

AUDIT AND GOVERNANCE COMMITTEE

29 JULY 2019

ANNUAL GOVERNANCE STATEMENT 2018/2019

Recommendation

- 1. The Chief Financial Officer recommends that the Annual Governance Statement 2018/2019 be approved.**

Background

2. The Council is required, as part of its ongoing review of the effectiveness of its governance arrangements, to produce an Annual Governance Statement (AGS) for 2018/19. This has been signed by the Leader of the Council and Chief Executive. The AGS will form part of the Annual Statement of Accounts.
3. The AGS is primarily retrospective. It reports on the assurance framework and measures in place for the financial year 2018/19 and takes into account any significant issues of governance up to the date of publication of the Statement of Accounts. The AGS outlines the actions taken or proposed to address governance issues identified.
4. The AGS is drafted by the Corporate Risk Management Group based on information provided by senior officers. The evidence comes from a variety of sources, including service / plans, relevant lead officers within the organisation, internal and external auditors and inspection agencies.

Content

5. The AGS demonstrates how the Council is meeting the principles of good governance in accordance with the CIPFA / SoLACE Delivering Good Governance in Local Government Framework. These principles aim to ensure that the Council is:
 - Conducting our business in accordance with all relevant laws and regulations;
 - Safeguarding and properly accounting for public money; and
 - Using resources economically, efficiently and effectively to achieve agreed priorities which benefit local people.
6. As part of the review of the Council's effectiveness significant internal control issues affecting the Council are identified. In accordance with CIPFA guidance, an issue is regarded as significant if:
 - The issue has seriously prejudiced or prevented achievement of a principal objective

- The issue has resulted in a need to seek additional funding to allow it to be resolved, or has resulted in significant diversion of resources from another aspect of the business
- The issue has led to a material impact on the accounts
- The Audit and Governance Committee has advised that it should be considered significant for this purpose
- The Chief Internal Auditor has reported on it as significant, for this purpose, in the annual opinion on the internal control environment
- The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation
- The issue has resulted in formal action being taken by the Chief Financial Officer and / or the Monitoring Officer.

7. The AGS includes the following governance issues as areas for improvement. Items which were included in the 2017/18 AGS and remain governance issues following review in 2018/19 are:

- Sustainable improvement in Children's Services – following an Ofsted assessment that our Children's Services were inadequate, and, whilst the Worcestershire Children First will go live on 1 October 2019, the response to the statutory improvement notice remains live.
- Ensuring the delivery of the Council's vision and corporate objectives, in line with the Medium-Term Finance Plan – 2018/19 was a challenging year financially for the Council, with a net reported overspend of £2 million. Robust planning in terms of annual budget setting and medium-term financial planning will go some way to mitigating these pressures, however uncertainties around funding and cost pressures will continue to pose challenges for the Council.
- Staff capacity, recruitment and retention – the Council now has a fully resourced Strategic Leadership Team and they have begun the development of a robust performance and management culture alongside an Organisational Redesign programme which will consider and develop strategies for the recruitment and retention of staff.

8. The following new issues have been identified as part of the 2018/19 review process:

- Sustainable improvement in Children's Services – Worcestershire Children First will provide all aspects of Children's Services for the County Council. A programme board is in place to ensure a smooth transition
- Serious harm or death of a child or young person – safeguarding risk because of the serious harm or death of a child or failure to safeguard children.

- Activity exceeds budget allocation – inadequate budgets and / or ineffective financial management will impact on the County Council's ability to effectively provide services and impair our ability to forward plan
- Serious harm or death of a vulnerable adult – a safeguarding risk because of serious harm / death from failure to safeguard a vulnerable adult
- Staff capacity, recruitment and retention – our ability to deliver front line and key services will be impacted unless the Council adopts a range of strategies to attract and retain a highly skilled and specialised workforce.

9. At the end of 2018/19 pressures on the Children's Services High Needs budget, particularly within funds delegated to schools under the Dedicated Schools Grant were reported. The Council will be working with the Schools Forum to explore ways to manage these costs and to lobby central government to resolve the shortfall in funding.

10. The governance of the Council will continue to be monitored by Cabinet, Audit and Governance and other councillor committees, and the Council's Strategic and Wider Leadership Teams.

11. Grant Thornton, the Council's external auditors, have considered the AGS as part of their external audit, and have confirmed that it is consistent with their knowledge of our organisation and the financial statements.

Contact Points

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Specific Contact Points for this report

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Supporting Information

- Appendix: Annual Governance Statement

Background Papers

In the opinion of the proper officer (in this case the Chief Financial Officer there are no background papers relating to the subject matter of this report.