<p align="center">**ANNUAL GOVERNANCE STATEMENT 2018/19**</p>
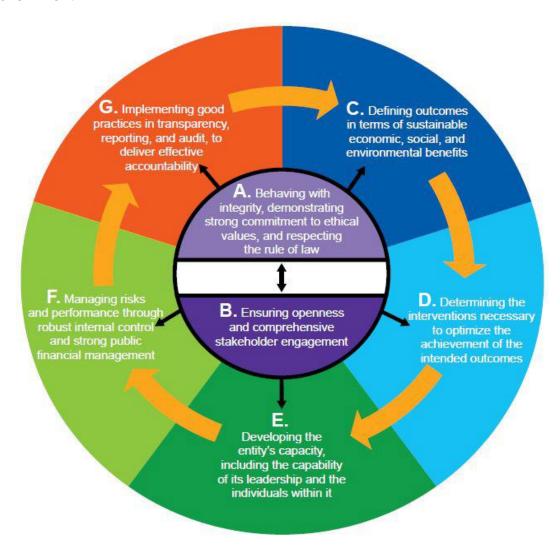
1.   Introduction

1.1   Under the Accounts and Audit Regulations 2015 the Council is required to produce an Annual Governance Statement to accompany the Statement of Accounts which is approved by the Audit Committee (those charged with governance).

The Annual Governance Statement outlines that the Council has been adhering to the Local Code of Corporate Governance, continually reviewing policies and procedures to maintain and demonstrate good corporate governance and that it has in place robust systems of internal control.

The Council has adopted the Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework – Delivering Good Governance in Local Government.

CIPFA's Principles of Good Governance

2.   Standards of Governance

2.1   The Council expects all of its members, officers, partners and contractors to adhere to the highest standards of public service with particular reference to the employee and Members

Code of Conducts, Constitution, Corporate Priorities as well as applicable statutory requirements.

3. Scope of Responsibility

3.1 Telford & Wrekin Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. The Council needs to demonstrate that public money is safeguarded and properly accounted for and used economically, efficiently and effectively to secure continuous improvement.

3.2 To meet this responsibility, the Council puts in place proper governance arrangements for overseeing what it does including putting in place proper arrangements for the governance of its affairs including risk management, the requirements of regulations and ensuring the effective exercise of its functions. These arrangements are intended to make sure that the Council does the right things, in the right way, for the right people, in a timely, open and accountable manner. The Council takes into consideration all systems, processes, policies, cultures and values that direct and control the way in which we work and through which we account, engage and lead our communities.

4. The Governance Framework

4.1 The governance framework allows the Council to monitor how they are achieving their strategic aims and ambitions and how this contributes to the delivery of its vision and values:

4.2 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 priorities and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to appropriately identify, quantify and manage the risks to the achievement of the Council's priorities, objectives and policies.

5. Review of Effectiveness

5.1 Telford & Wrekin Council has responsibility for conducting, at least annually, a review of the effectiveness of the governance arrangements including the system of internal control. The review of the effectiveness is informed by:-

5.2   The Council recognises the importance of information governance and formalised its Information Governance Framework. The main focus of the Information Governance Team in 2018/19 has been to ensure the Councils compliance with the requirements of the General Data Protection Regulations (GDPR) / Data Protection Act 2018. The Information Governance Team has continued to report to the Audit Committee during the year including information on responses to information rights requests and data security breaches. During 2018/19 no enforcement action has been taken by the Information Commissioners Office (ICO) against the Council in respect to data breaches.

5.3   The Managing Director, Directors, Assistant Directors and Service Delivery Managers have signed annual assurance certificates confirming that the governance framework has been operating within their areas of responsibility, subject to the actions outlined in Annex 1.

5.4   The Accounts and Audit Regulations 2015 require a review of the effectiveness of the system of internal control. This review is informed by the work of Internal Audit, management, other internal assurance services and the External Auditors' review. The Internal Audit Annual Report 2018/19 sets out the Internal Audit opinion.

5.5   The Council have been advised on the implications of the review of the effectiveness of the governance framework by the Cabinet, Standards Committee, Audit Committee, Scrutiny, Senior Managers, Internal Audit and external review, and in our opinion conclude that the review of the governance arrangements provides a reasonable level of assurance that the governance arrangements continue to be regarded as fit for purpose in accordance with the governance framework. Attached as Annex 1 is an agreed action plan to address any key governance issues and ensure continuous improvement.

5.6   Issues from the previous action plan (2017/18) that have been addressed or mainstreamed have been deleted and those that continue to be addressed are included in 2018/19 action plan.

5.7   The Senior Management Team has monitored implementation of the 2017/18 actions and reported back to the Audit Committee in January 2019.

5.8   Detailed below is a statement explaining how the Council has complied with the Code of Corporate Governance and meets the requirements of the Accounts and Audit Regulations 2015 and CIPFA Code on the Principles of Good Governance.

5.9 **Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law.**

5.9.1   Members and officers recognise the importance of compliance with the Constitution, specifically Financial and Contract Rules; Procurement Regulations, Scheme of Delegation, Codes of Conduct and Gifts & Hospitality Policy.

5.9.2   There is ongoing training, both classroom based and via the on-line learning platform (OLLIE) for Codes of Conduct, Equality Awareness, Leadership & Governance and Contract Procedure Rules/Procurement.

5.9.3   The Council has an Anti-Fraud & Corruption Policy, supported by a Speak Up Policy encouraging internal referrals. The Council has a zero tolerance policy in relation to fraud and corruption and it is service management's responsibility to ensure there are adequate controls in their areas to ensure the opportunities for fraud are minimised. It is everyone's responsibility to report suspicions and the Speak Up Policy supports this internally. Internal Audit along with the Investigations Team undertakes proactive fraud work based on a fraud risk register and/or other intelligence. Other specific anti-fraud and corruption activities are undertaken by Trading Standards. An annual report on anti-fraud and corruption activities and an update to the Anti-Fraud & Corruption Policy is presented to the Audit Committee.

5.9.4   Officers comply with their professional organisations codes of conduct when delivering services.

5.9.5   All internal audits consist of an ethics questionnaire that is sent to a sample of staff in specific teams to demonstrate their understanding of key corporate policies. Results of these questionnaires demonstrate that some staff do not have regular 1:2:1 supervision meetings. This issue has been addressed and there should be improvements with the introduction of the new corporate APPD process. Responses have also highlighted some lack of understanding with key policies such as the Gifts & Hospitality Policy particularly as to what should and should not be accepted under the policy. Ethic questionnaire findings have been shared when discussing individual audits with relevant Service Delivery Managers and Assistant Directors and taken to SMT as part of reporting corporate recommendations.

5.9.6   There are both internal and external reviews in social care to monitor compliance with the law, e.g. the Care Act, Deprivation of Liberties, Safeguarding and the Mental Health Act.

5.9.7   Human Resource and recruitment polices and processes ensure the Council is fully compliant with employment law. Annual audits are undertaken in these areas and ongoing checks take place to ensure compliance with IR35 legislation. This year a project has been set up for the implementation of the new HR ICT system (Resourcelink).

5.9.8   Senior officers meet regularly and work closely with Members to ensure that they understand and can undertake their respective roles effectively and legally.

5.9.9   The Cabinet monitors the effectiveness of the governance framework through the consideration of regular service and financial management information reports from senior management. Individual Cabinet Members receive regular feedback from senior officers in respect to their areas of responsibility on the progress of priorities and objectives. Issues of strategic and corporate importance are referred to Cabinet.

5.9.10 Statutory responsibilities across the Council are discharged openly and proactively, examples include having key statutory officers in place, i.e. Data Protection Officer, Section 151 Officer, Monitoring Officer, Director of Children Services and Director of Public Health.

5.9.11 The annual governance certification process highlighted that service areas are aware that they are storing old and out of date records and they need to review the documents they are storing in both operational buildings and the storage unit at Stafford Park. This is to comply with the Data Protection Act 2018.

5.10 Ensuring openness and comprehensive stakeholder engagement

5.10.1 The Council's 'Shaping our Future – Our Journey to 2020' document is a community strategy for Telford & Wrekin. It shows how partnership working makes a positive difference to community life.

5.10.2 The Council actively contributes to and collaborates with partners to promote good governance and achieve the delivery of outcomes through increase joint working. The Council is a member of a number of sub regional partnerships and groups. Many of our services are delivered in partnership with other organisations such as West Mercia Energy, Town and Parish Councils, voluntary groups, etc.

5.10.3 Regular meetings take place between Children Safeguarding and key partner agencies such as the police, Telford & Wrekin CCG, Education and Health.

5.10.4 All Council services feed into transparent reporting processes through council committee meetings and this is further supported by the transparency agenda.

5.10.5 Annually the public is consulted on the budget for the forthcoming year.

5.10.6 There is regular engagement between Public Health, Telford & Wrekin Clinical Commissioning Group (CCG) and Social Care for the future provision of services.

5.10.7 The Council's Scrutiny function continues to review the development of policy, the decision making process and areas of concern. The subject areas for review are informed by community engagement, direct feedback to members from within the community, the results of review and inspection (both external and internal) and areas of policy being developed by the Council.

5.11 Defining outcomes in terms of sustainable economic, social and environmental benefits.

5.11.1 The Council can demonstrate its longer and medium term action plans through the 'Medium Term Council Plan' and the 'Shaping Our Future – Our Journey to 2020'. The Council is working on economic growth and marketing its services towards commercial activities in order to generate income and place less reliance on government grants. All service areas also have to meet savings targets to ensure a sustainable budget for future years.

5.11.2 Digital transformation and changes in the way we work are documented in 'Being the Change' and is intrinsic to the way we work.

5.11.3 The Telford & Wrekin Local Plan sets out the Council's vision and strategy for the physical planning of the borough up to 2031.

5.11.4 All service areas have their own service plans which details how they intend to deliver their service for the coming year and the risks they face.

5.11.5 The Council has a commercial strategy / investment strategy that demonstrates clear visions, objectives and outcomes. This includes financial, economic, social and environmental issues.

5.11.6   Economic growth strategy supports and drive increased economic productivity.

5.11.7   The financial strategy sets out the short and long-term implications for service delivery across the Council. The Service & Financial Planning reports include various papers to Cabinet regarding the budget and sets out short/ medium and long-term implications, including the capital strategy and saving strategy.

5.11.8   Adult Social Services in respect to systems, financial management and implementation of the cost improvement plan have continued to provide updates during the year to Members including the Audit Committee. To support the revised target operating model there has been commissioned external support and management changes.

5.11.9   All Council reports to Members show relevant financial implications and risk.

5.11.10 Implementation of the ICT Strategy has continued, including infrastructure upgrades, the ongoing roll-out of Office 365 and further security improvements particularly in response to spam, phishing/ whaling and ransomware threats.

5.11.11 The results of the annual governance certification process has highlighted the need for further development of modern slavery awareness throughout the procurement process. Officers are following corporate guidance on modern slavery but as with all new initiatives further work is required to fully embed modern slavery checks throughout the whole procurement process.

5.12   Determining the interventions necessary to optimise the achievement of the intended outcome.

5.12.1   The Council can demonstrate its longer and medium term action plans through the 'Medium Term Council Plan' and the 'Shaping our Future – Our Journey to 2020' which are aligned to the Treasury Management Plan to ensure a joined up approach to delivering the organisation outcomes and savings plans.

5.12.2   Budget plans are produced for all service areas for planning purposes. Budget consultation is undertaken annually with Council Members and members of the public.

5.13   Developing the Council's capacity, including the capability of its leadership and the individuals within it.

5.13.1   To deliver the vision of being the change a Workforce Development Strategy 2017-2019 is in place. This focuses on 4 key themes – Employer of Choice, Planning for the Future, Healthy Organisation and Workforce of the Future. The Organisational Delivery & Development Team are in place to bring together the corporate values and planning function and align these with workforce development.

5.13.2   Officers understand their respective roles and these are set out in job descriptions. The Constitution and Contract Procedure Rules clearly shows roles and responsibilities, specifically with regard to delegation and authorisation.

5.13.3   Officers receive ongoing support and training and there are various training methods such as mentoring, Ollie (On-line learning platform) and classroom based. 17/18 saw the first roll out of the future leaders training programme, which is a yearlong development opportunity for future Team Leaders/Managers. The next cohort of future leaders will take place in 19/20. There is also a current management programme taking place to further develop existing managers.

5.13.4   Other support includes CPD sessions, team meetings and the introduction in 18/19 of the improved APPD (1:2:1) process.

5.13.5   Members receive an induction session and annual training with regard to the Treasury Management Strategy and other training relevant to their position. All Members and staff have had the opportunity to undertake training on General Data Protection Regulations (GDPR) / Data Protection Act (DPA) 2018 legislation. There is also online training available to all staff on GDPR/DPA 18 Requirements.

5.13.6   The results of the annual governance certification process has highlighted that service areas are having difficulty recruiting. This, in addition to reduction in staffing, is creating single points of failure. However Service Delivery Managers are aware of these issues and where possible are putting measures in place to try to address matters.

5.13.7   The results of the annual governance certification process has also highlighted that service areas have experienced data breaches and potential near misses in respect to personal data. Where data breaches have been experienced, these have been reported to the Information Governance Team and managers have changed processes and procedures, where possible, based on lessons learned to prevent similar breaches occurring.

5.14   The Council continues to manage risks and performance through robust internal control and strong public financial management.

5.14.1   Risk management is an integral part of good management and corporate governance and is therefore at the heart of what we do. Our approach to managing risk is explained in our Risk Management Strategy. The Strategic Risk Register is reviewed by SMT and taken to Audit Committee annually.

5.14.2   The Internal Audit plan is informed by the Council's service and financial planning processes, strategic risk register, external inspection reports, external networking intelligence, comments from Senior Management and their opinion of the current state of the governance risk and internal control arrangements. During 2018/19 the Internal Audit team achieved 85% of their planned work and this has been used with the relevant output from unplanned work to form their opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control framework.   All recommendations made in audit reports show a risk category and is used to inform the overall grading of the report. More detailed information on the work of Internal Audit can be seen on the Annual Audit Report, reported to Audit Committee at the May meeting.

5.14.3   Internal Audit report to the Audit Committee 4 times a year. The Audit Committee has asked for additional information during the year and requested Directors/Assistant Directors and Service Managers to attend to provide assurance on the management of risks and implementation of recommendations.

5.14.4   Large projects include the maintenance of a project risk register, this is an ongoing working document that is amended throughout the project. Project risk registers have been in place for 2 key projects in 2018/19; the Resourcelink Project (new HR/Payroll system) and the new social care system – Liquidlogic.

5.14.5   The Council have adopted the CIPFA code of practice for managing the risk of fraud and corruption and this has been reflected in our updated Anti-Fraud & Corruption Policy.

5.14.6   Services report regularly through to Council committees such as Audit Committee, Planning, Licencing, Cabinet etc. These reports detail any impact assessment, including risk and opportunity. Financial decisions are reported through to Cabinet, full Council and Audit

Committee, who often challenge to ensure appropriate financial management and to demonstrate transparency.

5.14.7 Financial Regulations set out our financial management framework for ensuring we make the best use of the money we have available. Financial roles and responsibilities are clearly shown in this document and it provides a framework for financial decision making.

5.14.8 The Treasury Management Strategy and regular updates on treasury matters are provided to Audit Committee. This information clearly show investments, loans, and the financial position of the Council.

5.14.9 The Councils financial strategy identifies short term budget plan and long term aspirational plan linked to the corporate plan for self-sustaining council.

5.14.10 Final accounts are produced on time and in line with best practice and our External Auditor's ISA260 Report 2017/18 included in its headlines:

- Value for Money conclusion - we have completed our risk-based work to consider whether in all significant respects the Authority has proper arrangements to ensure it has taken properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. We have concluded that the Authority has made proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

- Audit opinion - we issued an unqualified opinion on your financial statements on 31 Jul 2018. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year.

5.14.11 The Council has continued to make savings in light of ongoing financial pressures. Over £117 million savings have been made since 2010 by the Council to date with further future savings of £30 million required by 2022.

5.15 Implement good practices in transparency, reporting and audit to deliver effective accountability

5.15.1 As a public body we endeavour to always be open and transparent in our activities and reporting. Council and committee agendas, reports and minutes are published on our corporate website to demonstrate decisions made. The Council undertake public consultation on areas such as the budget and selective licensing. We publish expenditure over £100 on our website, as part of the transparency agenda.

5.15.2 The Audit Committee has responsibility for internal and external audit matters, the Council's arrangements for Corporate Governance and risk management.

5.15.3 The Audit Committee terms of reference also incorporates the review and monitoring of the Council's Treasury Management arrangements. Members of the Committee are kept up to date through awareness training on factors that influence/affect delivery of the strategy and during the year were provided with an update on by Arlingclose the Council's Treasury Management advisors.

5.15.4 There are various committees, all with their own terms of reference and areas of responsibility, i.e. Licensing Committee, Planning Committee, and there are elected members who are responsible for service areas within the Council.

5.15.5 Arrangements are in place to ensure Internal Audit fully complies with the Public Sector Internal Audit Standards (PSIAS).

5.15.6 The Internal Audit plan is developed using a risk-based approach taking into consideration the Strategic Risk Register, Service Plans and other audit intelligence. Audit recommendations made are communicated to relevant Service Delivery Managers and relevant Senior Management representatives for consideration and implementation of recommendations. Internal Audit will share best practice in the duty of their work.

5.15.7 The Council's Communication Team works with Officers and Members to ensure key messages are in plain English and in consistent format.

5.15.7 The Council's performance management framework is monitored by the Senior Management Team and has procedures in place that drive continuous improvement in performance.

5.15.8 The Annual Governance certification process demonstrated that service areas are aware that their intranet and web pages are not up to date and are in the process of updating them.

	Signed	Dated
Richard Partington Managing Director		
Cllr Leader of the Council		
Cllr Chair of Audit Committee		