Council

22 September 2016

Annual Governance Statement 2015/2016

Recommendation

That Council approves the Annual Governance Statement for 2015/16.

1.0 Key Issues

1.1   This report presents the Annual Governance Statement for 2015/16 for approval.

1.2   The Accounts and Audit Regulations 2015 require the Authority to conduct a review, at least once a year, of the effectiveness of internal control and publish the findings, in the form of an Annual Governance Statement, alongside the authority's financial statements. The Statement covers the key controls in operation in the authority to ensure that the Council's objectives and main statutory obligations are met.

1.3   A review has been carried out in accordance with this requirement. A draft Statement was considered by the Audit and Standards Committee (23 June and 8 September) and by Cabinet on 8 September who has endorsed the Statement and recommend its approval by Council. A copy of the proposed Statement is attached as **Appendix 1**.

Background papers

None

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The report was circulated to the following members prior to publication:

Local Member(s): Not applicable
Other members: None

Warwickshire
County Council

Annual Governance Statement

Year ended 31 March 2016

Warwickshire County Council

Working for Warwickshire

Annual Governance Statement 2015/2016

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Annual Governance Statement 2015/2016

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*. You can obtain a copy of the Code from Democratic Services. 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 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. 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 annual report and statement of accounts.

3   The Governance framework

Core Principle 1: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens, service users and communities

Our core purpose is 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 provides the overarching framework for the One Organisational Plan which sets out our values and the desired outcomes we want to achieve for the people of Warwickshire over the four year period 2014-18. The One Organisational Plan was approved by Council on 25th February 2014 and the business outcomes that support the delivery of the core purpose were agreed by Cabinet in March 2014. http://www.warwickshire.gov.uk/businessplan

During its original development the One Organisational Plan was informed by an extensive programme of consultation which was reported to Cabinet in December 2013. This included 'Let's talk' roadshows across the county and the use of MORI 'You Choose' budget simulation software to help gather the views of the local community to help shape the medium term financial plan for 2014-18. Let's talk Roadshows were again held during November 2015 to engage with residents on council services and to feedback how their views have influenced the way the council does things and how it is spending taxpayers' money. The One Organisation Plan has been communicated to citizens through a range of media including dedicated pages on our website and social media. http://oop.warwickshire.gov.uk/

The Warwickshire Observatory provides a comprehensive assessment of a range of indicators and trends in local conditions experienced by the residents and communities of Warwickshire. The key messages identified in the analysis aid the decision making and priority setting processes; providing the context for our business planning and the evidence base for our policy development. Further information on work undertaken and reports published by the Observatory can be found on their website: http://www.warwickshireobservatory.org/

Reviewing the authority's vision and its implications for the authority's governance arrangements

We have a Code of Corporate Governance in place which identifies our commitment to corporate governance and supports our Vision and Aims and Ambitions. The Code underlines the critical role governance has in the delivery of objectives, stating that 'good governance is essential for the Authority to improve the quality of its services and has a significant impact on the public's level of trust in the services that the Authority delivers'. The Code was revised in 2007/08 to reflect new CIPFA/SOLACE guidance and most recently updated again in 2012. The CIPFA / SOLACE guidance will be updated during 2016 and we are committed to reviewing our local code in line with ongoing guidance. Further information on The Code can be found on our website: http://www.warwickshire.gov.uk/corporategovernance

Translating the vision into objectives for the authority and its partnerships

Our core purpose provides the overarching framework for the One Organisational Plan which sets out our values and the desired outcomes we want to achieve for the people of Warwickshire over the four year period. The One Organisational Plan fully integrates the corporate and financial planning processes and pulls together the key elements of a number of different existing corporate plans and documents to provide the focus for the delivery of our core purpose and key outcomes. http://www.warwickshire.gov.uk/strategicdirection

- The One Organisational Plan outlines our core purpose and the key outcomes we want to achieve for Warwickshire by 2018. http://www.warwickshire.gov.uk/businessplan
- The Medium Term Financial Plan supports the One Organisational Plan by setting out how we intend to use and raise the resources needed to deliver our services and priorities over the medium term. The 2016/17 Budget and a refresh of the Medium Term Financial Plan for the last two years of the plan up to 2018 were approved by the County Council on 4th February 2016. Further approval was provided by the County Council on 23rd February 2016 to incorporate transitional grant funding for 2016/17.

Measuring the quality of services for users, ensuring they are delivered in accordance with the authority's objectives and that they represent the best use of resources and value for money

The performance monitoring and reporting arrangements for the One Organisational Plan were approved by Cabinet in June 2014 and includes the following mechanisms:

- Progress against the One Organisational Plan and the delivery of the savings is reported formally to Cabinet on a quarterly basis followed by Overview & Scrutiny. This information is also available electronically via the Member Dashboard.
- A management information dashboard is in place which provides real time 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).

- A high level review of project and programme bodies was undertaken in 2015 to streamline activity and a number of project governance principles were developed and rolled out across the Council.
- Phase 1 of the Project Hub, a new on-line system for monitoring and reporting progress with projects and programmes was launched at the end of March 2016. The Project Hub will increase visibility and transparency of projects and programmes delivered by all Groups across the Council, and will help to focus resources where they are needed most and will have the biggest impact.

We publish information each year which outlines how we spend Council Tax income. This information is available for the current and previous financial years and can be viewed on our website: http://www.warwickshire.gov.uk/counciltaxspending

Core Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements

Elected members are collectively responsible for the governance of the Council. Decision making and scrutiny of member decisions has been separated through the executive arrangements introduced by the Local Government Act 2000. Responsibilities for decision-making, the role of individual members, the Council, Cabinet, and committees are defined in the Constitution

The roles and responsibilities of senior officers, delegation of statutory powers and executive functions, and Protocols on member / officer relations are defined and documented within our Constitution which can be found on our website: http://www.warwickshire.gov.uk/constitution.

Ensuring effective management of change and transformation

The One Organisational Plan sets the high level desired outcomes and is supported by projects and service plans. It 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. The outcomes framework ensures 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 as well as the key business outcomes that support and underpin it.

The One Organisational Plan is aligned to the medium term financial plan to ensure a joined up approach to delivering the organisational plan outcomes and the agreed 4 year savings plan. These are both monitored and reported to Members on a quarterly basis. They are also reviewed as part of the annual budget setting process to identify future service and budgetary requirements and to respond to further requirements for change.

The 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 Warwickshire has a fit for purpose workforce and staff resources are deployed most effectively in the delivery of the aims and ambitions as set out in the One Organisational Plan.

The Customer and Transformation Board, chaired by the Strategic Director, Resources and includes all Strategic Directors, have oversight of organisational change and transformation activity across the Council. Its responsibilities include:

- delivery of the Customer Services Strategy; to develop 'One Front Door' for the Council and to develop and deliver improved Customer Journeys for the people of Warwickshire;
- ensuring that the Council maintains an organisation wide view on the health of transformation activity and to provide additional insight into progress where appropriate;
- ensuring that key strategies related to One Organisational Plan outcomes (and specifically outcomes related to resources and services) are delivered across all areas of the Council; and
- oversight of and challenging value for money, return on investment and benefits realisation.

Ensuring the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government* and, where they do not, explain why and how they deliver the same impact

Arrangements are in place to ensure that we fully comply with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. They include the following:

- The Head of Finance fulfils the role of Chief Finance Officer. He is actively involved in the financial implications of all material business decisions, leads on promoting good financial management, is professionally qualified and suitably experienced and leads and directs a finance function fit for purpose.
- He is entitled to attend at and offer advice to meetings of the Corporate Board and Cabinet/Corporate Board in relation to any item which he considers raises financial issues.
- Within the Financial Regulations of the Authority he has the responsibility to advise Strategic Directors as necessary on financial arrangements and has access to all documents concerned with finance.

Ensuring the authority's assurance arrangements conform with the governance arrangements of the *CIPFA Statement on the Role of Head of Internal Audit* and, where they do not, explain why and how they deliver the same impact

The Council has delegated responsibility for maintaining an adequate internal audit function to the Strategic Director for Resources. A programme of risk based audits is carried out by the Risk and Assurance Service. A summary of audit work is reported to the Audit and Standards Committee which has responsibility for oversight of probity and audit issues and meets four times a year.

Arrangements are in place to ensure that we fully comply with the governance requirements of the CIPFA Statement on the Role of the Head of Internal

Audit. In particular the Chief Risk and Assurance Manager is designated as the Head of Internal Audit. He 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. More information can be found on our website: http://www.warwickshire.gov.uk/audit

Ensuring effective arrangements are in place for the discharge of the monitoring officer function

The Strategic Director for Resources fulfils the responsibilities of the Monitoring Officer. The Strategic Director has arrangements in place to ensure that all reports to member bodies are checked by qualified lawyers within the Authority and to ensure compliance with legislation, corporate policies and procedures. All decision making member bodies are supported by a legal advisor who attends meetings. In addition, the Strategic Director receives regular updates from senior lawyers in the Authority highlighting if there are any:

- potential breaches of law or other council regulations (such as Contract Standing Orders) and legal challenges;
- cases which give rise to questions as to the Council's power to take action;
- proposals to act contrary to corporate policy or legal advice; or
- any new legislative provisions which might affect areas of work carried out by the Authority.

The Strategic Director has responsibility for reviewing and investigating complaints about elected member conduct (including co-opted members).

Ensuring effective arrangements are in place for the discharge of the head of paid service function

The Chief Executive is designated as the Head of Paid Service and fulfils the responsibilities of the role. The functions of the Chief Executive and group structures that have been put in place are contained within the Constitution which can be found on our website: http://www.warwickshire.gov.uk/constitution

Undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*

The Audit and Standards Committee operates to an agreed terms of reference which defines its core functions, roles and responsibilities. The terms of reference is contained within the Constitution which can be found on our website: http://www.warwickshire.gov.uk/constitution

Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

The constitution outlines roles and responsibilities for Cabinet to approve the formation of partnerships with other public, private, voluntary and community

organisations. The Leader of the Council has overall responsibility to act as the lead representative of the council on sub-regional partnerships and to make associated commitments on behalf of the council provided those commitments fall within the budget and policy framework of the council: http://www.warwickshire.gov.uk/constitution

We have a partnership governance toolkit which helps the Council and other agencies involved in partnership working identify the key governance issues that need to be addressed when considering new partnership arrangements or running existing partnerships. The toolkit contains a number of tools designed to help build a partnership framework. This includes partnership objectives, structures, governance arrangements (including conduct, performance, financial and risk management arrangements, customer engagement protocols and exit strategies. We are committed to reviewing the toolkit during 2016/17.

Core Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

Our Corporate Governance Framework is supported by a programme of governance training for officers and a range of internal audits. Online governance training for all staff was introduced during 2014.

The expectations for the behaviour of elected and co-opted members are published in the Member's Code of Conduct contained within the Constitution. This was revised and adopted by full Council in July 2012 to take into account changes arising from the Localism Act 2011. Standards of behaviour for staff are defined in the Officers Code of Conduct contained within the Constitution found on our website: http://www.warwickshire.gov.uk/constitution

New members of staff are made aware of codes of conduct as part of their induction. Staff codes of conduct are available through the HR pages on our website: http://www.warwickshire.gov.uk/conduct

Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained

We have a good record in preventing and identifying fraud but cannot afford to be complacent. We have an Anti-Fraud and Bribery Policy and Strategy outlining our commitment to creating an anti-fraud culture and maintaining high ethical standards in its administration of public funds. This was reviewed during 2012 to incorporate changes in best practice and legislation, including the Bribery Act 2010. These documents were reviewed and approved by the Audit and Standards Committee and Cabinet in December 2012 and published on our website: http://www.warwickshire.gov.uk/antifraud

We participate in the National fraud Initiative and counter-fraud activities take place throughout the year including articles published on the intranet to raise

fraud awareness: https://www.warwickshire.gov.uk/nfi

We are working alongside other local authorities in Warwickshire to establish a Counter-Fraud Partnership to deter and detect fraud: http://www.warwickshire.gov.uk/fraud

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

Key roles in relation to ensuring compliance with policies, procedures, laws and regulations are performed by the Strategic Director for Resources, Head of Finance and the Head of Law and Governance.

Financial Regulations were approved by full Council on 26th September 2013 and are supported by a suite of financial rules available to staff on the internal intranet. http://www.warwickshire.gov.uk/financialregulations

A structured approach to contract management is set out in Contract Standing Orders (CSOs). These provide guidance on managing our finances, ensuring compliance with legislation and best value is considered in all purchasing activities. The current set of Contract Standing Orders was approved by full Council in September 2013 and is contained within the Constitution: http://www.warwickshire.gov.uk/constitution

In 2014/15 we commissioned three Peer Challenges, which provided an external, impartial, peer-led perspective on how we operate in a number of areas. Following the completion of the reviews we have collated the recommendations and developed a single Integrated Peer Challenge Action Plan which was presented to Cabinet in July 2015. Quarterly progress updates on the delivery of the plan is reported to Cabinet and to the Resources and Fire & Rescue Overview and Scrutiny Committee to demonstrate progress against the organisation-wide recommendations. http://www.warwickshire.gov.uk/our-performance/overall-performance/peer-review-integrated-action-plan-2015

Whistleblowing, and receiving and investigating complaints from the public

The Whistleblowing Policy outlines procedures for staff members wishing to raise a concern, the response they can expect from the Authority and the officers responsible for maintaining and operating the code (which is essentially all managers). The Strategic Director for Resources has overall responsibility for the maintenance and operation of this policy. Confidential registers of concerns raised and the subsequent outcome of investigations are held by the Risk and Assurance Service for fraud related complaints and by Human Resources and Occupational Development for all other whistleblowing complaints received. We are committed to reviewing these arrangements during 2016/17 with a particular focus on establishing a central register to record all whistle blowing. Details of whistleblowing arrangements have been published on our website: http://www.warwickshire.gov.uk/conduct

Complaints from members of the public are addressed according to the 'Corporate Complaints Procedure' ('making sure positive or negative customer feedback is valued and used to improve services') and managed corporately by the Customer Service business unit. Extensive guidance is available to staff through our intranet site, to the public on our website and through written publications: http://www.warwickshire.gov.uk/complaints

Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Reviewing the effectiveness of the decision making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

The Constitution sets out how the Council operates, how decisions are made, who makes decisions, how citizens, businesses and other organisations can participate, and the procedures which are followed to ensure that the Council is efficient, transparent and accountable to local people. Responsibilities for decision-making, the role of individual members, the Council, Cabinet, Committees and the process for determining the Authority's Key Decisions are defined in the Constitution. Delegations are detailed so that the functions of full Council, Cabinet, Cabinet members, Committees and Officers are specified. http://www.warwickshire.gov.uk/constitution

A review of the Council's governance arrangements has been undertaken by the Leaders Liaison Group which had a particular focus on decision making, overview and scrutiny, and member engagement at local and strategic level. Recommendations arising from the review and proposed amendments to the Constitution were reported to and approved by Council on 24th September 2015. A further update was made to the Constitution in March 2016 to reflect changes to the treasury management role of the Head of Finance as documented in the Treasury Management Strategy for 2016/17. This was approved by Council on 22nd March 2016.

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. Where a report is considered in private, the reason for that is set out in the description of the decision: https://democratic.warwickshire.gov.uk/cmis5/

The 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. Our governance arrangements will be kept under review in the coming year, with a particular focus on ensuring effective scrutiny. http://www.warwickshire.gov.uk/scrutiny

In compliance with the Freedom of Information Act 2000 we have procedures in place that outline the arrangements for members of the public requesting access to information: http://www.warwickshire.gov.uk/foi

We have adopted the model publication scheme produced by the Information Commissioner's Office (ICO), in accordance with the Freedom of Information Act 2000 and the Local Government Transparency Code 2015. The publication scheme guide is available on our website: http://www.warwickshire.gov.uk/publicationschemeguide

Information security is a key issue for us. A robust process for investigating data losses is in place and the Authority continues to protect the data of its staff, customers and business activities and ensure that it 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 introduced mandatory training and required staff to formally accept their responsibilities. http://www.warwickshire.gov.uk/informationsecurity

Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

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 which has been approved by Cabinet and is available on our website: http://www.warwickshire.gov.uk/riskmanagementstrategy.

Core Principle 5: Developing the capacity and capability of members and officers to be effective

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The development and training of elected members is managed by the Law & Governance Business Unit. At the beginning of their term of office, each elected member undergoes 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. Democratic Services maintain a database of the training received by and planned for members.

The 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 Warwickshire has a fit for purpose workforce and staff resources are deployed most effectively in the delivery of the aims and ambitions as set out in the One Organisational Plan.

We recognise that we have a diverse workforce and have staff networks for disabled staff, staff who identify as lesbian, gay, bisexual and trans (LGBT), religion and belief, members of staff who consider themselves to be from an Ethnic Minority community, and parents. The networks work towards equal opportunities in terms of improving policies, procedures, practices, recruitment, retention career development and support. Further information on staff networks can be viewed at http://www.warwickshire.gov.uk/staffnetworks

The Working for Warwickshire competency framework details the knowledge, skills, and qualities we need from our staff. This was made available to all staff from April 2014. As part of this framework a self-assessment tool has been developed which all managers across the organisation use when reviewing performance and agreeing development needs as part of their appraisals and 1:1 sessions. http://www.warwickshire.gov.uk/w4w

The corporate staff appraisal process applies to staff across the organisation and is used as a tool to identify individual objectives and development needs. The process is cascaded down through all tiers of staffing to ensure the objectives of the Authority run through the appraisals of all staff. http://www.warwickshire.gov.uk/corporateappraisal

Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

We undertake consultation on a wide range of topics to help us engage with the public to inform decision making and to assess the quality of services we provide. Our Consultation and Engagement Framework 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 including public meetings, public and staff roadshows, strategic meetings with partners and online consultation surveys. This enables us to engage with a greater number of citizens on a wide range of consultation topics and to provide results of completed consultation activities: http://askwarks.wordpress.com/

During its original development the One Organisational Plan was informed by an extensive programme of consultation which was reported to Cabinet in December 2013. This included 'Let's talk' roadshows across the county and the use of MORI 'You Choose' budget simulation software to help gather the views of the local community to help shape the medium term financial plan for 2014-18. Let's talk Roadshows were again held during November 2015 to engage with residents on council services and to feedback how their views have influenced the way the council does things and how it is spending taxpayers' money.

The One Organisational Plan Delivery Group brings together a number of officers from both support functions and services across the organisation and at each meeting updates are given on current and upcoming consultations by officers involved (Legal, Warwickshire Observatory, Communications and Corporate Project Delivery). This allows further support to be given where appropriate, interdependencies to be identified and lessons to be learnt in a timely manner.

A Public Engagement in Overview and Scrutiny Toolkit has been developed to support Members with engaging and involving the public in scrutiny activity. The Toolkit was approved by the Corporate Services Overview and Scrutiny Committee in October 2013: http://warksdemocracy.wordpress.com/2013/10/28/greater-public-involvement-in-overview-and-scrutiny/

The Council's vision cannot be realised without recognising the diversity which exists in our customer base, our workforce and the wider Warwickshire community. We have adopted the Equality Framework for Local Government as a tool to integrate equality and diversity into everything it does from policy development to service planning and delivery. This ensures that Equality and Diversity is an integral part of consultation and Equality Impact Assessments are used as a tool to identify the potential impact of strategies, policies, services and functions on customers and staff: http://www.warwickshire.gov.uk/staffequalityanddiversity

The Petitions Scheme enables citizens to raise and formally present petitions to members and committees. Petitions can be submitted by post or online: http://www.warwickshire.gov.uk/petitions

We operate a network of thirty Community Forums across the county, which are run in partnership with the District/Borough Councils, Warwickshire Police,

and Health Service and provide the opportunity for the public to engage with Councillors and public service providers about their concerns and priorities. Agendas and minutes of community forum meetings are available on our website: http://www.warwickshire.gov.uk/communityforums

We have commissioned Healthwatch Warwickshire to undertake an independent role in the provision of information on local health and social care services to the public and also to enable public engagement with health providers. Healthwatch launched in April 2013 and a Memorandum of Understanding is in place setting out the framework for the working relationship between Warwickshire Health and Wellbeing Board, Healthwatch Warwickshire, Children and Young People Overview & Scrutiny Committee and Adult Social Care and Health Overview & Scrutiny Committee. During 2015 the Memorandum of Understanding was reviewed, updated and signed by Chairs of each body. http://www.healthwatchwarwickshire.co.uk/

During 2015 we launched an Employee Engagement Strategy which outlines how we will improve the engagement of our employees This includes ensuring 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. This enables us to target hotspots and measure engagement on a more regular basis. https://www.warwickshire.gov.uk/employeeengagement

The Armed Forces Community Covenant for Coventry, Solihull and Warwickshire (CSW) was signed off in June 2012 by Warwickshire County Council, its constituent District and Borough Councils, Coventry City Council and Solihull Metropolitan Borough Council, representatives of the charitable and voluntary Sector, the civilian community and the military community across the CSW sub-region. The Community Covenant for Coventry, Solihull and Warwickshire reflects the promise from the nation that those who serve or who have served in the Armed Forces, and their families, are treated fairly and are not disadvantaged in their day-to-day lives. This includes offering injured servicemen and women and bereaved families extra support where appropriate. http://www.warwickshire.gov.uk/armedforcescommunitycovenant

Enhancing the accountability for service delivery and effectiveness of other public service providers

We actively contribute to partnerships including the Coventry and Warwickshire Local Enterprise Partnership (CWLEP) and collaborate with partners to promote good governance and delivery of outcomes. 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

The Police Reform and Social Responsibility Act 2011 established the arrangements for Police and Crime Commissioners (PCCs) and for Police and Crime Panels. The Police and Crime Panel is a joint committee of the County Council and the five district and borough councils. The Panel's role is to scrutinise the decisions and actions of the PCC but in a way that supports the effective exercise of the functions of the PCC. http://www.warwickshire.gov.uk/policeandcrimepanel

Governance arrangements are in place for scrutinising health services. The Health and Wellbeing Board is an executive function that has statutory responsibility for developing joint health and wellbeing strategies. It brings together colleagues from the county council, district and borough councils, and the NHS to provide leadership and direction for the health and social care economy in the county. Governance arrangements were reviewed during 2015 and were approved by the Board at its meeting in July 2015 http://hwb.warwickshire.gov.uk/

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 Head of Law and Governance. 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 scrutinised 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 Strategic Director of Resources (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 2015/16 in a number of ways including:

- A review of the Council's governance arrangements undertaken by the Leaders Liaison Group. Recommendations arising from the review and proposed amendments to the Constitution were reported to and approved by Council on 24th September 2015;
- scrutiny reviews undertaken by task and finish groups commissioned by Overview and Scrutiny Committees; and
- risk based reviews 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. 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 been advised on the implications of the result of the review of effectiveness of the governance framework by Cabinet and the Audit and Standards Committee. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

We have not experienced any significant governance failures during the last year. However the following have been identified as major challenges for the Authority going forward, each carrying significant risks for the County Council. The governance challenges recorded in this statement 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 12 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 service business plans and that the actions identified in those plans will address the issues highlighted in our review of effectiveness. The table below summarises the risks contained in the Strategic Risk Register.

Governance Challenges for 2016/17 and beyond

Government policies, new legislation and sustained austerity measures present immediate challenges and further significant imposed savings over the medium term.

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.

In addition to savings of £92m that we have identified and committed to making for the period 2014-18 changes to how the Government distributes Revenue Support Grant means that further savings of £14.2 million need to be made by the end of 2017/18. The impact of this has been softened by the provision of £3m transitional funding in 2016/17 and 2017/18, but with the Government issuing indicative grant figures through to 2019/20, overall savings of £60m need to be made. 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:

- Refresh the One Organisational Plan for the period 2017–2020 in response to changes to the local government settlement and taking into account the diverse requirements of communities.
- Ensure that there is effective and appropriate consultation and communication of change to all customers, stakeholders and staff.
- As part of the transformation programme, continue to provide clarity about our priorities based on an analysis of need and budget plans.
- 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.
- 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.

Governance Challenges for 2016/17 and beyond

Impact of devolution, Public Sector reform agenda, national and local policy direction for Warwickshire on service delivery.

The growing devolution agenda and national policy is influencing our strategic thinking in how we deliver services including blue light services, adult social care, academies and children's services. We have a Customer and Transformation Board, chaired by the Strategic Director, Resources and include all Strategic Directors, which has oversight of organisational change and transformation activity across the Council.

In addition at a wider, regional level the West Midlands Combined Authority (WMCA) will have devolved powers from Central Government over transport, economic development and regeneration. Warwickshire has agreed to join as a non-constituent member which will enable us to participate in future negotiations over devolution deals that WMCA seeks with Central Government.

We will continue to monitor and respond to government proposals arising from the Government White Paper 'Educational Excellence Everywhere' and a report will be presented in due course to Cabinet outlining how a sustainable financial future for support for schools and pupil related services can be delivered.

These developments have the potential for fragmentation of public service delivery and result in a lack of clarity over overall direction, governance and accountability. We will 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.

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.

The Government has introduced the Better Care Fund which aims to encourage Local Government and the NHS to work closely together to help local areas plan and implement seamless health and social care services across England in line with the vision outlined in the NHS Five Year Forward View. This is funded through a local single pooled budget. We are working with partners in the NHS looking at how we combine and use our resources to work more closely together to help people get the support they need in the right place and at the right time. This programme of work is known locally as 'Warwickshire Cares: Better Together'.

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

- A review of the "customer journey" for child and adult services which will review services from the customer perspective and improve processes with the customer in mind

Governance Challenges for 2016/17 and beyond

- introduce a new approach for contract management allowing us to manage the market and spending in high risk areas
- 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
- model in detail the impact of the national living wage on expenditure and understand the impact on budgets

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 and providing appropriate services for children in need. Responding to ever increasing levels of referrals against the backdrop of financial austerity will require careful judgements to be made both in terms of managing our exposure to risk and the associated increase in costs.

We have established a Multi-Agency Safeguarding Hub (MASH) in partnership with Warwickshire Police, National Health Service (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. Services for children have become fully operational and we are working to integrate support for adults by September 2016.

Failure to maintain the security of personal or protected data held by the Council

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.

Data loss and network integrity remains an inherent risk for the Authority and we continue to place emphasis on improving awareness and practices in relation to information security and strengthening the security infrastructure of our networks. We will continue to review and develop our cyber security arrangements during the course of the next year.

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

Governance Challenges for 2016/17 and beyond

economy within Coventry and Warwickshire. CWLEP has secured further funding from the Governments Local Growth Fund for a number of projects that we are responsible for which will which provide investment in:

- New transport infrastructure which will improve connections with other cities and towns and tackle congestion on the area's roads.
- Driving innovation in advanced manufacturing and engineering through the provision of new R&D and business support facilities.
- Supporting businesses to flourish through the provision of effective business advice and support.
- Growing local skills and talent through investment in Further Education Colleges.

Over the next year we will contribute to the review of CWLEP's Strategic Economic Plan, implement projects under the Local Growth Fund that we are responsible for delivering and also identify any potential projects where funding can be sought from the European Structural and Investment Fund to ensure that Warwickshire continues to benefit from investment contributing to economic growth.

At a wider, regional level the West Midlands Combined Authority (WMCA) is being established with the challenge to create jobs, enhance skills, develop prosperity and drive economic growth. The Combined Authority currently will have devolved powers from Central Government over transport, economic development and regeneration and will allow individual councils to collate resources to work together. In addition the current WMCA devolution deal proposes a number of areas for further exploration in which we have an interest including the Midlands Engine project to secure wider transport investment and growth.

The Council has agreed to join WMCA as a non-constituent member with a view to negotiating the basis of an acceptable deal on which Warwickshire could become a constituent member. We will continue to contribute to discussions in relation to the Combined Authority and a further report will be presented to Council to determine whether or not the Council wishes to seek constituent membership.

Inability to keep our communities safe from harm.

There are many challenges on the horizon nationally and locally for the services that we provide that keep our communities safe, particularly in child and adult safeguarding, the Fire and Rescue Service and highways maintenance, and we recognise that we need to become even more flexible if we are to meet our current and emerging challenges over the next four years. We are conscious that we need to achieve this during a period of austerity where we will be operating with a significantly reduced budget.

Child and adult safeguarding including the development of the MASH is addressed earlier in the section.

Warwickshire County Council is a Category One Responder as outlined in the Civil Contingencies Act 2004 and we have a statutory duty to have business continuity plans which ensure that critical services can continue in the event of an emergency or disruption and to fully recover all services as soon as possible. We have business continuity plans in place which have links to the Emergency Plan to allow us to respond to increased demand for services and

ensure continuity in the delivery of critical services to the community during a civil emergency.

During the course of the next year we will have a focus on the following areas:

- Complete a review of countywide operational fire cover
- Develop a 2017-20 Integrated Risk Management Plan for the Fire Service
- Continue to review and test our business continuity and emergency plans.

6.   Certification

We propose over the coming year to take steps to address each of the above matters to further enhance our governance arrangements. We are satisfied that the issues we have identified are addressed by the detailed action plans included in each of the service business plans across the Council 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.

Signed: ………………………………………   ………………………………………………
              Jim Graham   **Councillor Izzi Seccombe**
              Chief Executive   **Leader of the Council**

Date: