

AUDIT AND GOVERNANCE COMMITTEE

30 JULY 2020

DRAFT ANNUAL GOVERNANCE STATEMENT 2019/20

Recommendation

- 1. The Chief Financial Officer recommends that the draft Annual Governance Statement 2019/20 be noted.**

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 2019/20. The AGS will form part of the Annual Statement of Accounts and it is anticipated the final version will be signed by the Leader of the Council and Chief Executive and available for approval by the Committee at its meeting on 2 October 2020.
3. The AGS is primarily retrospective. It reports on the assurance framework and measures in place for the financial year 2019/20 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 completed 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 draft AGS includes the following governance issues as areas for improvement. Items which were included in the 2018/19 AGS and remain governance issues following review in 2019/20 are:

- Serious harm or death of a child or young person - specific priorities for continual development and implementation are included in the Worcestershire Children First Business Plan and detailed within Social Care and Safeguarding Business Plan focussing on Ofsted recommendations for areas of improvement
- Activity exceeds budget allocation – regular budget monitoring and a focus on demand / activity continues to strengthen and be a focus of our reporting and monitoring. This will be enhanced as we work through the financial implications of COVID-19
- Serious harm or death of a vulnerable adult – the Council will continue to monitor and manage through the Safeguarding Adults Board support by teams where staff are trained and benchmarked against the safeguarding competency framework.

8. The following items were brought forward from the 2018/19 AGS but is no longer considered a governance issue:

- Sustainable improvement in Children's Services – Worcestershire Children First (WCF) was successfully launched on 1st October 2019, following a two-year programme of activity. The DfE have considered the Ofsted report of July 2019 and the Children's Services Commissioner's report of 22 January 2020 and the Secretary of State intends to withdraw the Children's Services Commissioner due to the good progress made in all areas, with the Direction and monitoring remaining in place. We will continue to monitor developments

in Children's Services however following significant improvements noted above, this is no longer a governance issue for 2019/20

- Staff capacity, recruitment and retention – the Council has 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. These initiatives have been successful, and this is no longer deemed a governance issue for 2019/20

9. The following issues have been identified as part of the 2019/20 review process:

- 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. The level of earmarked and general reserves could also be impacted by any unplanned draw down. The financial impact on the Council of COVID-19 will need to be understood and included within the Medium Term Financial Plan
- Serious harm or death of a vulnerable adult – a safeguarding risk because of serious harm / death from failure to safeguard a vulnerable adult
- COVID-19 Impact upon governance arrangements - The restrictions imposed by Central Government to respond to the global COVID-19 pandemic have resulted in changes to the County Council's working practices and governance arrangements.

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, will consider the AGS as part of their external audit, with the aim of confirming that it is consistent with their knowledge of our organisation and the financial statements. The draft AGS is included today for Members' consideration.

Contact Points

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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: