

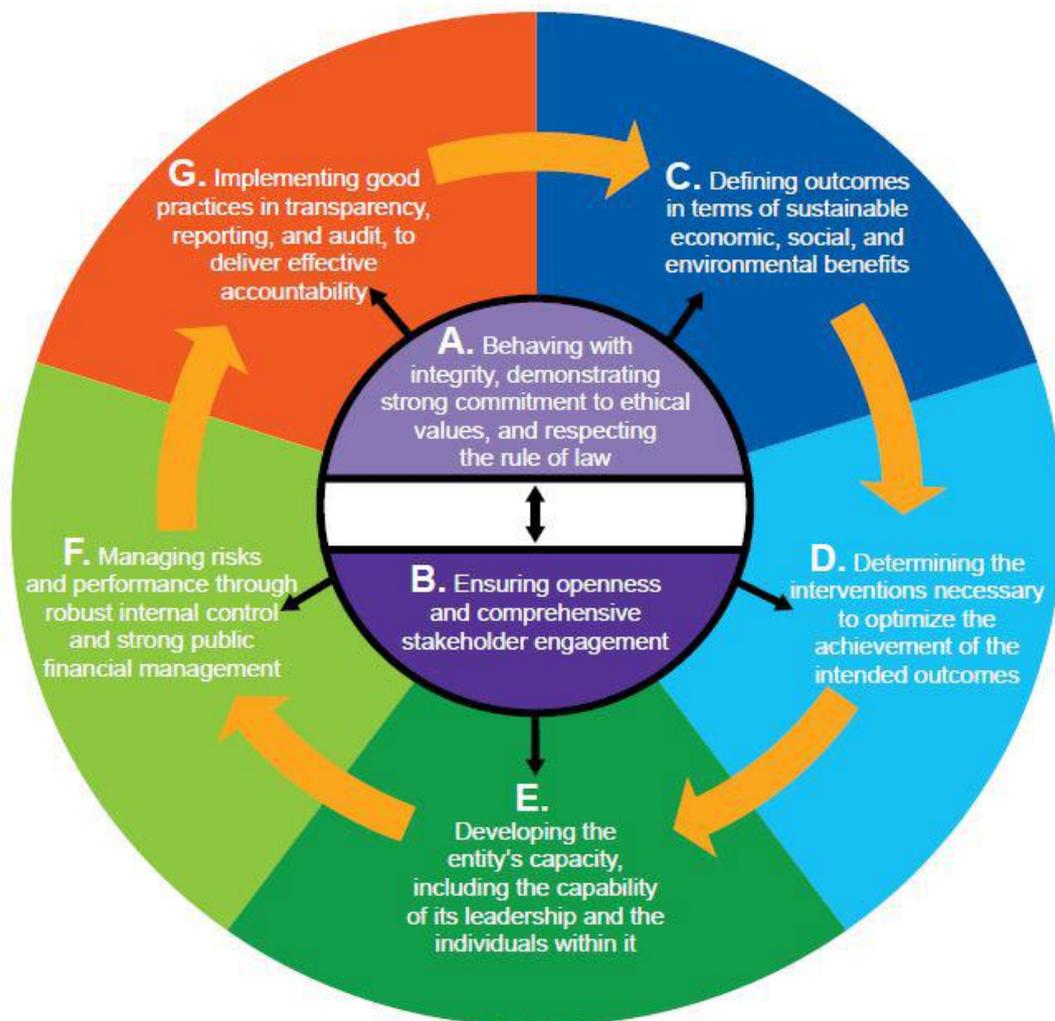
## ANNUAL GOVERNANCE STATEMENT 2019/20

### 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.

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 Conduct, 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 has faced considerable challenge during 2019/20 particularly in respect to the significant effects of heavy flooding in the region and the worldwide COVID-19 pandemic. Both of these challenges have meant changes to working practices which have required a greater degree of flexibility and risk based decision making at lower levels in the authority. However changes have been made within the boundaries of good governance which can be evidenced by the following examples:

- Gold/silver corporate groups set up to manage strategic and operational risk;
- Gold/silver groups including key stakeholders and regulatory roles, e.g. Section 151 Officer, Monitoring Officer, etc;
- Audit & Governance support with Business Rate Relief applications and other changes in practice across the Council;
- COVID-19 decision log kept to record decisions made using Chief Officer powers within the Council’s Constitution; and
- COVID-19 risk registers maintained both at service area level and at a corporate level

The Council continues to deliver services to its community using new and developing practices in light of COVID-19. Underpinning this is support/instruction from central government and continued risk management from the corporate Gold and Silver Groups.

5.3 The Council recognises the importance of information governance and formalised its Information Governance Framework. The main focus of the Information Governance Team in 2019/20 has been to ensure the Council’s continued 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 2019/20 no enforcement action has been taken by the Information Commissioner’s Office (ICO) against the Council in respect to data breaches.

- 5.4 The Chief Executive, Executive Directors, 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.
- 5.5 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 2019/2020 will set out the Internal Audit opinion.
- 5.6 The Council has 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. The Chief Internal Auditor concludes 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.
- 5.7 Issues from the previous action plan (2018/19) that have been addressed or mainstreamed have been deleted and those that continue to be addressed are included in 2019/20 action plan.
- 5.8 The Senior Management Team has monitored implementation of the 2018/19 actions and reported back to the Audit Committee in January 2020.
- 5.9 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.
- 5.10 Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law.**
- 5.10.1 Members and officers, in the main, 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. However, some improvements are needed in this area and recommendations have been included in the 2019/20 AGS action plan.
- 5.10.2 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.
- 5.10.3 The Council has an Anti-Fraud & Corruption Policy, supported by the Whistleblowing (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 Whistleblowing (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 and Whistleblowing (Speak Up) Policy is presented to the Audit Committee.
- 5.10.4 Officers comply with their professional organisations' codes of conduct when delivering services.

5.10.5 All Internal Audit reviews consist of an ethics questionnaire that is sent to a sample of staff in specific teams to demonstrate their understanding of key corporate policies. Responses have highlighted some lack of understanding of key policies such as the Gifts & Hospitality Policy. There is also a lack of awareness with regard to the Whistleblowing (Speak Up) Policy and how they should report a suspected fraud.

Ethic questionnaire findings have been shared when discussing individual audits with relevant Service Delivery Managers and Directors and taken to SMT as part of reporting corporate recommendations.

5.10.6 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.

5.10.7 Ofsted undertook an inspection of the Council's children's social care services in January 2020. The outcome of the inspection was that Ofsted graded these services as 'Outstanding'. An extract from the inspection report is detailed below:

*'Children's services in Telford and Wrekin are outstanding. Children benefit from high-quality social work and an impressive range of specialist services that improve their well-being and help to protect them from harm. Social workers and other staff who support children are very committed, and they are exceptionally well trained. Children are valued and receive child-focused services tailored to their individual needs. Children are listened to and their experiences are well understood and inform planning to improve their lives. Corporate parenting is exceptionally strong. Children are cared for, and they are cared about.'*

*Children and their families benefit from creative high-quality services which support children to live with their families wherever possible. A significant number of children have been successfully diverted from alternative care and enabled to live safely with their birth families. When this is not in their interest, children benefit from high-quality carers and timely securing of permanence. Care leavers benefit from strong and enduring relationships with personal advisers, who are responsive to their needs well into adulthood.'*

*Senior leaders have implemented a clear and ambitious vision for vulnerable children and families in Telford and Wrekin, which has resulted in outstanding services that are benefiting children. Despite this success, they continue to work to continually improve services. They aspire to a service for every child that they would welcome for their own. Workforce development, recruitment and retention are particularly strong. Staff at all levels are valued and very well supported. This has developed a positive culture where social workers can practise safely and effectively and where they are making a positive impact on the lives of children and their families'.*

The Council's Children's Services therefore have become the first in the Midlands and the first outside of London to transform services from "requires improvement to be good" to "outstanding".

This is a very positive result especially when you compare Telford & Wrekin Council's grading against the national average.

5.10.8 Human Resource and recruitment policies 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 saw the implementation of the new HR ICT system (Resourcelink), which will be reviewed as part of the annual HR/Payroll audit.

- 5.10.9 Senior officers meet regularly and work closely with Members to ensure that they understand and can undertake their respective roles effectively and legally.
- 5.10.10 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.
- 5.10.11 Statutory responsibilities across the Council are discharged openly and proactively, examples include having key statutory officers in place, i.e. Head of Paid Service, Data Protection Officer, Section 151 Officer, Monitoring Officer, Director of Children Services, Director of Adult Social Services, Director of Public Health and Scrutiny Officer.

## **5.11 Ensuring openness and comprehensive stakeholder engagement**

- 5.11.1 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.
- 5.11.2 The Council actively contributes to, and collaborates with, partners to promote good governance and achieve the delivery of outcomes through increased 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.
- 5.11.3 Regular meetings take place between Children Safeguarding and key partner agencies such as the police, Telford & Wrekin CCG, Education and Health.
- 5.11.4 All Council services feed into transparent reporting processes through council committee meetings and this is further supported by the transparency agenda.
- 5.11.5 Annually the public is consulted on the budget for the forthcoming year.
- 5.11.6 There is regular engagement between Public Health, Telford & Wrekin Clinical Commissioning Group (CCG) and Social Care for the future provision of services.
- 5.11.7 The structure and provision of the Council's Scrutiny function has been reviewed in 2019/20 to ensure its operation is fit for purpose and complies with good practice. The revised Scrutiny provision will be in place operationally in 20/21 and will look at the development of policy, the decision-making process and areas of concern. The subject areas for review will be 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.

## **5.12 Defining outcomes in terms of sustainable economic, social and environmental benefits.**

- 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'. 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. Plans are being reviewed in light of the current/future impact of Covid19. All service areas also have to meet savings targets to ensure a sustainable budget for future years. These are under review in light of the impact of Covid19.

- 5.12.2 Digital transformation and changes in the way we work are intrinsic to the Council's service delivery model.
- 5.12.3 The Telford & Wrekin Local Plan sets out the Council's vision and strategy for the physical planning of the borough up to 2031 and a review of the Local Plan has commenced to ensure that it remains capable of meeting the needs of the borough.
- 5.12.4 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. These plans encompass identifying risks to service objectives being met.
- 5.12.5 The Council has a commercial strategy / investment strategy that demonstrates clear visions, objectives and outcomes. This includes financial, economic, social and environmental issues.
- 5.12.6 The Councils economic growth strategy supports and drives increased economic productivity.
- 5.12.7 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.
- 5.12.8 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.
- 5.12.9 All Council reports to Members show relevant financial implications and risk.
- 5.12.10 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. Some implementation has been accelerated due to flooding and COVID-19.

**5.13 Determining the interventions necessary to optimise the achievement of the intended outcome.**

- 5.13.1 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.
- 5.13.2 Budget plans are produced for all service areas for planning purposes. Budget consultation is undertaken annually with Council Members and members of the public.

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

- 5.14.1 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 to align these with workforce development.

- 5.14.2 Officers understand their respective roles and these are set out in job descriptions. The Constitution, Scheme of Delegation and Contract Procedure Rules clearly shows roles and responsibilities, specifically with regard to delegation and authorisation.
- 5.14.3 There are various training methods available to staff such as mentoring, Ollie (On-line learning platform) and classroom based. 2019/20 saw the second cohort of future leader training taking place. However, the ethics questionnaire issued by audit highlighted that some staff did not feel supported or developed in their roles. The results also highlighted that staff did not have time to complete Ollie training and felt they had not received proper induction into their role.
- 5.14.4 Other support includes CPD sessions, team meetings and ongoing 1:2:1s, however results of the ethics questionnaires have demonstrated that some staff still do not have regular 1:2:1 supervision meetings.
- 5.14.5 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.
- 5.14.6 The action plan at Appendix A of this statement detail issues highlighted from the results of the annual governance certification process

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

- 5.15.1 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 considered by Audit Committee annually.
- 5.15.2 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.
- 5.15.3 During 2019/20 the Internal Audit team achieved 70% 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. Internal Audit output is lower than previous years and this is due to a number of factors including long-term sickness, concentration of audit resource on particular high risks to the Council and, more recently, the need to focus staff resources on responding to the Covid-19 pandemic.

All recommendations made in audit reports show a risk category which is used to inform the overall grading of the report.

- 5.15.4 The Chief Internal Auditor has undertaken checks on the work of Internal Audit as part of the Quality Assurance Improvement Program. A small number of minor issues have been identified through these checks and have been fed back to the Internal Audit Team to assist in their continuous improvement.
- 5.15.5 Internal Audit report to the Audit Committee 4 times a year. The Audit Committee has asked for additional information during the year and requested Executive Directors/Directors and

Service Managers to attend to provide assurance on the management of risks and implementation of recommendations. The Audit Committee have also approved the Internal Audit Charter for 2019/20.

- 5.15.6 Large projects include the maintenance of a project risk register; this is an ongoing working document that is amended throughout the project. Where personal data is processed, projects also include the completion of Data Protection Impact Assessments.
- 5.15.7 The Council has 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 and Whistleblowing (Speak Up) Policy.
- 5.15.8 Services report regularly to Council committees such as Audit Committee, Planning, Licensing, Cabinet etc. These reports detail any impact assessment, including risk and opportunity. Financial decisions are reported to Cabinet, full Council and Audit Committee, who often challenge to ensure appropriate financial management and to demonstrate transparency.
- 5.15.9 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 the Financial Regulations and it provides a framework for financial decision-making.
- 5.15.10 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.
- 5.15.11 The Council's financial strategy identifies the short term budget plan and long term aspirational plan linked to the corporate plan to be a self-sustaining council.
- 5.15.12 Final accounts are produced on time and in line with best practice and our External Auditor's Report for 2018/19 included in its headlines:
- Value for Money conclusion - Based on the work we performed to address the significant risks, we are satisfied that the Council had proper arrangements for securing economy, efficiency and effectiveness in its use of resources
  - In our opinion, the financial statements:
    - give a true and fair view of the financial position of the Authority as at 31 March 2019 and of its expenditure and income for the year then ended;
    - have been prepared properly in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2018/19; and
    - have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.
- 5.15.13 The Council has continued to make savings in light of ongoing financial pressures. Over £123 million savings have been made to date by the Council with further future savings of £20 million required by 2022/23 which will be subject to review in the light of the impact of Covid19.

## **5.16 Implement good practices in transparency, reporting and audit to deliver effective accountability**

- 5.16.1 As a public body we endeavour to 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.

- 5.16.2 The Audit Committee has responsibility for internal and external audit matters, the Council's arrangements for Corporate Governance and risk management.
- 5.16.3 The Audit Committee terms of reference also incorporate 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 these matters by Arlingclose the Council's Treasury Management advisors.
- 5.16.4 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.
- 5.16.5 Arrangements are in place to ensure Internal Audit fully complies with the Public Sector Internal Audit Standards (PSIAS).
- 5.16.6 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.
- 5.16.7 The Council's Communication Team works with Officers and Members to ensure key messages are in plain English and in consistent format.
- 5.16.8 The Council's performance management framework is monitored by the Senior Management Team and has procedures in place that drive continuous improvement in performance.
- 5.16.9 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
David Sidaway Chief Executive		
Cllr Shaun Davies Leader of the Council		
Cllr Nathan England Chair of Audit Committee		

