

# **Annual Governance Statement**

## **Year ended 31 March 2018**



# Annual Governance Statement 2017/18

## Contents

	<u>Page</u>
1 What are we responsible for?	3
2 The aim of the Governance Framework	3
3 The Governance Framework	4
4 Review of Effectiveness	8
5 Governance Issues	9
6 Certification	12

## 1. What are we responsible for?

We are responsible for carrying out our business in line with the law and proper accounting standards, and for using public money economically, efficiently and effectively, and accounting for it properly. We also have a duty under the Local Government Act 1999 to continually review and improve the way we work, while at the same time offering value for money and an efficient and effective service.

To meet our responsibility, we have put in place proper governance arrangements for overseeing what we do. These arrangements are intended to make sure that we do the right things, in the right way, for the right people, in a timely, open and accountable manner. These arrangements consist of all the systems, processes, culture and values which direct and control the way in which we work and through which we account to, engage with and lead our communities.

We have 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 (2016)*. Further information is on our website:

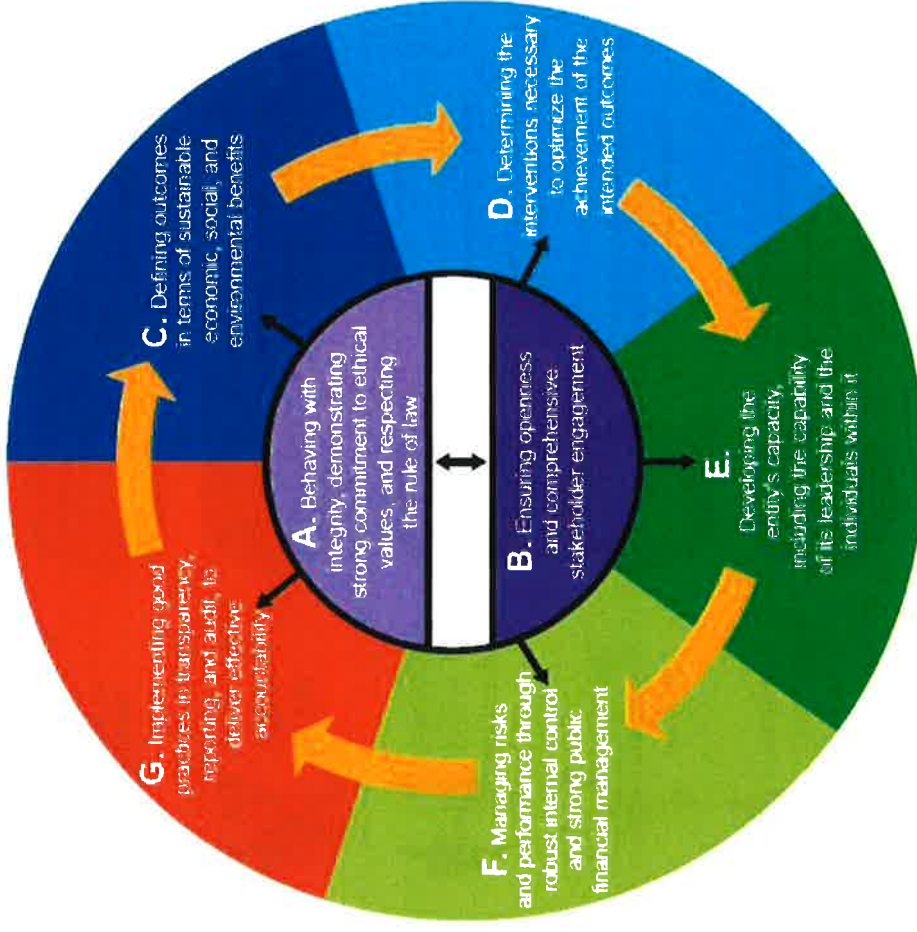
<http://www.warwickshire.gov.uk/corporategovernance>

This statement explains how the Council has complied with its Code of Corporate Governance and also meets the requirements of the Accounts and Audit Regulations 2015. It also covers the governance control and risk management arrangements of the Warwickshire Local Government Pension Scheme and Firefighters' Pension Scheme.

## 2. The aim of the governance framework

The framework allows us to monitor how we are achieving our strategic aims and ambitions, and to consider whether they have helped us deliver appropriate services that demonstrate value for money.

The system of internal control is an important part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all



risk of failing to achieve our policies, aims and objectives, so it can only

Figure 1 CIPFA's Principles of Good Governance

offer reasonable assurance and not absolute assurance of effectiveness. The system of internal control is based on continuing processes designed to:

- identify and prioritise the risks that could prevent us from achieving our policies, aims and objectives;
- assess how likely it is that the identified risks will happen, and what will be the result if they did; and
- manage the risks efficiently, effectively and economically.

The governance framework has been in place at the Council for the year ended 31 March 2018 and up to the date of approval of the Annual Governance Statement and Statement of Accounts.

### 3 The Governance framework

Our code is aligned to the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). A description of the arrangements which we have put in place to secure robust corporate governance are summarised below. The full detail of these arrangements can be found in the Code of Corporate Governance.

#### **Core Principle A. Behaving with integrity, demonstrating the rule of law, and respecting the rights of others**

As part of our governance framework we apply six key behaviours which provide a clear framework on the behaviours we should be demonstrating on a day to day basis to support the cultural change and transformation of the organisation. The behaviours are integral to 1:1s and appraisal conversations as well as key to the way we recruit and develop our colleagues. <http://www.warwickshire.gov.uk/ourbehaviours>

We have arrangements in place to provide assurance that our behaviours are being upheld and that members and officers demonstrate high standards of conduct. These include:

- codes of conduct for officers and members (including gifts and hospitality, registering interests, anti-fraud and whistleblowing); and

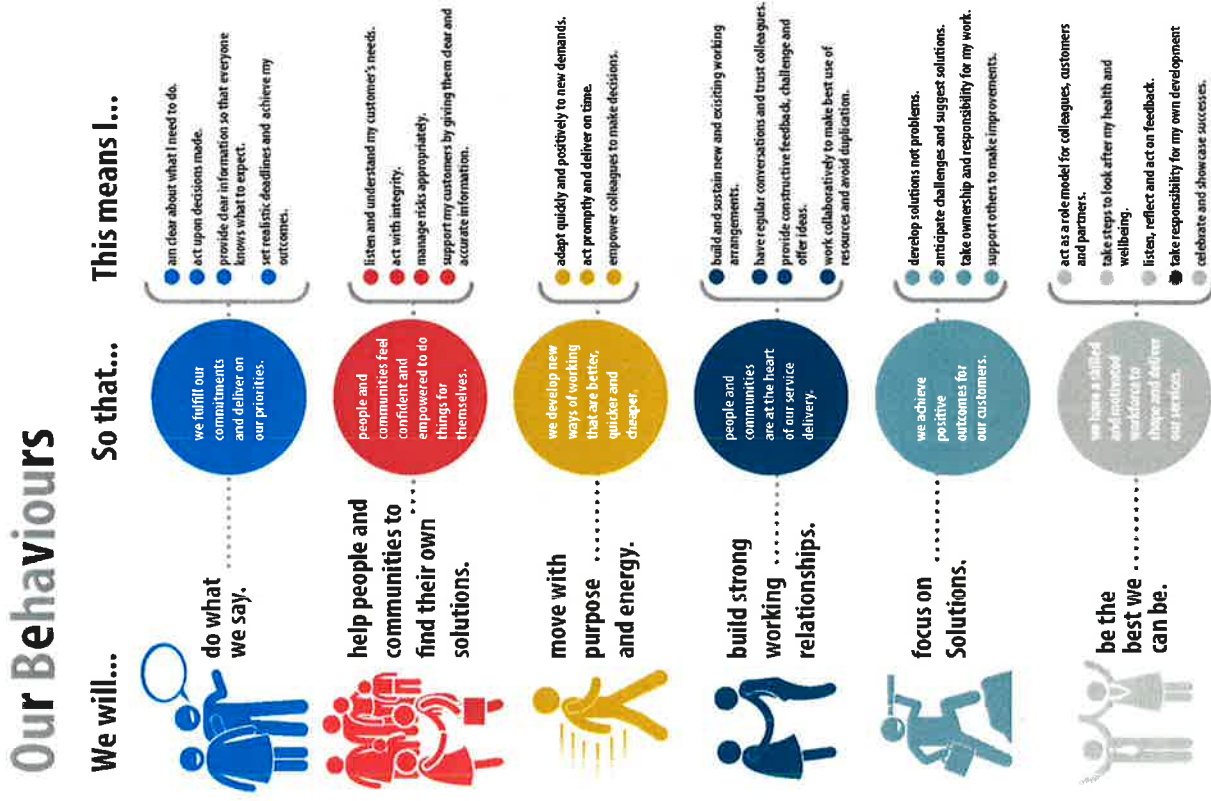


Figure 2 Warwickshire's Six Key Behaviours

- inclusion of ethical values in policies and procedures for all areas including procurement and partnership working. <http://www.warwickshire.gov.uk/conduct>

Complaints and compliments help us improve the services we provide to all customers. We have a corporate complaints and feedback procedure to ensure that all complaints are investigated properly and are responded to as quickly as possible. <http://www.warwickshire.gov.uk/complaints>

We appreciate the diversity of our customers, workforce and the wider Warwickshire community and are committed to Equality and Diversity. This is integral to everything we do including policy development, service delivery and partnership working to ensure we meet the Public Sector Duty as set out in the Equality Act 2010 and that we do not unlawfully discriminate with services we deliver or commission <http://www.warwickshire.gov.uk/equality>

Our Constitution sets out the conditions to ensure that all officers, key post holders and Members are able to fulfil their responsibilities in accordance with legislative requirements so that we are efficient, transparent, accountable to our citizens and compliant with the law. Roles and responsibilities for individual Members, the Council, Cabinet and senior officers, along with the delegation of statutory powers and executive functions, and protocols on member / officer relations are documented. <http://www.warwickshire.gov.uk/constitution>

### **Core Principle B. Ensuring openness and comprehensive stakeholder engagement**

We have a Consultation and Engagement Framework in place, owned by a lead officer, which provides staff with up to date guidance and tools for planning and conducting consultation activities.

As part of our approach to consultation the Ask Warwickshire website is a portal for consultation exercises taking place within Warwickshire. We use a variety of methods to undertake consultation. [www.warwickshire.gov.uk/ask](http://www.warwickshire.gov.uk/ask)

We value the contribution from our employees and have an Employee Engagement Strategy in place which sets out how we ensure employees have a voice, managers and leaders are focusing, coaching and developing their people and there is clear communication about where our authority is going. This is supported by bi-annual staff surveys and pulse surveys which measure employee engagement and our direction of travel against a number of staff related measures. <https://www.warwickshire.gov.uk/employeeengagement>

We actively contribute to and collaborate with partners to promote good governance and achieve the delivery of outcomes through increased joint working and economies of scale. We are members of a number of sub-regional partnerships and groups which have member and / or officer representation. Each partnership has its own governance arrangements in place. <http://www.warwickshire.gov.uk/partnerships>

We are registered as a data controller under the Data Protection Act as we collect and process personal information. We have a named Data Protection officer and have procedures in place that explain how we use and share information and arrangements for members of the public to access information. We have also adopted the model publication scheme produced by the Information Commissioner's Office (ICO), in accordance with the Freedom of Information Act 2000. <http://www.warwickshire.gov.uk/lists-data-and-information>

### **Core Principle C. Defining outcomes in terms of sustainable economic, social, and environmental benefits**

A Corporate Plan and Medium Term Financial Plan covering the period 2017 – 2020 has been approved in response to the Local Government Finance Settlement and the longer term implications for the authority.

The One Organisational Plan (OOP 2020), approved at Full Council on 2<sup>nd</sup> February 2017, focuses on the redesign of the organisation and the role of local government and public services going forward. It sets out our vision for Warwickshire and the journey the authority will take to deliver this vision and outcomes over the life of the plan. <http://oop.warwickshire.gov.uk/>

Service Management Teams, Overview and Scrutiny committees and Cabinet.

Our core purpose: **'We want to make Warwickshire the best it can be'**

This is supported by two outcomes which will form the focus of our work moving forward:



**Warwickshire's Communities and Individuals are supported to be safe, healthy and independent**



**Warwickshire's economy is vibrant and supported by the right jobs, training, skills and infrastructure**

Figure 3 WCC's Core Purpose and Key Outcomes (OOP-2020)

The development of OOP-2020 was informed by an extensive programme of public consultation which included press, radio and online advertising to increase public awareness and engagement. Let's Talk Roadshows at venues across the county and a web based budget simulator were used to engage with citizens and seek views on what service priorities are. <http://warwickshire.gov.uk/letstalk>

Our business planning is supported by the Insight Service which provides a comprehensive assessment of a range of indicators and trends in local conditions experienced by the residents and communities of Warwickshire. The results of analysis undertaken by the Insight Service and key messages identified contribute to the evidence base supporting our decision making, policy development, creation of OOP-2020, medium term financial plan and detailed business plans. <http://www.warwickshireobservatory.org>

All Business Units have plans in place which correlate with the budget approved by the Council and the key outcomes contained in the One Organisational Plan. Each service plan has Key Performance Indicators which are monitored and included in quarterly performance reports to

## Core Principle D. Determining the interventions necessary to optimise the achievement of the intended outcomes

The One Organisational Plan and the Council's Medium Term Financial Plan are aligned to ensure a joined up approach to delivering the organisational plan outcomes and agreed savings plans. This provides the necessary framework to deliver change management and transformation and to ensure clear line of sight in the delivery of WCC's Core Purpose and Outcomes at strategic, group and business unit levels so that Members and Officers have a clear picture of how well the Organisation is progressing against the delivery of the outcomes set out in the One Organisational Plan. Our outcomes framework includes the following mechanisms:

- Progress against the One Organisational Plan and the delivery of savings is reported to Overview & Scrutiny and Cabinet on a quarterly basis. This information is also available electronically via a Member Dashboard.
- A management information dashboard is in place which provides HR, finance and performance data to Strategic Directors, Heads of Service and third tier managers for their areas of responsibility. This enables managers to interrogate information quickly and efficiently, making key indicators easier to monitor.
- Arrangements are in place to report critical management information on the key aspects of the delivery of the OOP 2020 including finance, projects and performance to Corporate Board on a monthly basis.
- Each Group has arrangements in place for reporting performance to its Group Leadership Team (GLT).
- The Project Hub, an on-line system for monitoring and reporting progress with projects and programmes has been rolled out which improves the delivery and performance of projects and programmes delivered across the Council against corporate objectives.

## **Core Principle E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

Our Workforce Strategy 2014-18 outlines the current needs of our workforce, setting out aspirations for our workforce and how we will lead, support and develop the people within our business. The Strategy sets the overarching principles which are embedded in detailed Workforce Plans developed at Group and business unit level. This ensures that we have a fit for purpose workforce and that staff resources are deployed most effectively in the delivery of the aims and ambitions as set out in the One Organisational Plan. The strategy is currently being refreshed and a new People Plan is being developed to ensure our workforce meets the needs of the organisation beyond 2018.

To enable our employees to be the best they can be we have a corporate process for annual appraisals, supported by regular 1:1 conversations. This provides the necessary clarity on expectations and behaviour, direction, support and opportunities for growth and development and allows employees and managers to have constructive discussions on performance, progress against outcomes, wellbeing and development. Since April 2017 our corporate appraisal process has been aligned to the Behaviours Framework. <http://www.warwickshire.gov.uk/gatewaytolearning>

Our Senior Leadership Forums and planned events and workshops aim to share our Transformation plans more widely and build the skills and capabilities needed to successfully deliver those plans.

At the beginning of their term of office, all elected members undertake an induction programme which includes corporate governance training. 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.

## **Core Principle F. Managing risks and performance through robust internal control and strong public financial management**

The One Organisational Plan provides the necessary framework to deliver change management and transformation and to ensure clear line of sight in the delivery of WCC's Core Purpose and Outcomes. The outcomes framework ensures that Members and Officers have a clear picture of how well the Organisation is progressing against the outcomes set out in the Plan as well as the key business outcomes that support and underpin it. These processes are continuing for the delivery of OOP-2020.

We have started work on reviewing how we will operate beyond 2020 to ensure we have strong arrangements in place to deliver future strategic plans and savings, as the authority's financial envelope continues to be constrained and demand for services increases.

Risk management is an integral part of good management and corporate governance and is therefore at the heart of what we do. It is essential to our ability to deliver public services and as a custodian of public funds. Our approach to managing risk is explained in the Risk Management Strategy. <http://www.warwickshire.gov.uk/riskmanagementstrategy>.

Financial Regulations set out our financial management framework for ensuring we make the best use of the money we have available to spend. They outline the financial roles and responsibilities for staff and Members and provide a framework for financial decision-making. Where there are specific statutory powers and duties the Financial Regulations seek to ensure these are complied with, as well as reflecting best professional practice and decision-making. <https://www.warwickshire.gov.uk/standingorders>

We have adopted the CIPFA Code of Practice for Managing the Risk of fraud and corruption and this has been reflected in our updated anti-fraud policy. <http://www.warwickshire.gov.uk/antifraud>

## **Core Principle G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

We endeavour to always be open and transparent. We have a forward plan which provides information about all of the decisions that the Council has scheduled. Formal agendas, reports and minutes for all committee meetings are published on our website which ensures that people know what decisions the Council is planning to take, and the decisions taken. <http://www.warwickshire.gov.uk/democracy>

Overview and Scrutiny Committees act as a critical friend and hold Cabinet to account for its decisions. The terms of reference for all O&S Committees are defined in the Constitution. <http://www.warwickshire.gov.uk/scrutiny>

The Audit and Standards Committee has oversight of internal and external audit matters, the council's arrangements for corporate governance and risk management and any other arrangements for the maintenance of probity.

Each year we publish information on our website outlining how we spend Council Tax income.

<http://www.warwickshire.gov.uk/counciltaxspending>

Arrangements are in place to ensure that we fully comply with the requirements of the Public Sector Internal Audit Standards and CIPFA Statement on the Role of the Head of Internal Audit. The Internal Audit and Insurance Manager is designated as the Head of Internal Audit and has regular formal meetings with the Joint Managing Director (Resources), Head of Finance and Head of Law and Governance and does not take any part in any audit of risk management or insurance. Following last year's self-assessment against the Public Sector Internal Audit Standards (PSIAS), an External Quality Assessment of the Internal Audit shared service was completed in February 2018 resulting in positive feedback on the quality of internal audit provided to its clients. <http://www.warwickshire.gov.uk/audit>

## **4. Review of effectiveness**

We have responsibility for conducting, at least annually, a review of the effectiveness of our governance framework including the system of internal control. The review of effectiveness is informed by the work of 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 panel consisting of representatives from each group, Internal Audit and chaired by the Internal Audit and Insurance Manager. In carrying out their review, the evaluation panel:

- 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; and
- evaluated the assurances provided and identified gaps.

The evaluation panel took into account the strategic risk register prepared by executive managers and approved by Corporate Board. In addition Heads of Service have confirmed that they have complied with the risk management framework throughout the year. Consideration was also given 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 panel was scrutinised by the Head of Law and Governance (Monitoring Officer) and the Head of Finance (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 been reviewed and improved throughout 2017/18 in a number of ways including:

- Our Whistleblowing Policy and Counter Fraud, Bribery and Corruption Framework were approved in 2017.
- An audit of pensions' investments including the governance implications of moving to Border to Coast Pension Partnership was included in the 2017/18 internal audit plan and resulted in a substantial opinion.
- Council meetings have been web-streamed and a web based election results system introduced, improving transparency of decision making and public accessibility.
- We have responded to Ofsted's inspection of our Children's Services in May 2017, resulting in an overall grade of "requires improvement", with a 12 point action plan owned at senior management level.
- We implemented a new Adult Case File Audit Tool in People Group in July 2017.
- We continued to consult with staff, service users and stakeholders on our Transformation Programme for Adult and Children's Services.
- A new customer centred Quality Assurance Framework for our Commissioned Adult and Children's Services called "See, Hear, Act" was launched in November 2017 with a full week of public events and promotional activity in the community and with providers and service users.
- LGA Early Help Peer Review was undertaken in November 2017, resulting in an Early Help Action Plan setting out a number of key activities to clarify Early Help services so that they are agreed and understood by WCC and its partners and ensure that there are appropriate governance arrangements for partnership engagement.
- In April 2017, we took part in and completed a Self-Assessment of Adult Services as part of the annual sector led improvement programme run by ADASS (Association of directors of adult social services in England).
- We completed a Self-Assessment of Mental Health Services commissioned by West Midlands Regional ADASS Group during the summer of 2017.

The results of Internal Audit work were reported to the Audit and Standards Committee throughout the year and the individual reviews

feed into the overall Internal Audit Annual Report. The Committee has also considered in greater detail areas where limited assurance opinions have been provided including Contract Management and Pre-Employment checks and the wider implications of a fraud case in respect of Direct Payment controls. This report concludes that the Authority's control environment provides substantial assurance that the significant risks facing the Authority are addressed. The internal audit findings, including those with a limited assurance opinion, were duly considered in the preparation of this statement.

## 5. Governance issues

We have not experienced any significant governance failures during the last year and our arrangements continue to be regarded as fit for purpose in accordance with the governance framework. However, the matters listed below have been identified as major challenges for the Authority. These governance challenges are reflected in the organisation's strategic risk register and have accompanying actions. The risk register highlights the actions taken and successes achieved in addressing the challenges of the past twelve months. A prime purpose of the governance framework is to minimise the occurrence of strategic risks and to ensure that any such risks arising are highlighted so that appropriate mitigating action can be taken. We are satisfied that the challenges identified are addressed by corporate business plans and that the actions identified in those plans will address the issues highlighted in our review of effectiveness. The following paragraphs summarise the risks contained in the strategic risk register.

### **Government policies, new legislation, austerity measures and demographic pressures present challenges on service delivery.**

The outlook for Local Government remains demanding with a number of central government policies combined with the national economic situation presenting significant challenges to us. Statements from the Treasury continue to reiterate that the period of austerity for public services will continue for some years and we need to maintain a

watching brief of government statements to identify potential policies which may have a significant impact for local government. Planned changes to arrangements for the retention of business rates are also an area of risk for us as it increases uncertainty about future funding. There continues to be a large amount of uncertainty arising from the United Kingdom's withdrawal from the European Union. We do not yet have a full understanding of how this will impact on changes to laws, budgets, grants and the devolution agenda.

We have produced a new One Organisational Plan for the period 2017-2020 which identifies savings of £67m during this period. These financial pressures mean that the organisation faces a significant challenge to meet its aims and objectives. The savings and transformation plans that are in place are challenging and will result in a significant impact on services that we provide to the public. The major focus for us in the coming year is to:

- As part of the transformation programme, continue to provide clarity about our priorities based on an analysis of need and budget plans.
- Ensure the effective use of all funds allocated to the Council's Transformation Programme to support delivery of OOP-2020 and help manage the impact of changes to services that we provide to the public and the effect this may have on partners, other authorities and the voluntary sector.
- Continue to monitor the implementation of savings and project plans and ensure that revenue and capital budgets are managed in a clear and prudent manner.
- Continue to ensure that good governance, sound project and partnership management and standards of control are in place and adhered to during the transformation process to ensure that risks are managed and we achieve the best outcomes.
- Participate in national and sub-regional working groups to support and influence the development of the Business Rates Retention system.
- As administrator of the Warwickshire Pension Fund, continue to work with Border to Coast Pension Partnership on the implementation of the revised asset pooling requirements.

- Continue to explore and engage in the debate around the implication of national policy direction on local public service delivery and what it may mean for Warwickshire.
- Work with our key partners to engage pro-actively with the UK Government as discussions surrounding Brexit continue.

### **Continuing pressure on Adult Social Services and Health.**

There continues to be a number of pressures that have a fundamental impact on the funding and provision of adult social care services in Warwickshire. Inflation and demographic pressures, combined with the impact of the national living wage, means that demand and costs for providing adult social care continue to rise. In addition market pressures on providers increases the risk that they either leave the market or that services provided fail to meet minimum statutory requirements.

We have taken action to address pressures and increasing demand on adult social care services by utilising, for the 2<sup>nd</sup> year, the 2% Adult Social Care Levy as part of our budget setting. We have also been allocated over £17 million extra for adult social care over 3 years - £8.3m in 2017/18, £6.3m in 2018/19 and £3.1m in 2019/20.

During the next year we will continue to shape and commission our services and will have a focus on the following:

- Stronger integration with our health partners and strengthening the role of the Community and Voluntary sector.
- Shaping the provision and quality of commissioned services for our most vulnerable looked after children and young people.
- Progressing the review and transformation of the "customer journey" for children and adult services with customers and carers at its heart.
- Further evolve our approach to commissioning and delivering high quality services with providers ensuring that we minimise the risk of market failures.

## **Safeguarding Children and Vulnerable Adults in our community - inability to take action to avoid abuse, injury or death.**

In light of high profile safeguarding cases at a national level, we cannot be complacent about protecting children and vulnerable adults from harm.

Responding to ever increasing levels of referrals against the backdrop of financial austerity requires careful judgements to be made both in terms of managing our exposure to risk and the associated increase in costs.

Following the Ofsted Inspection of Children's Services and the Peer Review in 2017 we have an Action Plan in place which will drive forward required improvements in 2018.

We now have an established Multi-Agency Safeguarding Hub (MASH) in partnership with Warwickshire Police, NHS and other key partner agencies. This allows us to work more closely with our partners to provide a more co-ordinated and consistent response to safeguarding concerns about children, young people and adults.

The Warwickshire Safeguarding Adults Board (WSAB) has implemented a programme of regular multi-agency audits.

We continue to develop our safeguarding arrangements and over the next year will maintain a recruitment and retention campaign to increase our Social Work resources. In doing so, we will reduce caseloads, work more effectively with families in the community and reduce the number of looked after children.

## **Failure to maintain the security of personal or protected data and protect our systems from disruption as result of cybercrime.**

Information security is a key issue for all public sector organisations in the light of well publicised data losses and cyber security incidents

affecting many public bodies. A robust process for investigating incidents is in place and we continue to protect our systems and data of our staff and customers. We ensure that data is stored securely, legally and in accordance with Council policy. We have reviewed our information security guidance as a method of increasing overall awareness, and signposting staff to our array of more detailed advice and guidance in this arena. To improve awareness, and ensure that all members of staff understand their information security responsibilities, we require staff to undertake e-learning and formally accept their responsibilities. We have continued to review and improve our information governance processes across the Council and have introduced routine compliance reporting to Corporate Board. We are delivering a corporate cross cutting project to prepare all business areas and third parties for compliance with the General Data Protection Regulation (GDPR) ahead of its introduction in May 2018.

Along with all other organisations we have seen an increase in the number of attacks on Warwickshire websites and systems arising from hacking, denial of service, ransomware and phishing. In response, we continue to review and develop our network and information security arrangements and invest in those resources.

## **The ability to secure economic growth in Warwickshire.**

We are a member of The Coventry and Warwickshire Local Enterprise Partnership (CWLEP) which is a key driver for creating a successful, thriving economy within Coventry and Warwickshire. CWLEP has secured funding from the Government's Local Growth Fund for a number of projects and we will continue to undertake work in this area to identify and submit further projects in order to seek future funding and monitor the delivery of existing projects to review the benefits on our local economy. We will continue to:

- Support the CWLEP Growth Hub in assisting SMEs and work to help the Hub become self-financing.
- Contribute to CWLEP sub-group work looking at the impact of Brexit on skills, employment and infrastructure in Coventry and Warwickshire.

- Continue to work with our partners to develop the Skills for Employment programme to improve the employability skills and attributes of young people.
- Apply the National Living Wage and expand our Apprenticeship Scheme, as a leading regional employer.

At a wider, regional level the West Midlands Combined Authority (WMCA) has been established with the challenge to create jobs, enhance skills, develop prosperity and drive economic growth. The Council has joined WMCA as a non-constituent member and continues to play a full part in the development of the Authority, actively engaging with regards to transport, planning, housing and economic development.

### **Inability to keep our communities safe from harm.**

There are many challenges on the horizon nationally and locally for the services we provide that keep our communities safe. This particularly includes the Fire and Rescue Service, highways maintenance and corporate arrangements for business continuity, and we recognise that we need to become even more flexible if we are to meet our current and emerging challenges. During the course of the next year we will have a focus on the following areas:


- Develop and deliver an annual action plan as part of the Integrated Risk Management Plan (2017 - 2020) for the Fire & Rescue Service
- Continue to review and test our business continuity and emergency plans.
- Moving forward our collaborative arrangements with West Midlands Fire & Rescue Service.

## **6. Certification**

We propose over the coming year to continue to manage the risks detailed above and further enhance our governance arrangements. We are satisfied that the risks we have identified are addressed by the detailed action plans included in corporate business plans and the corporate risk register, and that the actions identified will address the need for improvements that were highlighted in our review of effectiveness. These are monitored and reported to members and Corporate Board as part of the corporate performance management framework. We will monitor their implementation and operation as part of our next annual review.

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David Carter  
 Joint Managing Director  
 Head of Paid Service

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Councillor Izzie Seccombe  
 Leader of the Council