



ANNUAL GOVERNANCE STATEMENT 2014/15

1. Introduction

- 1.1 Under the Accounts and Audit (England) Regulations 2011 the Council is required to produce an Annual Governance Statement to accompany the Statement of Accounts which is approved by the Audit Committee (those charged with governance). The Annual Governance Statement outlines that the Council has been adhering to its Local Code of Corporate Governance, continually reviewing policies and procedures to maintain and demonstrate good corporate governance and that it has in place robust systems of internal control.

2. Standards of Governance

- 2.1 The Council expects all of its members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the formally adopted Codes of Conduct, Constitution, and policies of the Council as well as applicable statutory requirements.

3. Scope of Responsibility

- 3.1 Telford & Wrekin 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 to secure continuous improvement.
- 3.2 To this end the Council has a local code of corporate governance to ensure that it is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and Delivering Good Governance in Local Government: Guidance Note for English Local Authorities 2012 edition. Within this code and to meet its responsibilities, the Council (members and officers) is responsible for putting in place proper arrangements for the governance of its affairs including risk management, the requirements of regulations¹ and ensuring the effective exercise of its functions.
- 3.3 The Council continues to review its arrangements against best practice and implement changes to improve the governance framework (including the system of internal control) - see paragraph 5.

4. The Purpose of the Governance Framework

- 4.1 The governance framework comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.
- 4.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, priorities and objectives and can therefore only provide reasonable and not absolute

¹ Regulations 4(2), 4 (3) and 4(4) of the Accounts and Audit (England) Regulations 2011

assurance of effectiveness. The system of internal control is based on an on-going process designed to appropriately identify, quantify and manage the risks to the achievement of the Council's priorities, objectives and policies.

- 4.3 The governance framework has been in place at the Council for the year ended 31st March 2015 and up to the date of approval of the statement of accounts. Reviews and updates to the framework will take place during 2015/16 and beyond to support good governance, revised service delivery and organisational change.

5. The Governance Framework

- 5.1 The key elements of the systems and processes that comprise the authority's governance framework (which is underpinned by the Council's values²) include:

- Community Strategy - Shaping Our Future – Telford & Wrekin's Journey to 2020 - approved by Council on 2nd May 2013;
- The Council's Medium Term Plan 2013/14 to 2015/16 which outline the Council's ambitions and priorities based on stakeholder feedback and these inform the service and financial planning process and personal targets;
- The Constitution (which includes the scheme of delegations, financial regulations and contract standing orders), Forward Plan and decision making processes;
- Co-operative Council principles and clear vision and values for the Council and the Community;
- Clear governance arrangements to manage the Council's change programmes and restructuring occurring across the Council and key capital projects;
- Designated statutory officers – Head of Paid Service (Managing Director), Chief Financial Officer, Monitoring Officer, Director of Children's Services, Director of Adult Social Services, Director of Public Health and Scrutiny Officer;
- The Council's Information Governance arrangements include a Caldicott Guardian and an Information Governance Framework sponsored by a designated Senior Information Risk Owner (SIRO), data and information security and sharing policies and procedures. There is also a comprehensive training and awareness programme;
- The Performance management framework and data quality systems. These provide reports to SMT³, Cabinet and Scrutiny;
- A Legal Services team to ensure that the Council operates within existing legislation and is aware of and acts upon proposed changes to legislation;
- The democratic decision making and accountability processes contained within the Constitution;
- The Adults and Children's Safeguarding Boards and their associated accountability with an independent Chair;
- SMT meets weekly with regular management meetings with Service Delivery Managers and Group/Team Leaders;
- Policy Review – appropriate SMT members and Cabinet meet regularly to discuss emerging key strategic issues which could affect the Council in the future and formulate medium term planning strategy/options.
- The Standards Committee, Audit Committee, scrutiny function and other regulatory committees;
- The development of internal controls and checks within new systems and when existing systems are reviewed;
- The Council's People Services and workforce/organisational development procedures⁴ are supported by clear recruitment processes. These are followed up by induction training (which includes information on the constitution, key policies, procedures, laws

² Co-operative values of ownership – openness & honesty; involvement, fairness and respect

³ Senior Management Team – Managing Director, Directors and Assistant Directors.

⁴ Further development work is continuing on these during 2014/15 to reflect the implementation of the People Services reorganisation and the Council's priority of Business Supporting, Business Winning Council

and regulations appropriate to the post and experience of the post holder) and on going training and development;

- Member and Officer⁵ Codes of Conduct and the Officer/member protocol underpin the standards of behaviour expected by members and officers;
- A Member development programme to ensure members are properly equipped and have the capacity to fulfil their roles;
- The Council's communication, consultation and engagement strategies ensure that the local community knows what the Council is doing, receives feedback from them including the identification of their needs for incorporation into the Council's priorities;
- The deputy Leader of the Cabinet is the lead member responsible for Corporate Governance including Risk Management. The key officer for Corporate Governance including risk management is the Managing Director. The service and financial planning process incorporates risk management and strategic risks are reviewed by SMT and agreed by the Cabinet;
- The Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010);
- Comprehensive budget strategy and management of the associated risks of reduced resources provides robust financial management and regular reporting to members;
- A process for the completion and approval of business cases for use of the Capacity fund, Invest to Save fund and use of consultants.
- The Council's Treasury Management Strategy and arrangements conform to CIPFA and Audit Commission guidance and is monitored by the Audit Committee;
- Internal audit operates to the Public Sector Internal Audit Standards and on a risk basis reviews the Council's systems and processes set out to achieve the Council's priorities in order to provide an opinion on the adequacy and effectiveness of the Council's framework of governance, risk management and control. The Audit & IG Manager operates to meet the requirements of the CIPFA Statement on the Role of the Chief Internal Auditor in Public Sector (2010);
- Anti-fraud and Corruption, Speak Up and Prosecution policies support the council's governance processes and anti-fraud and corruption culture;
- The Council's Partnership protocol and agreed governance and reporting arrangements for the Council's significant partnerships;
- Projects are managed, as appropriate, within the principles of the PRINCE 2 methodology. This includes risk identification and management.
- Governance awareness and training for members within their member development programme and for officers through induction, Staff news, and update sessions on any revised governance arrangements (including information governance).

6. Review of Effectiveness

6.1 Telford & Wrekin Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements including the system of internal control. The review of the effectiveness is informed by:-

- a) the senior managers within the authority who have responsibility for the development and maintenance of the governance environment;
- b) the work of internal audit; and also
- c) by comments made by the external auditors and other external review agencies and inspectorates.

6.2 The Cabinet monitors the effectiveness of the governance framework through the consideration of regular service and financial management information reports from senior management. Individual Cabinet members receive regular feedback from senior officers in

⁵ The Employee Code of Conduct and was re-issued in April 2013.

respect to their areas of responsibility on the progress of priorities and objectives. Issues of strategic and corporate importance are referred to the Cabinet.

- 6.3 The Council's Scrutiny function continues to review the development of policy, the decision making process and areas of concern. The subject areas for review are informed by community engagement, direct feedback to members from within the community and the results of review and inspection (both external and internal) and areas of policy being developed by the Council and the Executive.
- 6.4 The Internal Audit plan is informed by the Council's service and financial planning processes, strategic risk register, external inspection reports, external networking, the requirements of the External Auditor, comments from senior management and their opinion of the current state of the governance risk and internal control arrangements. During 2014/15 the Internal Audit team achieved just under 90% of their planned work (best practice is 90%) and this has been used with the relevant output from unplanned work to form their opinion on adequacy and effectiveness of the Council's governance, risk management and internal control framework.
- 6.5 Internal Audit report on a quarterly basis and also annually to the Audit Committee. The Audit Committee has asked for additional information during the year and requested Assistant Directors and Service Managers to attend to provide assurance on the management of risks and implementation of recommendations.
- 6.6 Internal Audit has continued to provide support to Adult Social Services (ASS) in respect to financial processes and systems and there were updates to the June 2014 and March 2015 Audit Committees. Senior Management changes have been implemented and external support has been commissioned to inform the future operating model. ASS phase 2 restructure will be launched in late June 2015.
- 6.7 The Council has an Anti-Fraud & Corruption Policy, supported by a Speak Up policy. The Council has a zero tolerance policy in relation to fraud and corruption and it is service management's responsibility to ensure there are adequate controls in their areas to ensure the opportunities for fraud are minimised. It is everyone's responsibility to report suspicions and the Speak Up policy supports this. Internal Audit undertakes proactive fraud work based on a fraud risk register and will be re-reviewing the Council's anti-fraud activities against best practice (issued by CIPFA Autumn 2014 with guidance June 2015) during 2015/16. Other specific anti-fraud and corruption activities are undertaken by Revenues & Benefits and Trading Standards. An annual report on these activities is presented to the Audit Committee.
- 6.8 The Audit Committee terms of reference also incorporates the review and monitoring of the Council's Treasury Management arrangements. Members of the Committee are kept up to date through awareness training on factors that influence/affect delivery of the strategy.
- 6.9 The Council's performance management framework has systems and procedures which drive continuous improvement in performance. This has been reviewed and developed to reflect the Government's Single Data List.
- 6.10 The Council has continued to review its governance framework to gain assurance that its approach to corporate governance is both adequate and effective in practice and that sound systems of internal control are operating. These reviews have included the Constitution and associated policies, procedures, management processes and reporting arrangements. However it is recognised that further work is required to some areas within the Constitution and management procedures and this is included in the action plan attached to this statement (Annex 1).
- 6.11 The Council recognises the importance of Information Governance and formalised its Information Governance framework in 2014/15. It has taken significant steps to improve the

security of its IT, paper and handling processes to meet the compliance requirements for Data Handling in Government. The Information Governance team has continued to report to the Audit Committee during the year including information on responses to information rights requests and data security breaches. During 2014/15 no enforcement action has been taken by the ICO against the Council despite exchanges of correspondence between the ICO and the Council due to referrals to the ICO by the public and other third parties.

- 6.12 ICT infrastructure upgrades during the year have further improved security, data handling and business continuity. Further infrastructure improvement are planned for 2015/16 and 2016/17. A full review of the ICT strategy was undertaken in 2014/15 and was agreed by SMT.
- 6.13 The Managing Director, Directors, Assistant Directors and Service Delivery Managers have signed annual assurance certificates confirming that the governance framework has been operating within their areas of responsibility, subject to the actions outlined in Annex 1.
- 6.14 The Accounts and Audit (England) Regulations 2011 require a review of the effectiveness of internal audit and in addition to customer feedback the External Auditors review of the work of Internal Audit and their compliance with the Public Sector Internal Audit Standards has contributed to meet this requirement. The Internal Audit Annual Report 2014/15 sets out the internal audit opinion and that the External Auditor has reviewed and relied upon the work of Internal Audit in respect to the key financial systems for the 2014/15 final accounts audit.
- 6.15 The External Auditor's Annual Audit Letter 2013/14 included in its headlines:
- Value for Money conclusion – we issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2013/14 on 16 September 2014. This means we are satisfied that you have proper arrangements for securing resilience and challenging how you secure economy, efficiency and effectiveness. To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes as well as how you are prioritising resources and improving efficiency and productivity
 - Audit opinion - we issued an unqualified opinion on your financial statements on 16 September 2014. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.
- 6.16 In 2014/15 Children's Centre inspections by Ofsted were realigned to localities. There was an inspection of the Wrekin locality 2014/15. Copies of the reports are available at www.ofsted.gov.uk but the main findings were

Location	Date	Grading⁶
Wrekin locality	May 2014	Requires improvement (3)

Improvements have already been made and action plans have been agreed and are in place to address remaining recommendations and these are being monitored by senior management and members.

- 6.17 To support the significant challenges in Adult Social Care(reduced spend, increasing demographic pressures, the implementation of the Care Act 2014 and a budget deficit) and to confirm and inform the savings programme, following procurement, Capita were invited to review our service in July /August 2014 and provide a portfolio of opportunities for us to consider. Below is a summary of the opportunities identified that could deliver the savings over the next 2 years:

⁶ Grades are 1 = Outstanding; 2 = Good; 3 = Requires improvement; 4 = Inadequate

- Improving and enhancing the **Information & Advice Service**.
- A multi-disciplinary, centralised **Access and Assessment Hub** to provide a much more effective management of demand.
- Managing **Safeguarding Alerts and Referrals** more effectively.
- **Evaluate and remodel the reablement function**.
- More effective targeting of **Telecare & Assistive Technology**.
- **“Floating Out” Support Planning and Brokerage** function and separating it from the assessment process.
- More **effective approaches to Reviews**.

In addition John Bolton, who over the last 3 years has led a national review looking at efficiencies achieved by local authorities in delivering adult social care, was invited in December 2014 to review our progress against the national and local challenges facing adult social services. His key messages to the Council are summarised below:

- Need strong, clear Vision/Commitment statement owned by all stakeholders, signed off and led by Councillors
- Ensure all staff are fully signed up to Vision and culture to deliver – workforce development
- Move from “understanding” to “doing”
- Reducing spend is dependent on managing down demand
- Front door is key, including an integrated approach with NHS
- Commissioning for outcomes and promoting independence – in particular all home care and any residential based crisis/discharge to assess/enablement support
- Older People - No admission to residential/nursing home care without crisis interventions to support at home. Where admitted to “crisis” beds, they must be commissioned for “promoting independence” outcomes
- Learning Disability – Need to significantly review and reduce existing use of residential provision.
- Performance Management Information – need focus on information which helps understand and manage flow and reducing demand
- In-house provider – must be competitive and lead by example in promoting independence

The Council is making good progress against both the recommendations from the Capita and John Bolton reviews, together with the previous recommendations from the Adults Peer Challenge in 2013.

- 6.18 We have been advised on the implications of the review of the effectiveness of the governance framework by the Cabinet, Standards Committee, Audit Committee, Scrutiny, senior managers, Internal Audit and external review, and plan to address weaknesses and ensure continuous improvement of the framework as outlined in the action plan attached as Annex 1.

Leader of the Council.....

Managing Director.....

Date.....

Audit Committee Chair.....

Date.....