

# Draft Annual Governance Statement

Year ended 31 March 2017



*Working for  
Warwickshire*

# Annual Governance Statement 2016/2017

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## 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, inclusive, 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 the code and also meets the requirements of the Accounts and Audit Regulations 2015.

## 2. The aim of the governance framework

The governance framework is basically the systems and processes, and the culture and values, by which we are controlled and how we account to, engage with and lead the community. 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

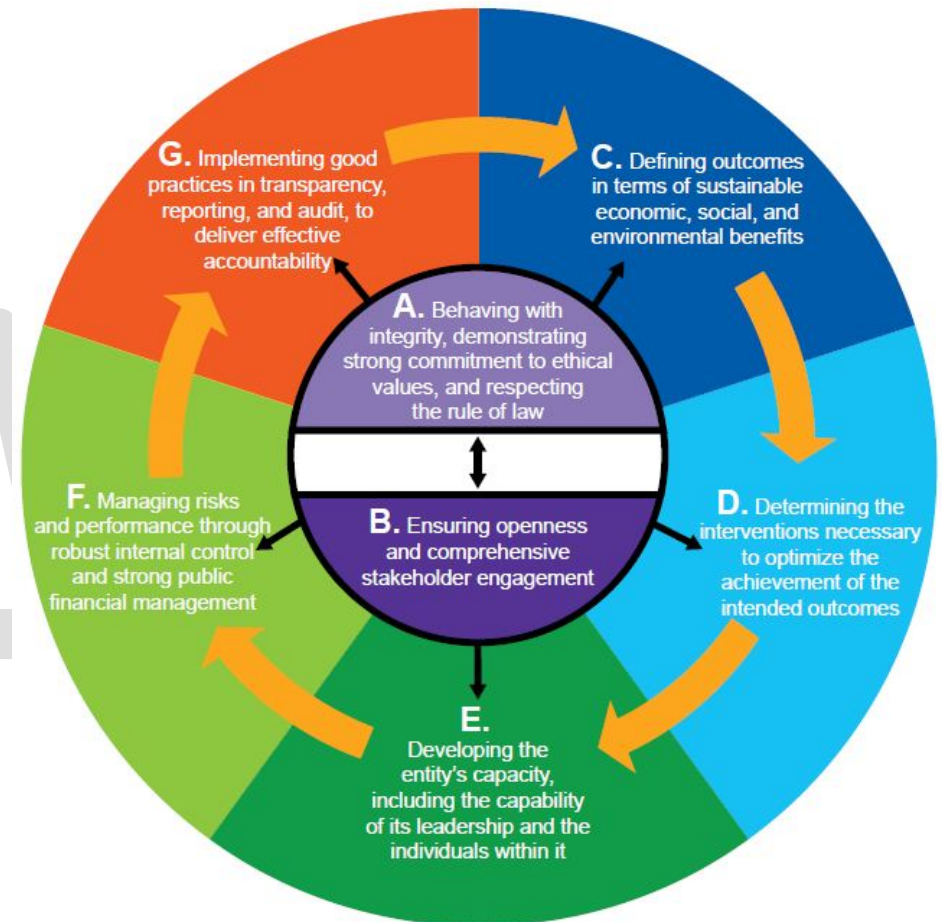


Figure 1 CIPFA's Principles of Good Governance

risk of failing to achieve our policies, aims and objectives, so it can only 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 framework underpins our Code and set out the commitments we have made about the way that we work and our commitment to acting in the public interest. 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 annual report and statement of accounts.

### 3 The Governance framework

Our Code of Corporate Governance sets out our framework for corporate governance and 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 strong commitment to ethical values, and respecting the rule of law

As part of our governance framework we have introduced during the course of the last year six key behaviours which provide a clear framework on what 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 values are being upheld and that members and officers demonstrate high standards of conduct and behaviour. These include:

## Our Behaviours



Figure 2 Warwickshire's Six Key Behaviours

- codes of conduct for officers and members (including gifts and hospitality, registering interests, anti-fraud and whistleblowing); and
- the 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 can 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. <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 which provides staff with 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. <http://askwarks.wordpress.com/>

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 stretching their people and there is clear communication about where our authority is going. This is supported by the annual staff survey and pulse surveys which measure progress against actions or views on topical issues. <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 procedures in place that explains 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**

Our core purpose for the period 2014-18 was to '**develop and sustain a society that looks after its most vulnerable members, delivers appropriate, quality services at the right time, and seeks opportunities for economic growth and innovation**'. This provided the overarching framework for the One Organisational Plan for the period 2014-18 (OOP 2014-18) which set out our values and the desired outcomes we aimed to achieve for the people of Warwickshire over this period. <http://oop.warwickshire.gov.uk/>

On 26<sup>th</sup> January 2016, Cabinet endorsed the proposal to start preparing a Corporate Plan and Medium Term Financial Plan covering the period 2017 – 2020 in response to the Local Finance Settlement and the longer term implications for the authority.

The new One Organisational Plan (OOP 2020) was approved at Full Council on 2<sup>nd</sup> February 2017 and 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.

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 Warwickshire Observatory who 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 Service Management Teams, Overview and Scrutiny committees and Cabinet.

### **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.

- Each Group has arrangements in place for reporting performance to its Group Leadership Team (GLT).
- The Project Hub, a new 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 and future needs of our workforce, setting out our 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.

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. During the last year we have reviewed these arrangements and from April 2017 our corporate appraisal process is aligned to the Behaviours Framework. <http://www.warwickshire.gov.uk/gatewaytolearning>

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.

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 sets out our financial management framework for ensuring we make the best use of the money we have available to spend. It outlines the financial roles and responsibilities for staff and Members and provides a framework for financial decision-making. Where there are specific statutory powers and duties the Financial Regulations seek to ensure these are duly 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 is being built into an 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. During the last year the Committee has undertaken a self-assessment of its own effectiveness against the evaluation framework contained in the CIPFA publication Audit Committees: Practical Guidance for Local Authorities

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 Chief Risk and Assurance Manager is designated as the Head of Internal Audit and has regular formal meetings with the Strategic Director for Resources, Head of Finance and Head of Law and Governance and does not take any part in any audit of risk management or insurance. A self-assessment against the Public Sector Internal Audit Standards (PSIAS) has been completed and compliance will be confirmed by an external assessment in due course. <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 Chief Risk and Assurance 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 throughout 2016/17 in a number of ways including:

- A review of the Council's governance framework to reflect the updated CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). The revised framework was considered by



the Audit and Standards Committee before approval by Cabinet in December 2016.

- The Audit and Standards Committee has undertaken a self-assessment of its own effectiveness against the evaluation framework contained in the CIPFA publication Audit Committees: Practical Guidance for Local Authorities, and has identified a number of areas where the Committee can strengthen its own effectiveness.
- We have undertaken reviews of our whistleblowing and anti-fraud arrangements and updated policies are being presented to Committee for consideration during the next year.
- A Member led review of local governance arrangements covering the role of community forums and area committees, local Member delegated decision making and community engagement. The results of the Working Group were reported to Council in March 2017 and the issues raised will be fully considered by Council during 2017/18.
- Scrutiny reviews undertaken by task and finish groups commissioned by Overview and Scrutiny Committees.
- External assessments and inspections. This includes an inspection of Reablement Services in August 2016 by the Care Qualities Commission which rated the service as good.
- Peer Reviews have been completed for Warwickshire Fire and Rescue Service Adult Services, Children's Services and the Health and Wellbeing Board.
- Risk based reviews completed by Internal Audit.

The results of the 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 in the past including case file audits, Section 106 agreements and pre-employment checks. This report concludes that the Authority's control environment provides moderate 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 summarises 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 Local Government funding including proposed arrangements for the retention of business rates is also an area of risk for us as it increases uncertainty on future funding. There is also a large amount of uncertainty arising from the United Kingdom withdrawing from the European Union and the national political landscape. We do not yet know what impact these will have on changes to laws, budgets, grants and devolution agenda.

We have produced a new One Organisational Plan for the period 2017-2020 which identifies savings of £67m over the next three years. These financial pressures mean that the organisation faces a significant challenge to meet its aims and objectives. The savings and transformation plans that are being put 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 a £5m Transformation Fund approved in February 2017 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 plans and ensure that 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 100% Business Rates Retention system.
- 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 continue 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 adults social care services by utilising 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 the next 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:

- Progress our review of the “customer journey” for child and adult services. This will review services from the customer perspective and improve processes with the customer in mind.
- Continue to progress our approach to commissioning and improve our approach to managing contractor performance and reducing the risk of market failures.
- Review the assessment model for Social Care and Support customers to identify how assessments can be most effectively delivered in future.

### **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.

During the last year we have established a 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.

We continue to develop our safeguarding arrangements and over the next year have the following planned actions:

- Implement a new case file audit tool to align with the implementation of the new People Group Case File Audit Procedure.
- The Warwickshire Safeguarding Adults Board (WSAB) will implement a programme of regular multi-agency audits.
- Recruit an additional 40 Social Workers to reduce caseloads and enable us to work more effectively with families in the community and reduce the number of looked after children.
- We recognise the significance of children's safeguarding services and following a peer review of Children's Services have developed an action plan to address suggested improvements.

### **Failure to maintain the security of personal or protected data.**

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 have required staff to undertake e-learning and formally accept their responsibilities. We will also continue review and improve our information governance processes and are preparing for the General Data Protection Regulation (GDPR) ahead of its introduction in 2018.

### **The security and integrity of our systems are disrupted as a result of cybercrime.**

There is an increased escalation in potential fraudulent and criminal activity. Along with all other organisations we have seen a major increase in the number of attacks on Warwickshire websites and

systems arising from hacking, denial of service, ransomware and phishing. We will continue to review and develop our network and information security arrangements during the course of the next year in response to the increased threat.

### **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 Governments 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.
- Continue to develop and promote the new 'Warwickshire Together'; crowd-funding portal and Warwickshire Placemaking Fund - a capital fund available for town centre projects.

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.

### **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 Service
- Deliver an improvement plan as a result of the Fire and Rescue Service Peer Review 2017
- Continue to review and test our business continuity and emergency plans.

## 6. Certification

We propose over the coming year to continue to manage the risks attached 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 (Resources)  
Head of Paid Service

.....  
Councillor Izzy Seccombe  
Leader of the Council