



**Worcestershire County Council
Annual Governance Statement
2021/22**

Introduction

The Annual Governance Statement is a review of our activities to ensure that the County Council is carrying out its functions effectively. This statement explains how the County Council has discharged its governance responsibilities during 2021/22 and the key governance mechanisms in place.

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; and
- resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people.

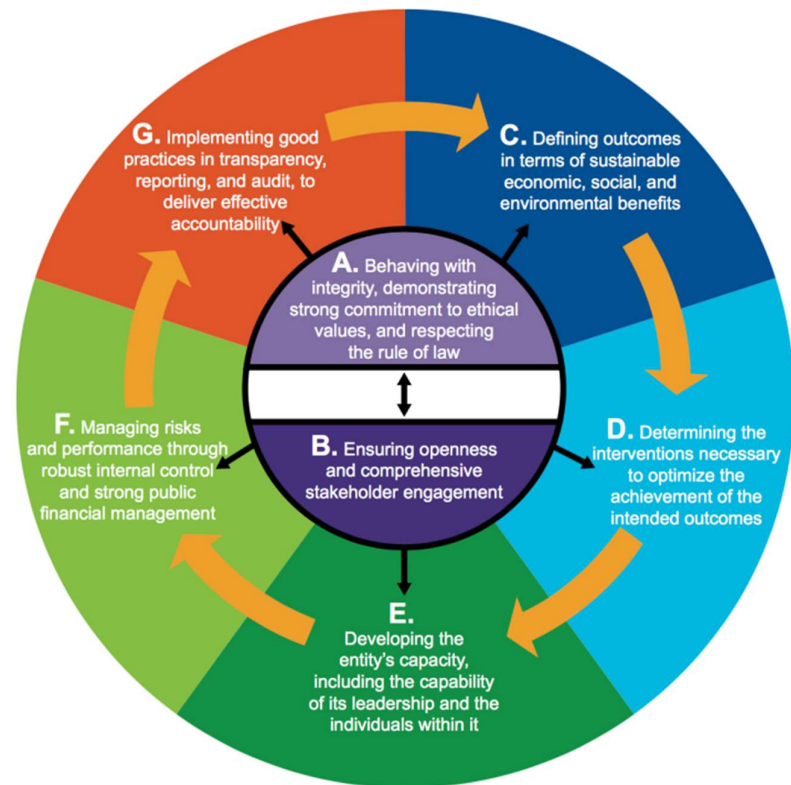
The purpose of the Governance Framework

The County Council is committed to improving governance through a process of continual evaluation and review, delivered through the seven principles of good governance as identified in the Delivering Good Governance in Local Government Framework 2016 and supported by processes which strengthen corporate governance such as the Corporate Risk Management Group.

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.

This Annual Governance Statement is published in accordance with the CIPFA/SoLACE Delivering Good Governance in Local Government Framework 2016. The Council aims to achieve good standards of governance by adhering to the seven core principles below:



Overview of Governance Framework

The governance framework outlined above has been in place throughout 2021/22 and maintained to the date of the approval of the Statement of Accounts. Key governance arrangements during 2021/22 comprised the following (full detail is provided in the County Council's Constitution).

The Council has a Leader and Cabinet executive model, with the following key responsibilities:

The Cabinet	The Leader and the Cabinet are responsible for all County Council's functions except those required by law or the Constitution to be those of full Council. Executive functions can be discharged, as delegated by the County Council's Constitution to the relevant committee, individual cabinet member or officer.
Audit & Governance Committee	The Committee oversees the audit and corporate governance arrangements of the County Council including annual audit plans and reports of internal and external auditors, the County Council's system of internal control, risk management and prevention and detection of fraud and corruption.
Overview & Scrutiny Committees	The Board's main responsibilities include commissioning work for scrutiny panels and establishing scrutiny task groups to ensure that significant issues are subject to appropriate review and scrutiny.
Standard & Ethics Committee	The Committee ensures that high standards of conduct are maintained by County Councillors and co-opted members by reference to the Council's Code of Conduct.

Functions, powers and duties are delegated to officers by the Council, Leader and Cabinet, with the following key responsibilities:

Strategic Leadership Team	The County Council's Strategic Leadership Team is collectively responsible for ensuring that effective governance arrangements are in place and are subject to regular review. The Team provide leadership, determine policy and uphold expected standards of behaviour.
Chief Officer Group	The Chief Officer Group has collective responsibility for overseeing the implementation of cross organisational strategy and the development and implementation of operational plans, policies,



	procedures and budgets prior to Senior Leadership Team and Committee approval. The Group promotes robust, fit for purpose governance across the County Council.
Head of Paid Service (the Chief Executive)	The Chief Executive is responsible for overseeing policy development and planning, corporate performance, and community leadership, alongside the effective leadership, management and performance of the Strategic Leadership Team.
Assistant Director for Legal and Governance (the Monitoring Officer)	The Monitoring Officer is responsible for maintaining the Constitution and ensuring that functions act in accordance with the Constitution and relevant legal requirements. These arrangements include overseeing the ethical conduct of the Council and the production of associated codes, conventions and protocols.
Chief Finance Officer	The Chief Financial Officer is responsible for the oversight and delivery of financial management arrangements; achieved through a robust financial control framework, financial regulations, standing orders, a scheme of delegation and an independent and objective Internal Audit function.
Chief Internal Auditor and Head of Risk Management	<p>The Chief Internal Auditor and Head of Risk Management is responsible for ensuring effective management of the Council's risks, including evaluating controls and mitigations as part of a risk-based internal audit approach.</p> <p>The Risk and Assurance Manager, supported by the Corporate Risk Management Group, maintains the Corporate Risk Register, monitoring identified risks, controls and mitigating actions. Directorate Leadership Teams monitor and review directorate risk registers and allocate resources to ensure risks management arrangements are effective.</p>
External Audit	External Audit report on the Statement of Accounts and review the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources.

Review of Effectiveness

The review of effectiveness is informed by the work of Chief Officers and senior managers with responsibility for the design and maintenance of an effective governance environment. It is also informed by the work of Internal Audit and the annual opinion provided by the Chief Internal Auditor. The results of the annual review of the effectiveness of the Council's governance arrangements during 2021/22 are set out in the table below and demonstrate how the Council has complied with the seven principles of the CIPFA/Solace Framework. Areas for improvement are included as part of the assessment and a detailed action plan will be developed to ensure that work is undertaken to deliver these improvements. Progress against the plan will be reported to the Audit and Governance Committee on a quarterly basis.

Principle	Assessment of the effectiveness of governance arrangements during 2021/22
<p>Core Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</p>	<p>Key aspects of the Council's governance arrangements during 2021/22:</p> <p>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 to comply with laws and regulations.</p> <p>These include:</p> <ul style="list-style-type: none"> • 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 Whistleblowing Policy which enables employees and others who have serious concerns about any aspect of the Council's work to come forward and voice those concerns; • A commitment to equality of opportunity for all citizens, in line with the Public Sector Duty as set out in the Equality Act 2010; and • 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. • A review of the Constitution has started. • Formal recognition of the Trade Unions in our processes and change.

	<p>Areas where it is recognised that governance arrangements could be further strengthened include:</p> <ul style="list-style-type: none"> • There is a need to regularly review the Council's Constitution and related policies and procedures to ensure that Officer and Member responsibilities are clearly documented and promote a culture of accountability and strong ethical values. As a result of Covid-19 prioritisation a review is needed, this will include improvements to strengthen the monitoring of compliance with legislative and governance requirements should be included in this review with clearly communicated consequences where behaviours do not demonstrate integrity. • Alongside this a need for training of Officers and Members to increase constitutional awareness and individual responsibility for compliance will ensure that these values become embedded in behaviour. • Processes to support the delivery of the Council's ethical values should be strengthened in areas such as Declarations and Registers of Interest, using a model of training and declaration, to promote consistency and transparency. • A review of Members' roles and delegations on boards and companies.
<p>Core Principle B: Ensuring openness and comprehensive stakeholder engagement</p>	<p>Key aspects of the Council's governance arrangements during 2021/22:</p> <p>The Chief Executive, Chief Officer Group and Strategic Leadership Team value and are committed to ensuring every employee is engaged and feedback is sought, listened to and acted upon. There are strong relationships with the Council's recognised Trade Unions and the Council remains committed to building and maintaining strong employee relations. Monthly Staff Briefings are held by the Chief Executive and Senior Leaders.</p> <p>Engagement includes:</p> <ul style="list-style-type: none"> • In response to increased remote working, the Council has strengthened engagement with staff through regular communication from the Chief Executive and at directorate level. The use of Slido enables staff to engage directly with the Chief Executive. • Improvements in technology facilitate hybrid working practices and support the pastoral needs of staff. • Annual Staff Survey. Responses have informed the development of the Workforce Strategy 2021-2024. Wellbeing and career development insight and feedback is shared at mid-year and end of year review points.

	<ul style="list-style-type: none"> • In 2021/22, the Worcestershire Viewpoint Survey 2021 enabled Councillors and officers to engage with members of the local community to receive feedback and monitor public perception in relation to local priorities, satisfaction with Council services and level of engagement. • Feedback from events and surveys help 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. <p>Areas where it is recognised that governance arrangements could be further strengthened include:</p> <ul style="list-style-type: none"> • Improved co-ordination of the Council's external inspection and regulatory report framework, to inform assurance and improve information sharing and collaboration across stakeholders. • There is a need for increased clarity, via the review of the Council's Constitution, of elected Member responsibilities relating to engagement and communication with Officers, residents and businesses.
<p>Core Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits</p>	<p>Key aspects of the Council's governance arrangements during 2021/22 include:</p> <p>Our Corporate Plan: Shaping Worcestershire's Future 2017-22, identifies four key priorities that help us shape the future vision for Worcestershire and focus the delivery of our services. The refreshed Corporate Plan 2022-27 continues with the Council's priorities building on the progress made in recent years to drive improvements for the County to 2027.</p> <div style="display: flex; align-items: flex-start;"> <div style="margin-right: 20px;">   </div> <div> <p>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.</p> <p>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 GCSEs and support young people moving successfully into employment. These services are delivered in conjunction with our wholly owned company, Worcestershire Children First.</p> </div> </div>



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 care and support needs as independent as possible by providing choice in how to live their lives.

The Council's Sustainability Policy promotes the principles of sustainable development through: green economy, action to tackle climate change, protecting and enhancing the natural environment and fairness and improving wellbeing. To demonstrate its sustainability policy commitment the Council has committed to:

- Promoting sustainability at a strategic level;
- Lead by example in addressing the Council's operational impacts on the community and environment; and
- Promoting sustainable development throughout the county.

The Council reports on progress through the annual Corporate Environmental Report.

Areas where it is recognised that governance arrangements could be further strengthened include:

- The need for a mechanism to enable transparent and timely performance reporting (to replace the Balanced Scorecard) linked to the priorities and objectives outlined in the Corporate Plan 2022-27.
- A focus on Environmental, Social and Governance arrangements, including specific internal audit assignments and as part of wider deliverables with a focus on measurable outcomes.

<p>Core Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p>Key aspects of the Council's governance arrangements during 2021/22 include:</p> <p>The County Council's planning process works to support and optimise delivery and identify and mitigate any risks.</p> <ul style="list-style-type: none"> • Each key area of focus identifies several aims and targets and responsibility for achieving these lies with individual directorates, and relevant aims and targets are included in individual service delivery plans. • Risks are managed by the Chief Internal Auditor and Head of Risk Management, supported by the Risk and Assurance Manager and Corporate Risk Management Group. The process has been embedded during 2021/22 with a closer link to the audit programme and an increased focus on identifying emerging risks. • The Council has robust processes in place to support financial planning and sustainability. The budget is informed by the Medium-Term Financial Plan with key risks and assumptions clearly identified and reported to members, supported by a strategy and financial planning process. Budget proposals are subject to review and scrutiny by relevant stakeholders, including elected Members as well as through meetings with Trade Union Representatives and the Schools Forum. In 2020/21, the external audit report identified no weaknesses in the Council's arrangements to ensure financial sustainability and no improvement recommendations were made. • Progress against the Corporate Plan is monitored and reported to councillors on a regular basis. <p>Areas where it is recognised that that governance arrangements could be further strengthened include:</p> <ul style="list-style-type: none"> • Increased strategic engagement with the risk management process, including nominating a strategic lead at SLT level to co-ordinate the identification of risks and mitigating actions, to ensure that strategic decisions are informed by effective consideration of relevant risks. • In addition to improvements in performance monitoring arrangements, there is a need for a robust system of accountability for performance against corporate, financial and management targets.
<p>Core Principle E: Developing the entity's capacity, including the</p>	<p>Key aspects of the Council's governance arrangements during 2021/22 include:</p>

<p>capability of its leadership and the individuals within it</p>	<ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ○ 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 • Our Workforce Strategy 2021 - 2024 is designed to build a workforce with personal and collective organisational resilience. The strategy is to be used by each Service area to develop their annual workforce plans, supported by their HR Operations Partners • Mandatory learning is in place for all staff and monitored by directorate leadership teams. The Council has launched a new learning management system for 2022/23, which supports the Workforce Strategy by enhancing the learning experience of staff and enabling greater transparency for employees and managers. • Our Annual Performance Review Cycle forms a key part of our organisational workforce planning. Employees and line managers meet regularly to plan and monitor progress against personal and organisational objectives and support employee wellbeing. Indicative ratings are recorded at mid-year review point, with formal ratings recorded at end of year performance reviews. 100% of eligible employees had an end of year performance review 2021/22. • CIPFA published the Financial Management (FM) Code in October 2019. The Code sets out 17 Financial Management Standards against which local authorities are required to perform a self-assessment. The results of the 2021/22 self-assessment will be presented to Audit & Governance Committee in July 2022 and actions to address areas identified for improvement will be implemented during 2022/23. <p>Areas where it is recognised that that governance arrangements could be further strengthened include:</p> <ul style="list-style-type: none"> • The capacity and capability of Members and Officers should be further developed through enhanced arrangements for tailored training relevant to individual roles and responsibilities, with core competencies including finance, HR and decision making at the fore of that. • There is a need to promote management accountability and communicate consequences for non-compliance in all Council policies.
---	--

	<ul style="list-style-type: none"> • The development of audit arrangements to review the effectiveness of the performance cycle and highlight areas for improvement.
<p>Core Principle F: Managing risks and performance through robust internal control and strong public financial management</p>	<p>Key aspects of the Council's governance arrangements during 2021/22 include:</p> <ul style="list-style-type: none"> • Risk management involves 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 supported 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 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. • The County Council supports and submits data for the National Fraud Initiative (NFI) and assesses all matches for review and, where appropriate, mitigation. • 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. <p>Areas where it is recognised that that governance arrangements could be further strengthened include:</p> <ul style="list-style-type: none"> • A review of the Constitution and enhanced training across Officers and Members to ensure responsibilities are clear as noted above at Core Principal A. This should include the Council's contract procedure rules. • Monitoring arrangements to identify and take action to address issues of non-compliance with corporate procedures. • Clearer links between the governance framework and decision making ability to ensure activity is aligned to policies and procedures and supported by robust internal controls.

<p>Core Principle G: Implementing good practices in transparency, reporting and audit to deliver effective accountability</p>	<p>Key aspects of the Council's governance arrangements during 2021/22 include:</p> <ul style="list-style-type: none"> • 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. • The Forward Plan provides information about the matters on which the County Council will make decisions. 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. • Our Monitoring Officer has a specific duty to ensure the County Council, its officers and elected councillors maintain the highest standards in all they do. • 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. • We are registered as a Controller under the General Data Protection Regulation (GDPR) which governs how we manage and process the information we collect and retain. We have a nominated Data Protection Officer and procedures in place that explain how we use and share information, as well as arrangements for members of the public to access information. We have also adopted the model publication scheme produced by the Information Commissioner's Office. <p>Areas where it is recognised that that governance arrangements could be further strengthened include:</p> <ul style="list-style-type: none"> • To ensure that there is an effective and transparent scrutiny process, a strengthening of arrangements for briefing sessions between Members and Officers. • Improved arrangements for cross-party briefings and working groups to ensure Members have sight of key issues to enable informed decision making. • Greater focus on the Council's performance measures and cohesive public reporting through improved performance monitoring and holding to account against corporate targets.
--	---

Audit and Audit Assurances

The Council's Statement of Accounts are audited by Grant Thornton UK LLP. In accordance with statutory requirements, the annual audit includes an examination and certification of the financial statements to confirm they are 'true and fair' and an assessment of the County Council's arrangements to secure economy, efficiency and effectiveness in its use of resources. In 2020/21, Grant Thornton gave an unqualified audit opinion on the financial statements with no significant weaknesses identified in our Value for Money (VFM) arrangements.

Internal audit services are provided by the County Council's in-house team. The team's role is to enhance and protect the County Council's value by providing risk-based and objective assurance, advice and insight. It is responsible for reviewing the adequacy of internal controls across all areas of the County Council and its services are managed and delivered in accordance with the Public Sector Internal Audit Standards (PSIAS).

The work of the Internal Audit team is supported by external providers for specialist reviews such as technical audits of IT systems. Further assurance is provided by reviews undertaken by external agencies including OFSTED, the Care Quality Commission, the Office of the Information Commissioner and other Local Authority Inspectorates.

The Audit & Governance Committee approve the Internal Audit Charter and Audit Plan which outline the role of Internal Audit, its

responsibilities and independence and the planned programme of audit work.

A flexible audit plan has enabled work to be focused on key risks and the Chief Internal Auditor has maintained close links with the leadership of the Council to ensure that adequate assurance and organisational coverage is delivered. Based on the results of assurance and advisory work undertaken during the year, the Chief Internal Auditor's annual opinion is that the control environment provides **moderate assurance** that the significant risks facing the County Council are addressed.

Significant Governance Considerations

Recurrent Considerations / Brought Forward from 2020/21	Update on Progress/Action taken to address the issue in 2021/22
<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>Safeguarding issues continue to be monitored and managed through the WCF Governance Structures and through partnership working with the Worcestershire Safeguarding Children Partnership (WSCP) and other local strategic partners. Quality Assurance measures are in place. Safeguarding and activity has been monitored by the WSCP Safeguarding Practice Review Board and Get Safe Partnership Board. Our sustained improvement in Children's Social Care has been validated through the year from an Ofsted visit in July 2021 focussing on the Family Front Door and the DfE confirming in November 2021 the removal of statutory direction placed on the council, we now enter a period of "support and supervision" in line with all authorities who exit formal intervention.</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>Regular budget monitoring and forecasting remain a focus of our financial management processes. Management accounts, which report actual income and expenditure against budgeted and forecast performance, have been prepared on a monthly basis and the achievement of savings targets and use of Council reserves has been monitored throughout the year as part of ongoing activity to consider financial sustainability and inform our assessment of going concern.</p>
<p>Serious harm or death of an adult with care and support needs A safeguarding risk because of serious harm / death from failure to safeguard an adult with care and support needs, whether the local authority is meeting those needs or not. 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. A centralised Adult Safeguarding Team located within the Safeguarding Hub ensures competency of staff, information sharing and consistency in decision making. The Adult Safeguarding Team are aligned with the Area Teams and 3 Conversations processes. Staff are assessed against WSAB safeguarding competency framework. As part of the CQC assurance self-assessment (pending CQC inspection of local authority adult social care services as of April 2023) the effectiveness of both the Safeguarding Team and Safeguarding Adults Board will be reviewed, and outcomes of safeguarding process and practice will be assessed against the statutory safeguarding framework and how effectively we have embedded the 'Making Safeguarding Personal' approach.</p>
<p>Consideration of the response to and recovery from the impact of COVID-19 on residents and the local economy, including any legacy impact on care provision.</p>	<p>The impact of increased expenditure and lost income has been monitored as part of routine financial monitoring activity and reported to Central Government in line with deadlines throughout the year</p>

2021/22 New Governance Considerations	Identified Actions
<p>Ensuring a financial sustainable medium-term budget including monitoring the ongoing financial impact of COVID-19 on budgeted income and expenditure.</p>	<p>The continuing impact of COVID-19 has been a key consideration in the Council's financial planning activity and the 2022/23 budget setting process. Where COVID-19 grant funding has been used in the year to support services in their response to and recovery from COVID-19, work to identify recurrent expenditure and identify alternative funding streams is in progress.</p>
<p>Non-compliance with Corporate Policies and Procedures across all disciplines.</p>	<p>A review of the Council's Constitution and supporting policies and procedures will be performed to ensure that responsibility and accountability is defined and the consequences for non-compliance across Officers and Members are clearly communicated and that action is taken where instances of non-compliance are identified.</p>

Issues identified for 2022/23

A number of the issues and corresponding action plans noted above will continue to be the key focus for the County Council's leadership in 2022/23:

- Financial Management & Resilience: ensuring that financial monitoring is supported by a robust and realistic budget and effective and timely in-year monitoring of performance against budget and delivery of agreed savings plans.
- An assurance gap analysis of decision making, including boards and roles of directors to help drive a constitutional refresh to support and strengthen effective business decision making. This will include schemes of delegation and contract procedure rules.
- Strengthen the Council's performance framework, including service plans linked to performance and medium-term financial plans.
- Strengthen the process around capital decision making, including business cases.
- Further enhance the working between Officers and Members, including Officer Register of Interests.
- Focus on core competency training and development for all employees, in particular HR, finance, decision making and performance management.

Certification

To the best of our knowledge, the governance arrangements, as defined above have been effective. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review and through the County Council's Corporate Risk Management Group, as well as the Audit & Governance Committee.

Paul Robinson

Chief Executive

Date:

Simon Geraghty

Leader of the County Council

Date: