

DRAFT ANNUAL GOVERNANCE STATEMENT – 2018/19

Introduction

The Annual Governance Statement is a review of our activities to ensure that the County Council is carrying out its functions effectively. Our risk management process is a key part of our governance arrangements and provides assurance that:

- our business is conducted in accordance with all relevant laws and regulations
- public money is safeguarded and properly accounted for
- resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

The governance framework

This Annual Governance Statement is published in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework (2016) (The Framework). This comprises systems and processes for the direction and control of the County Council and its activities through which it accounts to, engages with and leads the community. It enables us to monitor the achievement of strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The County Council has approved the requirements of the Framework and several specific strategies and processes for strengthening corporate governance such as the Corporate Risk Management Group and the Balanced Scorecard.

Our system of internal control is designed to manage risk to a reasonable level and is based on an ongoing process to identify and manage risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised, and to manage them efficiently, effectively and economically. It cannot eliminate all risk of failure but provides reasonable assurance of effectiveness.

The Balanced Scorecard is used to show the relationship between the intended outcomes of the Corporate Plan - Shaping Worcestershire's Future with the finance, workforce and process measures that support their delivery. 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 against areas of focus internally on a quarterly basis and publicly every six months.



Set out below are the activities carried out by the County Council which contribute to our delivery of the seven principles in the CIPFA/SoLACE Framework during 2018/19.

Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

We have arrangements in place to provide assurance that our values are upheld, and that members and officers demonstrate high standards of conduct and behaviour.

These include:

- Codes of conduct for officers and members;
- The inclusion of ethical values in policies and procedures for all areas;
- A complaints procedure ensuring appropriate investigation and response;
- A commitment to equality of opportunity for all citizens, in line with the Public Sector Duty as set out in the Equality Act 2010;
- Our Constitution which sets out the conditions to ensure that all officers, key post holders and members can fulfil their responsibilities in accordance with legislative requirements. Roles, responsibilities and delegated authority for individual Members, the Council, Cabinet and senior officers are documented.

Core Principle B: Ensuring openness and comprehensive stakeholder engagement

The Chief Executive and Strategic Leadership Team value and are committed to acting on staff feedback. The County Council has an annual staff survey, frequent pulse surveys and staff briefings. Staff are involved in issue resolution arrangements.

Throughout 2018/19 the County Council's "Have Your Say" Roadshows have enabled Councillors and Officers to actively engage with members of the local community. Feedback from these sessions helps to inform the council's four corporate priorities: supporting Children and families, promoting Health and Well Being, protecting the Environment and championing Open for Business.

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 explain 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.

Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits

Our Corporate Plan, Shaping Worcestershire's Future, identifies four key priorities that help us shape the future vision for Worcestershire and focus the delivery of our services.



Open for Business – we have a significant programme of improvements in workforce skills, employment, infrastructure and productivity. We are aiming to become a financially self-sufficient Council and to achieve this aim we are promoting and supporting businesses in the County and those looking to relocate here.



Children and Families – we have a strong focus on improving outcomes for the children, young people and families of Worcestershire. We support schools with achieving a good or outstanding rating by Ofsted and facilitating young people achieving five or more good GCSE's, and support young people moving

successfully into employment.



The Environment - Worcestershire's environment is one of our key features and contributes to enhancing the quality of life for residents and visitors. We are committed to improving our infrastructure networks, including transport and digital technology to support

business and encourage investment. We also have a key focus on minimising waste which goes to landfill.

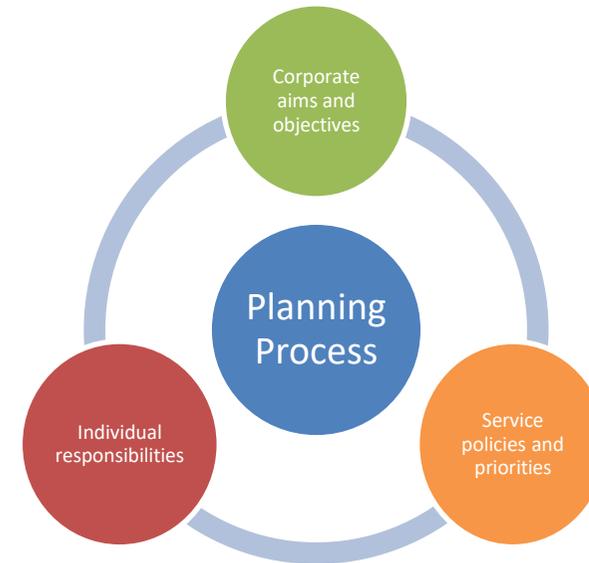


Health and Wellbeing – we are working with local partners to support our residents to be healthier, live longer, have better quality of life and remain independent for as long as possible. Our focus on adult social care aims to keep people with support and care needs as

independent as possible by providing choice in how to live their lives.

All services have plans in place in line with approved budgets to deliver the key outcomes contained in the Corporate Plan. Management of these plans varies by service, but includes key performance indicators, ongoing outcome monitoring and reports to management teams and committees as appropriate.

Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes



The County Council's planning process works to support and optimise delivery and identify and mitigate any risks.

Each key area of focus identifies several aims and targets, which are managed through the Balanced Scorecard. Responsibility for achieving these lies with individual directorates, and relevant aims and targets are included in individual service delivery plans. Risks and issues are managed through the Corporate Risk Management Group and regular updates are provided to SLT and the Audit & Governance Committee.

Progress against the Corporate Plan is monitored and reported to councillors on a regular basis.

Core Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it

To deliver our objectives, we rely on our staff to carry on the great work they already do daily which is underpinned by Our People Values:

- **Customer Focus** - putting the customer at the heart of everything we do
- **'Can do' Culture** – being proactive to achieve excellence
- **Freedom within Boundaries** – courage to make constructive change

We aim to drive change, develop talent and optimise potential and enable managers and leaders to develop and motivate our workforce to allow it to be future fit. Reviewing the talent and potential of our workforce enables us to better understand and identify the potential we can develop over the coming years

Our annual performance review scheme forms a central part of our planning process. Discussions and review sessions take place between every member of staff and their line manager to agree and track personal objectives and actions, with formal mid-year reviews as a key part of the process. 90% of staff received mid-year reviews during 2018/19.

Core Principle F: Managing risks and performance through robust internal control and strong public financial management

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 also enables positive risks to be taken to innovate and improve service provision. The Risk Management Strategy details the methodology for evaluating corporate risk management arrangements and its delivery is enabled by the Corporate Risk Management Group.

The County Council's anti-fraud and corruption strategy embeds effective standards in countering fraud, corruption and theft. The County Council supports and submits data for the National Fraud

Initiative (NFI) and assesses all matches for review and, where appropriate, mitigation. 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.

Financial Regulations form part of the Constitution and set 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.

Core Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability

We endeavour to always be open and transparent through our officer and member activity. A large amount of information is available on the County Council website which gives details of the working of the organisation, what we spend, and how our decisions are made.

We have a forward plan which provides information about all the decisions that the County Council has scheduled. Formal agenda, reports and minutes for all committee meetings are published on our website which ensures that people know what decisions the County Council is planning to take, and the decisions taken.

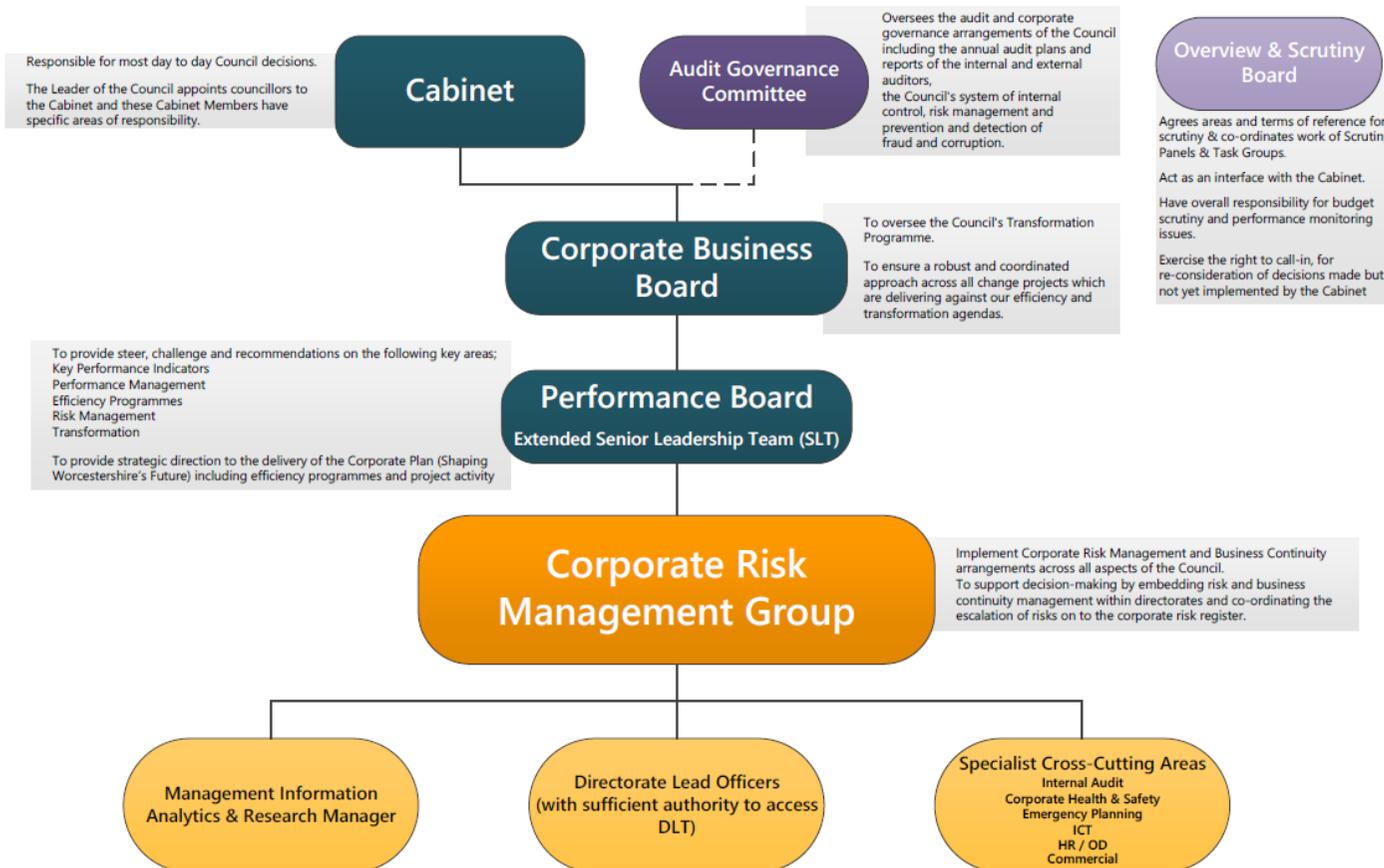
Arrangements are in place to ensure that we fully comply with the requirements of the Public Sector Internal Audit Standards (PSIAS) and CIPFA Statement on the Role of the Head of Internal Audit. During 2018/19 the County Council's internal audit service has been provided by Warwickshire County Council whose Internal Audit and Insurance Manager was designated as the Head of Internal Audit and has regular formal meetings with the directors and Chief Financial Officer. From 1 April 2019 the Internal Audit service will be provided internally.

Review of Effectiveness

The effectiveness of risk management within the County Council is reviewed throughout the year by the Corporate Risk Management Group. The outcomes of this Group have informed this Statement. The governance process undertaken by the Group are detailed below:



Corporate Risk Management Group Governance v0.1



The Internal Audit service has completed 30 audits in 2018/19.

Of these 4 have received limited assurance results:

1. Offmore Primary
2. School themed audit – budget management, payroll, procurement, ordering and creditor payment processes
3. School theme audit – schools in financial difficulties
4. Accounts payable

Based on the results of work undertaken during the year, the audit opinion is that the County Council's control environment provides moderate assurance that the significant risks facing the County Council are addressed.

Significant Governance Issues

2017/18 issues Governance issues	Update on progress
<p>Sustainable improvement in Children's Services. As noted in the 2016/17 AGS the response to the statutory improvement notice in Children's Services remains live. An improvement plan and plans to establish an alternative delivery model are well underway with regular programme monitoring and independent checking. It is envisaged that this will thus remain a key risk for the County Council to address in 2018/19, although at this stage response is being well managed and mitigations are in place. As is being seen in most councils across the country, demand pressures within children's social care continue to be a risk for the County Council due to the rise in numbers of children looked after and the complexity of need within the looked after children population.</p> <p>Children's Services will also be responding to the outcomes of the 2017/18 Special Educational Needs and Disabilities (SEND) inspection.</p>	<p>As noted in the 2017/18 AGS the response to the statutory improvement notice in Children's Services remains live. The improvement plan continues with regular programme monitoring and independent checking. The new wholly owned Council Company 'Worcestershire Children First' is in shadow form and will become live from 1 October 2019. A programme board is in place to ensure a smooth transition.</p> <p>Even with the many service improvements and mitigations this will remain a significant risk for the County Council to address in 2019/20. As highlighted last year most councils across the country are seeing demand pressures within children's social care continue to be a risk due to the rise in demand for resources and numbers of children looked after and the complexity of need within the looked after children population.</p> <p>Children's Services will also continue to respond to the outcomes of the 2017/18 Special Educational Needs and Disabilities (SEND) inspection which resulted in a requirement for a written statement of action. A comprehensive improvement plan is in place overseen by a programme board. Continued pressures are the rising numbers of children with additional needs, school placements and SEND transport costs. Funding for the 16-25 cohort continues to present a challenge. The County Council and schools continue to lobby central government on this matter.</p>

<p>Migration of Human Resources and Finance System. Implementation of the Independent review actions recommended by SOCITM are well progressed. Whilst 2017/18 saw responses to immediate issues following Go Live of the General Ledger system (E5) and HR system (iTrent), the longer-term issues are being addressed. The County Council is now in a period of improvement and transformation with its partner (Liberata), and progress is being monitored regularly by the County Council's Audit and Governance Committee.</p>	<p>Both the General Ledger and HR system are operating effectively and enabling the County Council to conduct its operational activities. We continue to work with Liberata to effect ongoing improvements to the systems. This governance issue can be closed.</p>
<p>Ensuring delivery of the County Council's vision and corporate objectives, in line with the Medium-Term Financial Plan. The County Council has set a balanced budget for 2018/19 as well as an indicative longer-term financial plan. However, at this time there is considerable uncertainty over the funding for local government. It is expected that over the summer of 2018 there will be further clarity and the County Council will need to respond accordingly. As such this potential risk needs continual review and councillors will be kept abreast of progress in delivering the 2018/19 budget and the funding position for future years through Cabinet monitoring reports in 2018/19. In addition, following a review by Overview and Scrutiny of a CIPFA resilience review officers will be working closely with councillors to ensure greater engagement and levels of debate in the budget setting process. In addition to this the County Council's maintained school's balances have again reduced and with the changes in funding formula this is an area of potential risk that requires further review.</p>	<p>2018/19 was a challenging year financially for the County Council, with a net reported overspend of £2.0 million. Stringent management in year and regular reporting to members and all staff ensured that the position was effectively managed in year. Cost pressures were also seen in DSG-funded schools, with particular issues around High Needs Funding. Robust future planning in terms of annual budget setting and medium-term financial planning, including comprehensive transformation and savings plans, will go some way to mitigating financial pressures, however uncertainties around funding and cost pressures will continue to pose challenges for the Council.</p>
<p>Adult Social care - Operational Pressures The local health and social care economy are under considerable demand pressure. As well as financial implications this is seen in</p>	<p>During 2018/19 the County Council has worked closely with all partners and had an agreed s75 agreement in place that was managed through joint bodies. The County Council rolled out its</p>

<p>pressure points such as delayed transfers of care from hospitals and lack of capacity in specific sectors of the care market. The County Council is actively working with its partners in the Health and Independent Sectors.</p>	<p>three-conversation model across the county following successful pilots. Demand continues to be a pressure and the County Council will continue to hold this as a key challenge to be addressed with its partners.</p>
<p>Staff capacity, recruitment and retention: The County Council has undergone a significant change in its Senior Leadership Team over the last six months. There will inevitably be a period of settling and challenge which may lead to further changes. The risk of staff retention and workforce planning thus needs to be considered and mitigated as appropriate during the next 12 to 18 months as part of any change programme to ensure the right capacity is maintained and staff development is maximised. Staff capacity may be impacted by national health issues such as Human Pandemic Flu. Epidemiological modelling suggests that an outbreak is possible at any time and its impact is likely to be severe.</p>	<p>The Chief Financial Officer took up post in April 2018 leading to a fully resourced Strategic Leadership Team who have been able to begin the development of a robust performance and management culture within the County Council. This work includes the launch of an Organisational Redesign programme which will consider and develop strategies for the recruitment and retention of staff. Staff resources, including well-being and turnover, are regularly monitored by the Strategic Leadership Team. An output of the County Council’s redesign programme will be a new workforce strategy. Pandemic influenza and its impact on staffing issues have been considered by HR and the view is that this will need to be a dynamic decision-making process during an outbreak.</p>

2018/19 issues	Actions and mitigations
<p>Sustainable improvement in Children's Services. As noted in the 2017/18 AGS the response to the statutory improvement notice in Children's Services remains live. The improvement plan continues with regular programme monitoring and independent checking. The new wholly owned Council Company ‘Worcestershire Children First’ is in shadow form and will become live from 1 October 2019. A programme board is in place to ensure a smooth transition.</p>	<p>Worcestershire Children’s First (WCF) will provide all aspects of Children’s Services for the County Council. Arrangements in place to safeguard vulnerable children are referenced in the risk below. WCF’s remit will include ensuring education services for all children in Worcestershire. Control measures in this area include a SEND improvement action plan, High Needs funding review, work with schools in deficit budget positions and the involvement in the Corporate Transport Board.</p>

	Risks relating to the implementation of WCF in 2019/20 have action plans and mitigations attached. Key staff have been appointed to the Company to manage these alongside County Council staff and members.
<p>Serious harm or death of a child or young person Safeguarding risk because of serious harm or death of a child or failure to safeguard children. Reputational risk as a result of poor inspection or service breakdown.</p>	<p>There is a comprehensive improvement plan in place. The creation of a wholly owned Company (Worcestershire Children’s First) will increase the focus on safeguarding issues. A comprehensive social worker training programme is in place. We have also implemented a “signs of safety” social work model.</p> <p>Issues of capacity of social workers are being addressed by improved recruitment and retention measures, including the recruitment and retention of high quality and experienced managers.</p> <p>We are also cross-referencing learning from other regional and national safeguarding case reviews.</p>
<p>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. The level of earmarked and general reserves could also be impacted by any unplanned draw down.</p>	<p>Engagement with operational staff to determine required service budgets. Regular budget monitoring and operational challenge is in place. Robust forward planning through the Medium-Term Financial Plan. Redesign work is underway to identify £3 million corporate savings alongside a procurement review to identify £3.5 million.</p>
<p>Serious harm or death of a vulnerable adult A safeguarding risk because of serious harm / death from failure to safeguard a vulnerable adult. We also face reputational risk as a result of service breakdown.</p>	<p>A Safeguarding Adult Board is in place with representation from safeguarding partners.</p> <p>A centralised Adult Safeguarding Team located within the Safeguarding Hub ensures competency of staff, information sharing and consistency in decision making.</p>

	<p>The Adult Safeguarding Team are aligned with the Locality Teams and 3 Conversations processes</p> <p>Staff are assessed against WSAB safeguarding competency framework.</p>
<p>Staff capacity, recruitment and retention Our ability to deliver front line and key services will be impacted unless the County Council adopts a range of strategies to attract and retain a highly skilled and specialised workforce.</p>	<p>There is a dedicated HR team supporting social work recruitment, we are using agency workers to cover specialist and hard to fill roles and considering enhanced payment packages to attract / retain the right staff as part of the Organisational Redesign programme.</p> <p>The development of a workforce strategy to identify future needs and potential gaps is underway. We are also working to develop and train internal resource, including maximisation of internal secondments.</p> <p>Human flu pandemic – PH EP – pan flu scenario BCP exercise to be undertaken in 2019/20</p>

Issues identified for 2019/20

A number of the issues raised above continue to be the key focus for the County Council's leadership:

- Establishment of Worcestershire Children's First
- Safeguarding vulnerable children and adults
- Ensuring a financially sustainable short and medium-term budget
- Monitoring and effective establishment and developing staffing.

A further factor to be managed in 2019/20 is the implementation of a new adult and children's case management system. In October 2019 and February 2020, the County Council's current system (Framework-i) will be replaced for Adult and Children's Services

respectively with Liquidlogic. This process is being managed through project management practices, including regular reporting on progress, and if appropriate escalation of matters, to the County Council's leadership.