consider partnership risks. Joint risk registers exist with key commercial partners and during 2008/09 further work with public partners was carried out and joint registers established during 2009/10.
- 3.67 The initiatives established during 2008/09 with commercial and voluntary partners to support businesses and residents of the borough specifically in relation to the economic downturn continued throughout 2009/10.

4. Review of Effectiveness

- 4.1 The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have the responsibility for the development and maintenance of the governance environment, the Corporate Governance Group, the Corporate Governance Working Group, the Internal Audit annual report, and also by comments made by the External Auditors and other review agencies and inspectorates.
- 4.2 The process and activities that have been applied in maintaining and reviewing the effectiveness of the governance framework in the 2009/10 financial year is described below.

The Council

- Set the annual budget in accordance with the corporate priorities.

The Executive

- Made decisions in accordance with corporate priorities.
- Allocated responsibility for Member Portfolio Holders to specific areas of responsibility
- Considered risks and opportunities as part of the decision making process.
- Monitored performance against the corporate priorities

The Audit Committee (GARM)

- Met 6 times during 2009/10 and has considered the work of Internal Audit during the year including mid year and end of year reports, the results of the management assurance exercise, approved the Internal Audit Annual work plan, the Internal Audit delivery plan and the results of the updated Internal Audit self assessment against the CIPFA Code of Practice for 2009/10.
- Monitored the effective development of the Council's corporate governance framework
- Reviewed and approved the Annual Statement of Accounts. Specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- Reviewed and challenged the reports provided by External Auditors on behalf of the Audit Commission including the annual audit and inspection letter and the use of resources judgement
- Reviewed and approved the Annual Governance Statement

The Standards Committee

- Received reports from the Council's Monitoring Officer. It also considered and made decisions on allegations of breaches of the member's code of conduct.

The Overview and Scrutiny Committee

- Supported the Council and Executive in developing the policy framework and budget for the Council and worked with partner organisations on issues that may be outside the remit of the Council
- Considered the Council and its partners' performance against stated policy and priorities
- Reviewed specific services by making reports and/or recommendations to the full Council, Executive, Portfolio Holders and any joint or area committees on any of their functions
- Reviewed policy and decisions developed by others by reviewing and/or scrutinising decisions made or actions taken in connection with the discharge of the Council's functions
- Reviewed issues of concern to local people by considering matters affecting the area or its inhabitants and monitoring and scrutinising the activities of others
- Considered the Forward Plan prior to key decisions as appropriate

Internal Audit

- Provided assurance to the Council on operational and financial controls through the delivery of an agreed audit plan and follow-up reviews

- Produced mid and end of year reports including the annual audit opinion on the Councils internal control framework.
- Supported the Corporate Governance Group and Corporate Governance Working Group.
- Provided assurance and advice to major project boards and partnership arrangements
- Conducted an annual management assurance exercise the results of which informed risk registers, corporate governance update reports, action plans and also this annual governance statement.
- Contributed to the drafting of the annual governance statement
- Implemented an escalation procedure to the Corporate Strategy Board and Audit Committee on audit reviews that gave rise to concern
- Worked closely with the Corporate Anti-Fraud Team in relation to system controls and investigations to counter fraud.
- The Internal Audit plan for 2009/10 was approved by the Audit Committee in June 2009 and 93% of the plan was completed which included all the key financial system reviews relied upon by the External Auditors. A total of 335 recommendations were made during the audit year and 327 (98%) were agreed for implementation by the various managers.
- A significant part of the work programme involved supporting schools to achieve the Financial Management Standard in Schools (FMSIS). 83% of schools who were assessed achieved the standard.
- Undertook work on the authority's core financial systems for external audit reliance purposes
- The overall audit opinion for the Council's control environment for 2009/10 was assessed as "good". The detailed report setting out the reasoning behind this assessment was considered and approved by the Governance, Audit and Risk Management Committee (GARMC) in September 2010.

Corporate anti-fraud team

- Reviewed and updated the Council's corporate anti-fraud policy and corruption strategy which was adopted by cabinet in September 2009.
- Investigated allegations of fraud both from external and internal sources.
- Worked closely with Police partners to secure convictions where appropriate.
- Published successful prosecutions as part of a deterrent communication strategy.

Management Assurance Exercise

- 4.3 The management assurance process was developed and introduced across the Council in 2005/2006 (the 2004/2005 exercise). The areas of assurance are reviewed and updated annually by Internal Audit using the corporate risk register to provide a clear link between the controls identified in the risk management process and the assurances being obtained
- 4.4 When management assurance was introduced the assurance level was set at 70%. The assurance level indicates the percentage of departments in which the organisation expects any given area of assurance to be working well in. This level of assurance was maintained for the first three years that the exercise was run at 70%. However this is set at a pragmatic/realistic level rather than a challenging level and now that the assurance process is embedded the level of assurance expected was

increased to 75% for the 2008/09 exercise and was increased to 80% for 2009/10. Contained within this year's exercise there are also a number of new 'stretch' areas of assurance that have an assurance level of 50%. This is not a lowering of standards but recognition of the emerging nature of these areas and a realisation that time is needed for managers to embed new requirements. The assurance level for these areas will be raised to match all other areas in following years providing up to 2 years for them to become embedded.

- 4.5 Overall the 2009/10 management assurance exercise confirmed that 73% of the areas of assurance covered by the self-assessment process are working well across the Council i.e. above the assurance level set, (80% for established areas of assurance and 50% for the new/emerging areas) and have been given a green assurance rating. This is a 7% decrease on areas given a green assurance rating in 2008/2009 however bearing in mind the increase in the assurance level set for the established areas of assurance, the removal of areas working well for at least the past two years and the inclusion of the new/emerging areas of assurance this is a reasonable result that the Council will be able to build on in future years.
- 4.6 Action points were agreed as part of the management assurance statements sign off by the 3rd tier managers for all areas of assurance identified as working towards or where a gap was identified. These will be monitored throughout 10/11 by the quarterly Improvement Boards as proposed by the Corporate Governance Group.

5. Significant Governance Issues/Progress on previous agreed actions

- 5.1 The annual review of the Council's governance arrangements and the annual management assurance exercise identified a number of governance issues for which detailed action plans have been developed. The year end update of the 2008/09 AGS Action Plan shows that the governance gaps identified in 2008/09 were closed fully or substantially in 2009/10 for 79% of gaps identified. Six actions from 2008/09 have been carried forward to the 2009/10 AGS Action Plan attached to this statement one of which relates to IT Disaster Recovery which was recognised as a significant governance gap in the 2008/09 Annual Governance Statement and remained a gap throughout 2009/10.
- 5.2 Seven new gaps in governance arrangements were identified as part of the 2009/10 annual governance review, one of which has already been identified and action planned as part of the Strategy for People 2010-2012 and another, whilst acknowledged is considered reasonable by Senior Management and the Corporate Governance Group and no action is planned. None of the gaps identified are considered to be significant by the Corporate Governance Group.
- 5.3 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

6. Declaration

- 6.1 We have been advised on the implications of the review of the effectiveness of the governance framework by the Governance, Audit and Risk Management Committee

and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Signed.....

Councillor Bill Stephenson
Leader of the Council

Michael Lockwood
Chief Executive

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