

Annual Governance Statement

1. Scope of responsibility

Worcestershire County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

2. The purpose of the governance framework

The governance framework comprises systems and processes for the direction and control of the Council and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically.

3. The governance framework

Service planning

The Council's planning process links corporate aims and objectives with service policies and priorities to the responsibilities of individual staff.

The Corporate Plan – Future Fit is a single document setting out the County Council's vision and overall strategic direction. The Corporate Plan - Future Fit is developed by the Leader of the County Council after each main County Council election to reflect the strategic priorities of the ruling party/parties or where there has been a significant change in the environment within which the County Council operates and approved by full council. Against each key area of focus the Plan identifies a number of key aims and targets, which are managed through the quarterly Balanced Scorecards. Responsibility for achieving these lies with individual directorates, and relevant aims and targets are included in individual service delivery plans. Progress against the Corporate Plan - Future Fit is monitored and reported to councillors on a monthly basis. Updates take account of achievements against the Plan and any new information that needs to be included.

Statutory plans, as prescribed by Central Government, and Service Delivery Plans, which cover areas of service not covered by statutory plans, provide strategic direction and contain aims and objectives for individual services. They have a clear link to the Corporate Plan - Future Fit and contain aims and targets based directly on corporate policy priorities, as well as others reflecting additional service policy priorities. Progress against service delivery and statutory plans is managed through Cabinet Members with Responsibilities. Responsibility for producing service delivery and statutory plans rests with chief officers. Service delivery plans are produced on an annual basis and include the setting of performance improvement targets.

Compliance with Statutes and established policies and procedures is ensured through the Officers' Scheme of Delegation as set out in the Constitution and also the appointment of separate individuals to the posts of Head of Paid Service, Monitoring Officer and Chief Financial Officer each of whom has specific statutory responsibilities relating to the governance of the County Council. The Scheme of Delegation sets out general delegations and responsibilities which all Chief Officers have and those specifically delegated to a particular Chief Officer. The Scheme also contains restrictions on the way officers carry out their functions. The County Council also publishes an Officers' Code of Conduct as part of the Constitution which applies to all officers of the County Council.

Risk management is about the identification, analysis and control of threats or events that adversely affect the achievement of the County Council's strategic and operational objectives. It is also the successful management of the controlled environment in which the decision making process is undertaken, such that

positive risks are taken in order to innovate and improve service provision. The Risk Management Strategy details the methodology for evaluating corporate risk management arrangements.

The County Council's anti-fraud and corruption strategy embeds effective standards in countering fraud, corruption and theft. The Chief Financial Officer is responsible for ensuring this strategy is applied and that the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption is followed.

Having considered all the principles, we are satisfied that the organisation has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Financial management

The County Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The Chief Financial Officer is a member of the Strategic Leadership Team and helps to develop and implement strategy and deliver the County Council's strategic objectives sustainably and in the public interest. Finance staff are actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and aligned with the County Council's financial strategy. The Chief Financial Officer leads the promotion and delivery by the whole organization of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively.

The County Council has a four year rolling Medium Term Financial Plan (MTFP) which is used to inform the annual budget setting process. The MTFP is updated annually as part of the budget setting process.

The Constitution formally sets out parameters for the financial management of the County Council and Service Directors are responsible for budgetary control within their services. Budget monitoring reports are routinely considered by both officers and elected members. In addition there are a range of national indicators against which services are monitored during the year and the results are published on an annual basis.

Balanced Scorecard

The Balanced Scorecard is used to show the relationship between the intended outcomes of the Corporate Plan - Future Fit with the vital finance, workforce and process measures that support their delivery. The indicators have been specifically designed to reflect the needs of the County Council rather than meet central government requirements, following consultation with a focus group of residents. The Balanced Scorecard is available to the public via the County Council's website to improve accountability to local communities. Performance is measured and reported internally on a quarterly basis and publicly every six months.

Political structure

The County Council has adopted a Leader and Cabinet executive governance model. The executive consists of the Leader of the County Council and other appointed councillors and is described as the Cabinet. The Cabinet is responsible for most day to day County Council decisions. Cabinet make decisions in line with the overall policies, priorities and budget set by the County Council. Political decisions on executive functions are generally taken by the Cabinet collectively. No individual members of the Cabinet have (as yet) standing general delegated powers to make formal decisions within their portfolio on behalf of the Cabinet, but an increasing number are being given specific delegated powers by the leader or Cabinet on particular topics. Cabinet also considers and responds to reports and recommendations from the Overview and Scrutiny Performance Board.

Cabinet members have specific areas of responsibility:

- Finance
- Environment;
- Localism and Communities;
- Children and Families;
- Economy, Skills and Infrastructure;
- Adult Social Care;
- Health and Well-being;
- Highways;
- Transformation and Commissioning

The full Council comprises all elected members and is responsible for agreeing the overall Policy Framework for all services, including the County Council budget. The County Council also elects the Leader of the Council and establishes the other (non-executive) committees and panels of the County Council. The Chief Executive, Head of Legal & Democratic Services and the Chief Financial Officer can also submit reports to the full Council.

The Overview and Scrutiny Performance Board is made up of eight Councillors who are not on the Cabinet, plus two Church Representatives and one Parent Governor Representative (for Education matters). Its main role is to assist in policy development, scrutinise the work of the County Council and agree the scrutiny programme for endorsement by full council. The Board will commission scrutiny through itself, the Scrutiny Panels or time-limited Scrutiny Task Groups.

The Audit and Governance Committee supports effective corporate governance and gives assurance to the County Council and the public on financial and performance issues, risk management and other relevant controls. The Audit and Governance Committee considers and approves the annual statement of accounts on behalf of the County Council, considers the audit plans of both internal and external auditors and comments on their reports.

Members are covered by a Code of Conduct that sets out the rules governing their behaviour. The Code covers areas of individual behaviour, disclosure of interests and withdrawal from meetings where Members have relevant interests. The Standards & Ethics Committee promotes and maintain high standards of conduct by members, and can adjudicate on relevant complaints. Members register their Disclosable Pecuniary Interests and all Declarations of interest are recorded.

4. Review of Effectiveness

This review of the effectiveness of the governance framework is informed by assurances provided by Directors and the Chief Financial Officer within the County Council who have responsibility for the development and maintenance of the internal control environment, the comments made by the external auditors and other review agencies and inspectorates and also the work of the internal auditors.

Each Directorate has in place a risk register which records the major risks facing the Directorate and assesses the potential impact of those risks. Registers are reviewed and added to during the year to reflect service changes. Within each Directorate there are also operational controls that are used on a day-to-day basis to control the delivery of services, none of which disclosed any significant weaknesses in control during the year.

Business continuity is well established within the County Council, is reviewed regularly within all Directorates and this is co-ordinated by the Corporate Risk Management Group chaired by the Risk and Business Continuity Manager.

The County Council has not been notified of any significant weaknesses from any independent annual inspections during the year, e.g. by the Care Quality Commission and OFSTED for example.

In writing this statement reliance has been placed upon the Directors, the Chief Financial Officer and their management teams who have provided reports relating to the application of the appropriate controls. Also statutory duties placed upon the Monitoring Officer and the Chief Financial Officer requires them to draw to Members' attention improper practices or financial imprudence. In 2015/16 4 audits were given limited assurance. No issues have been reported that indicate that the organisations control environment has been materially compromised. The Audit and Governance Committee receive reports on these audits. In all cases, either actions have already been implemented to address weaknesses identified or where actions remain outstanding, the area of limited assurance does not impact materially compromise those controls in place within the County Council.

The process of review of financial systems by the internal audit section is continuous. Regular budget monitoring reports have been presented to Members during the year and have confirmed that expenditure is within cash limits.

The County Council has contractual arrangements to govern its relationship with the majority of the organisations with which it deals. A key partner in the delivery of services is the Worcestershire Partnership Executive Group, which brings together local government, public services such as health, learning providers, police and voluntary and community organizations within Worcestershire. The role of the Partnership is to develop and deliver a vision for the future of Worcestershire that meets the aspirations of local people and which promotes the social, economic and environmental well-being of Worcestershire.

Chief Executive

Date:

12/7/16

Leader of the County Council

