

## ANNUAL GOVERNANCE STATEMENT 2016/17

### 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 Delivering Good Governance in Local Government: Framework (2016 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). During 2016 a new local Code of Good Governance was approved to meet the updated CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016 Edition) and this has been further updated for 2017 to reflect the updated principles.

### 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. The detail is included in the Local Code. The framework 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 2017 and up to the date of approval of the statement of accounts. It is on-going into 2017/18 but there will be appropriate reviews and updates during the year and beyond to support good

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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

governance, organisational change/revised service delivery and changes to legislation/regulations and good practice.

## **5. Review of Effectiveness**

- 5.1 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.
- 5.2 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.
- 5.3 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.
- 5.4 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 2016/17 the Internal Audit team achieved just over 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 the adequacy and effectiveness of the Council's governance, risk management and internal control framework.
- 5.5 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.
- 5.6 In January 2017 the Internal Audit Function were assessed externally by CIPFA against the Public Sector Internal Audit Standards (required once every 5 years) and the assessor wrote in her report:
- "I identified no areas of non-compliance with the standards that would affect the overall scope or operation of the internal audit activity"
- The assessor made recommendations and suggestions which the team are in the process of implementing.
- 5.6 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 (including a new Assistant Director from

mid-February 2017) and the implementation of further restructures (including the business support function).

- 5.7 The Council has an Anti-Fraud & Corruption Policy, supported by a Speak Up Policy encouraging internal referrals. 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 internally. The Benefits Investigations Team transferred to Governance, Procurement & Commissioning in June 2016 and their remit was widened to include Council wide fraud (not just Benefits – Housing and Council tax Support). Internal Audit along with the Investigations Team undertakes proactive fraud work based on a fraud risk register. Other specific anti-fraud and corruption activities are undertaken by Trading Standards. An annual report on these activities is presented to the Audit Committee.
- 5.8 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 and during the year were provided with an update on the possible implications of Brexit by Arlingclose the Council's Treasury Management advisors.
- 5.9 The Council's performance management framework is monitored by SMT and has procedures in place which drive continuous improvement in performance.
- 5.10 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.
- 5.11 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 2016/17 no enforcement action has been taken by the ICO against the Council in respect to data breaches.
- 5.12 Implementation of the ICT Strategy 2014-17 has continued in 16/17 including infrastructure upgrades, the commencement of the roll-out of Office 365 and further security improvements particularly in response to spam, phishing/ whaling and Ransomware threats.
- 5.13 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.
- 5.14 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 2016/17 sets out the internal audit opinion and that the External Auditor has reviewed and relied upon the work of Internal Audit (and their contractor) in respect to the key financial systems for the 2016/17 final accounts audit.
- 5.15 The External Auditor's Annual Audit Letter 2015/16 (October 2016) 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 2015/16 on 28 September 2016. 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 the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties.

- Audit opinion - we issued an unqualified opinion on your financial statements on 28 September 2016. 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. The financial statements also include for the first time those of the Authority's Group, which consists of the Authority itself and Nuplace Limited.

The External Auditors received an elector question relating to the 2015/16 financial statements which continues to be investigated. This means that they have not yet been able to issue the External Audit certificate which will confirm that they have concluded the audit for 2015/16 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit practice. The Audit Committee will be updated once this has been resolved.

- 5.16 Lakewood Court care home was inspected by CQC in March 2016 and the report was published on 27<sup>th</sup> April 2016. The overall rating for the facility was "Good" with the answers to the 5 questions asked as part of the assessment being:

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

The full report can be accessed through the link below:

<http://www.cqc.org.uk/location/1-123010802>

- 5.17 There was an Ofsted single inspection of services for children in need of help and protection, children looked after and care leavers and a review of the effectiveness of the Local Safeguarding Children Board (SIF) which took place between 13 June and 7 July 2016, with the report published on 26 August 2016.

The key judgement was that - children's services in Telford and Wrekin require improvement to be good. However this result is detailed as shown below:

<b>1. Children who need help and protection</b>	Requires improvement
<b>2. Children looked after and achieving permanence</b>	Requires improvement
2.1 Adoption performance	Good
2.2 Experiences and progress of care leavers	Good
<b>3. Leadership, management and governance</b>	Requires improvement

The Council was pleased that the inspection recognised the improvements that had been made in the quality of services, the outcomes that children are achieving and the important contribution made by having effective political backing and the hands-on support of our Managing Director.

The full report can be accessed through the link below:

<https://reports.ofsted.gov.uk/local-authorities/telford-and-wrekin>

As required by Ofsted the Council has an improvement/action plan which is being monitored internally by senior officers and Members and externally by Ofsted.

5.19 Adult Social Care took part in a Peer Challenge and case audit during May 2016. The review focussed on:

- How well we are progressing with the implementation of our plans, in order to achieve our outcomes, as detailed in our Commitment Statement.
- Consideration of the sustainability of our target operating model given the future opportunities and challenges presented by demographic and funding pressures, legislative change and the 'integration' agenda

The summarised feedback received said "The Peer Team recognised the significant progress the council has made in recent years to focus on accelerating personalisation, and to deliver high quality interventions that are affordable. The level of enthusiasm, commitment and support from front line staff, carers, service users and other stakeholders was clearly evident. The team was also very impressed by the commitment demonstrated by the council leadership team and politicians, evident in the budget setting process."

The outcomes and [action plan developed were presented to SMT and the July 2016 meeting of the Adult & Social Care Scrutiny Committee. This action plan has since been included within the Early Help and Support Service Plan.](#)

5.20 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 in our opinion conclude that the review of the governance arrangements provides a reasonable level of assurance that the governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Attached as Annex 1 is an agreed action plan to address any key governance issues and ensure continuous improvement.

5.21 Issues from the previous action plan that have been addressed or mainstreamed have been deleted and those that continue to be addressed are included in Annex 1.

5.22 The Senior Management Team will monitor implementation of these actions and will report back to the Audit Committee in January 2018 and within next year's statement.

Richard Partington  
Managing Director

**Dated:**

Cllr Shaun Davies  
Leader of the Council

**Dated:**

Cllr Rob Sloan  
Chair of Audit Committee

**Dated:**