

**ANNUAL GOVERNANCE STATEMENT 2015/16****1. Introduction**

1.1 Under the Accounts and Audit Regulations 2015 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 regulations<sup>1</sup> 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. During 2016/17 there will be a new local Code of Good Governance approved to meet the updated CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016 Edition).

**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 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 31 March 2016 and up to the date of approval of the statement of accounts. Reviews and updates to the framework will take place during 2016/17 and beyond to support good governance, revised service delivery and organisational change.

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<sup>1</sup> Regulations 6 1(b), 6 2(b), 6 3(b) and 4 of the Accounts and Audit Regulations 2015

## 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 values<sup>2</sup>) include:

- Community Strategy - Shaping Our Future – Telford & Wrekin's Journey to 2020 - approved by Council on 2 May 2013;
- The Council's Medium Term Plan 2013/14 to 2015/16 which outlines 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 Children's & Adults Services from January 2016), Director of Adult Social Services (AD Early Help & Support from February 2016), 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 SMT<sup>3</sup>, 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 Managers/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 including the supporting financial 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 (Human Resources from January 2016) and workforce /organisational development procedures<sup>4</sup> are supported by clear recruitment processes. These are followed up by on-line induction training (which includes information on the constitution, key policies, procedures, laws and regulations appropriate to the post and experience of the post holder) and on-going training and development;
- Member and Officer<sup>5</sup> Codes of Conduct and the Officer/member protocol underpin the standards of behaviour expected by members and officers;

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<sup>2</sup> Co-operative values of ownership; openness & honesty; involvement, fairness and respect

<sup>3</sup> Senior Management Team – Managing Director, Directors and Assistant Directors.

<sup>4</sup> Further development work has continued on these during 2015/16 to reflect Organisational Development, the Council's priority of Business Supporting, Business Winning Council and increased Commercial activities.

<sup>5</sup> The Employee Code of Conduct which was re-issued in April 2013.

- 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 Leader and deputy Leader of the Cabinet are the lead members 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 External Audit 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 & Insurance Services SDM 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 has processes and documents to support governance and reporting arrangements for 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, Ollie and Staff news (updates/reminders 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) 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 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, 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 intelligence, 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 2015/16 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 Directors/Assistant Directors and Service Managers to attend to provide assurance on the management of risks and implementation of recommendations.
- 6.6 Adult Social Services in respect to systems, financial management and implementation of the cost improvement plan have continued to provide updates during the year to Members including the Audit Committee. To support the revised target operating model there has been commissioned external support, management changes and the implementation of phase 2 of the Adult Social Care restructure.
- 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 has reviewed 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.
- 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 will be required in 2016/17 to reflect the updated CIPFA/SOLACE Good Governance Framework 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 2015/16 no enforcement action has been taken by the ICO against the Council.
- 6.12 Implementation of the ICT Strategy 2014-17 has continued in 2015/16 including infrastructure upgrades and further security improvements particularly in response to spam, phishing/

whaling and Ransom were threats. Further infrastructure improvements are planned during 2016/17 including the move to Office 365.

- 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 Regulations 2015 require a review of the effectiveness of the system of internal control. This review is informed by the work of Internal Audit, management, other internal assurance services and the External Auditors' review of the work of Internal Audit. The Internal Audit Annual Report 2015/16 sets out the internal audit opinion and that the External Auditor has reviewed and relied upon the work of Internal Audit in respect of the key financial systems for the 2015/16 final accounts audit.
- 6.15 The External Auditor's Annual Audit Letter 2014/15 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 2014/15 on 20 September 2015. This means we are satisfied that the Authority had proper arrangements for securing financial resilience and challenging how it secures 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 20 September 2015. 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 Carwood Residential Home was inspected by CQC in January 2015 with the report issued in May 2015. The overall rating for the service was "requires improvement" but for the 5 questions of the assessment the results were as below:

Question	Rating
Is the service safe?	Requires improvement
Is the service effective?	Requires improvement
Is the service caring?	Good
Is the service responsive?	Good
Is the service well-led?	Requires improvement

The full report can be accessed through the link below:

<http://www.cqc.org.uk/search/services/care-homes/Carwood%20Residential%20Home?location=&latitude=&longitude=&sort=default&la=&distance=15&mode=html>

Although actions had been agreed to address the issues requiring improvement by the inspection the decision was taken by the Council in September 2015 to close the facility due to reduced demand. The last 3 residents will be leaving in early 2016/17.

CQC also made an inspection of Lakewood Court in March 2016 and the draft report gives an overall rating of good. The report is due to be published in 2016/17.

- 6.17 HM Inspectorate of Probation undertook a Short Quality Screening of Youth offending Work in West Mercia from 16<sup>th</sup> – 18<sup>th</sup> March 2015 and the report was issued on 13<sup>th</sup> May 2015.

**The report Summary is shown below** (full report can be viewed at

<https://www.justiceinspectors.gov.uk/hmiprobation/about-our-inspections/> );

The published reoffending rate for West Mercia was 31.3%. This was better than the previous year and better than the England & Wales average of 36.1%.

West Mercia YOS was formed in October 2012 following the merger of Worcestershire & Herefordshire YOS and Shropshire, Telford & Wrekin YOS. Given that the past two and a half years has been a period of change, including restructuring, it is not surprising that overall there has been a slight deterioration in the quality of work since the previous inspections of the two separate services. We were, however, impressed overall by the commitment of both management and staff to improve the lives of the children and young people they work with and their eagerness to improve their practice.

**Key strengths identified by the short quality screening were:**

- Services provided to the courts, and in particular Pre-Sentence Reports (PSR), were of a high standard.
- Assessments of diversity factors. This had been aided by the introduction of learning style questionnaires and the availability of a speech, language and communication skills worker within the Worcestershire area of the YOS.
- Good levels of compliance and, where needed, effective enforcement of court orders.
- The engagement of children and young people and parents/carers at the PSR stage and in understanding diversity factors.
- Positive health and well-being outcomes for children and young people as the result of multi-agency working.

**Areas requiring improvement were:**

- Planning to address vulnerability required substantial improvement.
- Reviews of assessment and planning to address reoffending and vulnerability needed improvement.
- Assessments and interventions of the speech, language and communication skills worker should be available across all areas of the YOS.
- More attention needed to be given to victim safety and identifying actions to manage this.
- Managers should provide greater support to staff to improve the quality of their assessments and plans, and ensure that their oversight of risk of harm and safeguarding work is effective.

West Mercia YOS are addressing the areas of improvement identified during the review.

6.18 The Arts Council Music Hub Peer Development programme undertook a peer review of the North West Midlands Music Education Hub Federation in 2015/16 and reviewed the following areas:

- 1: Partnership Development and working across a multi-authority how do you do this, how do you work with a range of partners?
- 2: Leadership development and succession planning
- 3: Securing investment and funding

Feedback has been provided which is being responded to by the partnership.

6.19 Adult Social Care participated in a Sector Led Improvement/Peer Challenge as part of the West Midlands Peer Challenge Summit in December 2015. The Council were paired with Warwickshire who provided challenge on our performance and actions for improvement are being acted on or included in the 2016/17 Service Plan.

6.20 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.

Richard Partington  
Managing Director  
**Dated**

Cllr Shaun Davies  
Leader of the Council  
**Dated:**

Cllr Rob Sloan  
Chair of Audit Committee  
**Dated:**

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