

AUDIT AND GOVERNANCE COMMITTEE

26 JULY 2018

ANNUAL GOVERNANCE STATEMENT 2017/2018

Recommendation

- 1. The Chief Financial Officer recommends that the Annual Governance Statement 2017/2018 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 2017/18. 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 2017/18 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 Head of Internal Audit 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 2016/17 AGS and remain governance issues following review in 2017/18 are:

- Sustainable improvement in Children's Services – following an Ofsted assessment that our Children's Services were inadequate, a Service Improvement Plan was put in place in early 2017 and has been regularly monitored and reviewed since then. Whilst this remains a risk there is now an agreement to establish an Alternative Delivery Model.
- Migration of Human Resources and Finance Systems – the new HR and Finance systems went live in April 2017 and there were a number of issues with the migration. Recovery plans were put in place and there are some residual issues which continue to impact on the business of the Council.
- Ensuring the delivery of the Council's vision and corporate objectives, in line with the Medium Term Finance Plan – the Council achieved a balanced budget in 2017/18 although not all planned savings were achieved. Alternative savings have been found and use has been made of reserves. A balanced budget has been set for 2018/19, however given the scale of savings required for the future this remains a governance issue.

8. The following new issues have been identified as part of the 2017/18 review process:

- Sustainable improvement in Children's Services – alongside the issue identified above, Children's Services will be responding to the outcomes of the 2017/18 Special Educational Needs and Disabilities (SEND) inspection.
- Adult Social Care Operational Pressures – the local health and social care economy is under considerable demand pressure. The Council is actively working with its partners in the Health and Independent Sectors.

- Staff capacity, recruitment and retention – the Council has undergone significant change in its Senior Leadership Team and this has led to a period of settling and challenge. The risk of staff retention and workforce planning will be considered as part of any change programme, alongside national health issues such as Human Pandemic Flu.

9. 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.

10. 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: