

ROTHERHAM BOROUGH COUNCIL – REPORT TO AUDIT COMMITTEE

1.	Meeting:	Audit Committee
2.	Date:	23 September 2015
3.	Title:	Final Annual Governance Statement 2014/15
4.	Directorate:	Finance and Corporate Services

5 Summary

5.1 The Audit Committee agreed the draft Annual Governance Statement (AGS) at its meeting on 22 July 2015.

5.2 The AGS is a live document up until the point it is signed alongside the accounts in September. It, therefore, needs to be updated to take into account any significant developments between the draft and final versions. Two significant developments are reflected in the final AGS attached; these are to reference the first six-monthly report submitted by Commissioners to the Government on 26 August 2015, and the completion of the audit of the 2014/15 accounts by KPMG, the Council's external auditors.

5.3 The Commissioners' report to the Government highlights some significant progress made by the Council, while recognising there is a significant amount more to do. KPMG have confirmed they will be issuing an unqualified opinion on the Council's accounts. However, as in 2013/14, KPMG have concluded the Council has not made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2015. In reaching this conclusion KPMG recognises there was little time available to complete the step changes necessary between the timing of the intervention (26 February 2015) and the end of the 2014/15 financial year to which their opinion relates (ie 31 March 2015). KPMG have, however, recognised the progress made in the six months period (February to August 2015), since the arrival of the Commissioners.

5.4 In line with the Accounts and Audit Regulations, the final AGS has been signed by the Leader and Managing Director. The Audit Committee is asked to note the revisions made since the draft AGS in July, and to agree the attached final version.

6 Recommendations

The Audit Committee is asked:

- **To note the certification of the final Annual Governance Statement by the Leader of the Council and the Managing Director, as required by the Accounts and Audit Regulations and related guidance.**
- **To agree the attached final Annual Governance Statement (AGS) 2014/15**

7 Details and Proposals

7.1.1 The Accounts and Audit (England) Regulations 2011 require local authorities to:

“conduct a review at least once in a year of the effectiveness of its system of internal control” (Reg 4(2)), and

“following the review, the body or committee must approve an annual governance statement, prepared in accordance with proper practices in relation to internal control” (Reg 4(3)).

7.1.2 Detailed background to the production of the Annual Governance Statement was provided in the report presented to the Audit Committee accompanying the draft AGS on 22 July 2015. This report identifies revisions to the AGS in respect of:

- The Commissioners’ first six-monthly report to the Government following intervention at the Council, and
- KPMG’s audit of the Council’s 2014/15 accounts.

7.1.3 The changes are as follows:

Commissioners’ six-monthly report

7.1.4 The following has been added to Section 7.2 (Corporate Improvement Plan) of the AGS (this reflects the six-monthly report presented to the Government by the Commissioners):

7.2.6 The Commissioners submitted their first six-monthly report on progress made by the Council to the Government on 26 August 2015. The report confirms the Corporate Improvement Plan consists of 132 project actions, each of which has been RAG-rated in line with the implementation strategy. It also states that, at the time of the Commissioners’ update, 7% of projects had yet to start, 14% of required actions were already completed, with outputs, 74% were reported to be at the expected stage of implementation, and 5% were assessed as at potential risk or missing target, including those whose starting date had slipped.

7.2.7 At this early stage in delivering the Plan, this demonstrates the determination of Commissioners, Elected Members and officers across RMBC to work with Commissioners to address its improvement challenges.

7.2.8 Particular progress noted in the report includes:

- *Agreeing a new senior management structure*
- *Consulting citizens, businesses and partners on a new vision for Rotherham*
- *Agreeing with partner agencies the foundation of a new, expanded local strategic partnership for Rotherham*
- *A re-invigorated Health and Wellbeing Board*
- *Establishing a programme of peer service review health checks*

- *Early improvements in the numbers of staff with active performance development plans*

7.2.9 The Commissioners' report also states the significant amount of work still to be done, but confirms the commissioners' view that the Council will be able to make the progress required to ensure it can improve and meet its corporate priorities, including those relating to the safeguarding of children and vulnerable adults.

KPMG Audit of the Accounts 2014/15

7.1.5 The draft version of the AGS, which made reference to the opinions given by KPMG in 2013/14, has been replaced with the following update relating to 2014/15

5.3 External Audit

5.3.1 As the Council's external auditor, KPMG are required each year to carry out a statutory audit of the Council's financial statements and give an assessment of the Council's value for money arrangements.

5.3.2 Opinion on Financial Statements 2014/15

KPMG issued an unqualified opinion on the Council's financial statements for the 2013/14 financial year on 23 September 2015. In KPMG's opinion, the financial statements gave a true and fair view of the financial position of the Authority and of its expenditure and income for the year ended 31st March 2014.

5.3.3 Value for Money Conclusion 2014/15

KPMG are also required to report on the Council's arrangements for securing value for money in the provision of its services and functions. In 2013/14, KPMG's work included consideration of the Jay, Ofsted and Casey Reports. The significant weaknesses identified in the Council's arrangements meant that KPMG issued an adverse conclusion on 26 March 2015 on the Council's Value For Money arrangements in respect of the 2013/14 financial year.

KPMG has again concluded the Council has not made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31st March 2015. In reaching this conclusion KPMG stated "Given that the VFM assessment is for the year ended 31st March 2015, there was only a very limited opportunity for Commissioners to make the changes required towards achieving the [Commissioners'] mission. Although not covered by the 2014/15 VFM assessment, the Authority has made progress over the six months to the date of this report. The Authority has developed and published a comprehensive Improvement Plan (A Fresh Start) which addresses the findings of the Inspection and Commissioners have recently presented an interim (6 monthly) report to DCLG to show the progress made in that period."

8 Finance

8.1 There are no direct financial implications arising from this report. Any financial implications arising from any future development of internal controls would feature in subsequent reports to Commissioners.

9 Risks & Uncertainties

9.1 Failure to apply sound internal controls and good governance means the Council is unable to demonstrate it is meeting its Best Value responsibility for providing efficient and effective services, including safeguarding vulnerable children. However it has in place Improvement Plans to address this.

10 Policy & Performance Agenda Implications

10.1 Good governance is wholly related to the achievement of the Council's objectives and priorities within its statutory legal and financial frameworks..

11 Background and Consultation

11.1 This report has been informed by the views of the Strategic Directors, Service Directors and the External Auditor.

11.2 In accordance with the Accounts and Audit Regulations and associated guidance, the Leader and the Managing Director will sign the attached version of the AGS prior to its agreement by the Audit Committee.

Contact Names:

Colin Earl, Assistant Director Audit, ICT and Procurement Ext 22033

Appendix A

Final Annual Governance Statement 2014/15

ROTHERHAM MBC ANNUAL GOVERNANCE STATEMENT 2014/15

1 SCOPE OF RESPONSIBILITY

1.1 Rotherham Metropolitan Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness (the Best Value duty).

1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and effective arrangements for the management of risk.

1.3 The Council has a Code of Corporate Governance in line with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*.

1.4 This Annual Governance Statement meets the requirements of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an Annual Governance Statement.

2 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

2.1 The governance framework comprises the systems and processes and culture and values by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. The system of internal control is based on an on-going process that is designed to:

- identify and prioritise the risks to the achievement of Council policies, aims and objectives
- evaluate the likelihood of those risks being realised and assess the impact should they be realised, and
- manage the risks efficiently, effectively and economically.

3 REVIEW OF ARRANGEMENTS 2014/15

3.1 Rotherham Council's Governance Framework includes a range of policies, procedures and activities that are designed to be consistent with the expectations for public sector bodies. The Casey Report stated "*on paper Rotherham has reasonable arrangements within the expected range*". However, the Jay, Ofsted and Casey Reports made clear that some of the Council's arrangements were weak and there were also a number of serious failings in the operation of the Council's arrangements.

3.2 Section 4 of this statement highlights the main findings and conclusions from the Jay, Ofsted and Casey Reports. Section 5 makes reference to the operation of general governance arrangements in place at the Council and includes annual statutory assessments made by Internal and External Audit.

4 CHILD SEXUAL EXPLOITATION, OFSTED AND CORPORATE GOVERNANCE INSPECTIONS AND GOVERNMENT INTERVENTION

4.1 The Jay Report into Child Sexual Exploitation

4.1.1 The Council was subject to a review of its arrangements for preventing child sexual exploitation (CSE) in 2014. The report resulting from the review, published in August 2014, identified the likely scale of CSE in Rotherham from 1997 to date.

4.1.2 The report highlighted collective failures of political and officer leadership in addressing the crime of CSE. It found that the scale of the problem had been badly understood by the Council. The report noted some improvements over the previous 4 years through the dedication of resources to CSE and better partnership working. But it highlighted there was still an absence of good risk assessment in too many cases in children's social care, the Council's CSE Team still struggled to keep pace with the demands of its workload and there was not enough long term support for victims.

4.2 Ofsted Inspection

4.2.1 The Council was subject to an Ofsted Inspection of its Children's Services in 2014. The report, published in November 2014, found weaknesses in leadership, management and governance and social care practice. The overall conclusion from the inspection was that:

"there are widespread or serious failures that result in children being harmed or at risk of harm. In the delivery of services for looked after children and care leavers these failures result in the welfare of these children not being safeguarded and promoted. Leaders and managers have not been able to demonstrate sufficient understanding of failures and have been ineffective in prioritising, challenging and making improvements".

4.3 Corporate Governance Inspection

4.3.1 As a result of the Jay and Ofsted Reports, the Government appointed Louise Casey, CB, to lead a Corporate Governance Inspection into Rotherham Council. The resulting 'Casey Report' set out a succession of serious, corporate failings across the organisation as well as in its wider partnership relations, in particular it cited:

- Poor leadership and a lack of vision
- Lack of transparency
- Inability to address past weaknesses
- Lack of robust scrutiny
- Failure to face up to uncomfortable truths
- Failed accountability
- Weak partnerships and community strategy
- A culture of denial
- A focus on reputation rather than quality of services
- An absence of self-challenge
- Absence of strategic, financial management
- Poor standards and conduct
- Not translating strategy into action
- Inadequate children's social care
- A failure to hold partners, particularly police, to account
- Taxi licensing which has failed to protect people
- Inconsistent performance management and reporting.

The Jay and Casey reports can be found at www.rotherham.gov.uk

The Ofsted report is held at www.gov.uk/government/organisations/ofsted

4.5 Government Intervention

4.5.1 The Casey Report concluded "*The Council is currently incapable of tackling its weaknesses, without a sustained intervention*". In response, the Secretary of State for Communities and Local Government and the Secretary of State for Education issued directions to the Council on 26 February 2015, which require the Council:

- to rebuild the governance capacity of the Authority, addressing the deep seated culture of poor governance and leadership – both political leadership and officer/managerial leadership; this is a pre-requisite for the fresh start where compliance with the best value duty is secured;
- to restore public trust and confidence in Rotherham by putting an end to any of the Authority's activities, practices, and omissions which are, or risk being, not compatible with the best value duty; and
- to secure as soon as practicable that all the Authority's functions are exercised in conformity with the best value duty thereby delivering improvements in services and outcomes for the people of Rotherham.

4.5.2 The Directions also included the appointment of five commissioners*¹ to take on all executive and licensing responsibilities at the Council and drive the improvements necessary to safeguard children and deliver services that meet the needs of Rotherham. The Directions provide for regular progress reports and quarterly reviews of which powers, if any, can be returned to the Council. The next progress report is due at the end of August 2015.

4.5.3 The Directions remain in force until 31 March 2019 unless the Secretaries of State, or, as the case may be, either one of them, consider it appropriate to amend or revoke them at an earlier date.

4.5.4 The Commissioners have led the development of a Children's Services Improvement Plan and a Corporate Improvement Plan. Structures and actions are being put in place to deliver these plans – see Section 7.

5 GOVERNANCE ARRANGEMENTS AND THEIR OPERATION DURING THE YEAR

5.1 The Council's Governance framework includes a range of policies, procedures and activities that are designed to be consistent with the expectations for public sector bodies. The table below indicates the effectiveness of the governance arrangements in place during the year, with reference to the expectations of the CIPFA/SOLACE *Delivering Good Governance* Guidance:

Expected Arrangements	Comments Regarding Arrangements at RMBC
Identifying and communicating the Council's vision of its purpose and intended outcomes for Residents, service users and businesses.	The Casey Report identified a lack of a strategic vision and a lack of strong political and managerial leadership that were severely inhibiting the Council's ability to lead the transformation of the borough. It found " <i>too many plans and priorities and these are insufficiently connected to each other or day-to-day operations</i> "
Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions.	The Council has a constitution, agreed decision making processes and arrangements for undertaking statutory, scrutiny and regulatory functions, which the Corporate Governance Inspection concluded were, on paper, within an expected range. However, many of these were found to be weak in practice.
Developing, communicating and embedding codes of conduct, and defining the standards of behaviour for Members and staff.	Although the expected Codes, policies and procedures exist, the Casey Report was highly critical of the actual ethical standards found at the Council.

¹ See **Appendix 1**. The Directions superseded a Direction issued to the Authority dated 10 October 2014 appointing a Children's Social Care Commissioner at the Authority

Reviewing and updating Standing Orders, Financial Regulations and supporting procedure notes / manuals, which define how decisions are taken and the processes and controls required to manage risks.	Established Standing Orders and Financial Regulations are in place and followed. The Casey Report concluded Risk Management arrangements were as expected on paper, but in reality Risk Management in the Council was not effective.
Ensuring that the Council's financial management arrangements conform with the governance requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Statement on the Role of the Chief Financial Officer in Local Government (2010).	<p>Financial controls in the Council were found to be good by the Corporate Governance Inspection, with revenue and capital monitors frequently reported to Cabinet and overall sound financial discipline in the organisation. The Council has managed within its budgets consistently over time and is able to demonstrate improved financial resilience.</p> <p>However, inspectors found a lack of focus on strategic service and financial planning, which had sometimes contributed to operational decisions being taken to reduce costs and save money which have not turned out to be sensible.</p>
Undertaking the core functions of an audit committee, as identified in CIPFA's <i>Practical Guidance for Local Authorities</i> .	The Council has an Audit Committee which has terms of reference consistent with CIPFA Guidance. The Audit Committee did not contribute to effective risk management at the Council.
Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.	<p>The Council has a constitution and agreed decision making processes. The Council's Monitoring Officer and its Chief Finance Officer have responsibility for minimising any risk of non-compliance with laws, regulations and internal arrangements. Reports to Members require financial and legal implications to be included.</p> <p>Transparency in some decision making was criticised in the Casey report. Also, at a control level, the Casey report highlighted a lack of checks on basic procedures, for example compliance with gifts and hospitality arrangements.</p>
Whistle-blowing and arrangements for receiving and investigating complaints from the public.	The Council has standard arrangements as expected for encouraging the reporting of suspected wrong-doing. However, practice at the Council was found to have been well below expected standards by the Casey review.

Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training.	The Casey report was highly critical of the role of Members in ensuring the Council identified and managed its risks effectively, and had in place arrangements for improving its services.
Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.	The Council's approach to strategic and corporate planning was found by Casey to be generally in line with expected norms. However, the plans were not found to connect with reality on the ground. There was a lack of effective consultation.
Incorporating good governance arrangements in respect of partnerships.	The Casey Report noted complex partnership arrangements. The Council did not ensure partnership working was effective and achieved the desired outcomes.

The Corporate Improvement Plan and the Children and Young People's Improvement Plan seek to address these issues directly.

5.2 Internal Audit

5.2.1 It is a requirement of the UK Public Sector Internal Audit Standards that an annual report is produced setting out the work performed by Internal Audit and the opinion of the *Chief Audit Executive* (at Rotherham this is the Assistant Director Audit, ICT and Procurement) on the Council's internal control environment.

5.2.2 Based upon the Internal Audit work undertaken during the year, considering the work of the External Auditor, and taking into account the Jay, Ofsted and Casey reports, the conclusion of the Assistant Director Audit, ICT and Procurement was that the Council's control environment for 2014/15 was inadequate and did not operate satisfactorily during the year. This conclusion was reported to the Audit Committee on 5 May 2015.

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5.4 Anti-Fraud and Corruption Arrangements

5.4.1 In October 2014 CIPFA published an updated Code of Practice on Managing the Risk of Fraud and Corruption. This replaced the former Code published in 2008. The 2014 Code requires councils to give an opinion within their Annual Governance Statements on the Council's compliance with the Code.

5.4.2 The Council has reasonable compliance with the 2014 Code. However, there are areas emphasised within the Code that require the Council to refresh / add to various policies and procedures, including:

- Refreshing the Council's Anti-Fraud and Corruption Strategy, Policy and Action Plan;
- Considering the need for, and provision of, external verification of the Council's compliance with the Code, possibly through some form of peer review;
- Making reference to compliance with the Code in the Council's Annual Governance Statement; and
- Developing a Cyber Security Policy.

5.4.3 The Council's practical arrangements are also subject to review as part of the Corporate Improvement Plan. An initial appraisal has been completed by Commissioner Ney, which will lead to some improvement actions. All actions will be implemented by March 2016.

6 OTHER SIGNIFICANT ISSUES ARISING DURING THE YEAR

6.1 In June / July 2014, Internal Audit carried out a review of the Council's arrangements for commissioning and managing the delivery of school improvement activity. The review highlighted significant weaknesses in relation to the specification of work to be provided, monitoring of activities and performance, and reporting arrangements. The Council and schools could not clearly demonstrate they were achieving value for money from the arrangements in place. Action has been taken to address the issues raised, including better and more transparent commissioning and monitoring.

6.2 The Taxi licensing function was specifically mentioned in the Casey Report as having a key role in preventing and disrupting CSE. The report found that taxi-licensing arrangements were wholly inadequate and placed vulnerable Children at risk. The Council had failed to acknowledge and tackle the problems. Action that has now been taken is highlighted in Section 7.

6.3 Following the criticisms of the taxi-licensing arrangements, Internal Audit looked in early 2015 at the Council's arrangements for arranging the transport of Looked after Children. While arrangements were found to be acceptable when provision was arranged within existing 'home to school' contracts, the audit found a number of instances where transport for children was arranged outside of the contracts and, therefore, did not afford the same level of checks and controls over the taxi firms and drivers used. Management took immediate action to minimise the risks identified by implementing better checks and controls.

6.4 An internal review of Gas Safety found that the Council's Quality Assurance processes did not sufficiently ensure that contractors, used by the Council to carry out building and gas servicing works, had gas safety management systems that were being effectively and consistently applied. In two cases, in April and June 2014, safety controls were found to have not been applied, creating a risk of exposure to gas leaks. Immediate action was taken to ensure the relevant checks and controls were being applied.

7 IMPROVEMENT PLANNING AND PROGRESS SINCE 31 MARCH 2015

7.1 Children's Services Improvement Plan

7.1.1 Children's Social Care Services were put into intervention on 10 October 2014, following the Jay and Ofsted reports.

7.1.2 The Children's Social Care Commissioner (Commissioner Newsam) has led the production of a comprehensive improvement plan to address the issues reported in the Jay and Ofsted Reports. The key priorities of the plan are to:

- a) Strengthen the arrangements for screening through the introduction of a Multi-Agency Safeguarding Hub (MASH)
- b) Put in place sufficient social workers to ensure caseloads are manageable across the service

- c) Clear up the backlog of out-of-date assessments and ensure that assessments are completed in a timely fashion including programmed reviews
- d) Recruit to a permanent senior and middle management structure
- e) Strengthen the specialist team for investigating Child Sexual Exploitation CSE and put in place strong, strategic and operational leadership to tackle CSE
- f) Ensure all children in need, children on a child protection plan and looked after children have an up to date plan focused on outcomes and that children on caseload are visited at the required frequency by social workers
- g) Address the severe deficit in the ICT system as a matter of urgency and procure a replacement system
- h) Carry out effective performance management and quality assurance arrangements and ensure they are well understood
- i) Co - ordinate leadership across the Health and Wellbeing Board, the Local Safeguarding Children Board (LSCB) and Children's Partnership and the Corporate Parenting Board to establish and deliver against jointly agreed priorities.

7.1.3 The arrangements for implementing these actions, and monitoring progress against them, are being overseen by a Children's Improvement Board; Progress Board and Child Sexual Exploitation Board. Weekly performance meetings are being held to ensure that rapid progress is secured in improving social care and outcomes for vulnerable children and young people. Reports on Progress are presented to the Government's Department for Education.

7.1.4 Progress to date includes:

- A Multi-Agency Safeguarding Hub was created on 1 April 2015 and is now the focal point for safeguarding.
- The specialist team for investigating Child Sexual Exploitation has been strengthened and strong strategic and operational leadership of CSE has been put in place.
- The new 'Evolve' CSE Team is creative, responsive and flexible, adopting a youth engagement model which is based on building trust and rapport with children and young people, providing consistent wrap-around support and protection. Caseload is much lower and more acceptable.
- The council has been successful in recruiting its most senior children and young people's managers on a permanent basis
- Strong commitment has been given by all partners to the partnership priorities
- The Council and its partners have made a sizeable financial contribution to tackling CSE, including support for Child Sexual Exploitation victims and survivors (£200k) and an outreach youth based work provision to engage with young people at risk of Child Sexual Exploitation (£234k) Significant external funding has also been made available.

- Overall there is an improving picture in relation to social work delivery: Staff report feeling under less stress and performance is improving.
- Sufficient social workers have been put in place and caseloads have been reduced to reasonable levels. The backlog of assessments has been cleared and assessments now completed within statutory timescales
- All vulnerable children have a plan and are visited at the required frequency
- Weaknesses in the current Information systems are being addressed and the ICT system is being replaced.

7.1.5 More work is still needed, and the Council and its partners will prioritise the following areas as well as sustaining and consolidating the achievements made so far:

- Locating improvement within the Council's emerging vision to become *a child-centred borough where young people are supported by their families and their community and are protected from harm.*
- Embracing a new narrative of effective partnerships and joined up public services
- Strengthening programme management and refresh the improvement plan
- Putting in place an effective early help pathway and offer.
- Ensuring quality assurance gains traction, moving from compliance to delivering better outcomes through evidence based practice.
- Improving the quality of supervision and management direction
- Transforming the Council's support and infrastructure arrangements alongside a compelling workforce strategy
- Strengthening the commissioning infrastructure, ensuring that services commissioned offer best outcomes
- Putting the service on a sustainable financial platform.

The Children's Improvement Plan can be found at www.rotherham.gov.uk

7.2 Corporate Improvement Plan

7.2.1 Led by the Commissioners, the Council agreed an improvement plan on 22 May 2015 aimed at restoring strong governance and appropriate services and, in due course, transferring authority back to Councillors and managers.

7.2.2 The plan identifies the essentials of an effective council and includes comprehensive actions to ensure the Council can operate in line with these. The essentials are:

- Inspirational political and managerial leadership
- Robust governance, decision-making and performance management
- Culture of excellence and outstanding implementation
- Strong, high impact partnerships.

7.2.3 A Corporate Improvement Board has been established to monitor progress against the plan and Commissioners have responsibility for reporting progress to the Government on a six-monthly basis, starting in August 2016.

7.2.4 A number of early significant steps have been taken, including:

- Carrying out a series of events with residents and services users, and businesses and staff to help establish the vision and priorities for the Council.
- Holding meetings with partners to begin revitalising joint strategic planning and working, to address the needs of Rotherham
- Establishing a comprehensive Members' development programme and supporting and mentoring Members
- Establishing a revised organisation structure that more closely meets the Council's current requirements
- Establishing a strategic service and financial planning group to provide consistency between budget setting and service priorities
- Supporting the Audit Committee to meet its important responsibilities in relation to risk management and governance, including a commitment to recruit a voting independent member.

7.2.5 The Corporate Improvement Plan complements and supports the Children's Improvement Plan actions outlined above.

7.2.6 The Commissioners submitted their first six-monthly report on progress made by the Council to the Government on 26 August 2015. The report confirms the Corporate Improvement Plan consists of 132 project actions, each of which has been RAG-rated in line with the implementation strategy. It also states that, at the time of the Commissioners' update, 7% of projects had yet to start, 14% of required actions were already completed, with outputs, 74% were reported to be at the expected stage of implementation, and 5% were assessed as at potential risk or missing target, including those whose starting date had slipped.

7.2.7 At this early stage in delivering the Plan, this demonstrates the determination of Commissioners, Elected Members and officers across RMBC to work with Commissioners to address its improvement challenges.

7.2.8 Particular progress noted in the report includes:

- Agreeing a new senior management structure
- Consulting citizens, businesses and partners on a new vision for Rotherham
- Agreeing with partner agencies the foundation of a new, expanded local strategic partnership for Rotherham
- A re-invigorated Health and Wellbeing Board
- Establishing a programme of peer service review health checks
- Early improvements in the numbers of staff with active performance development plans

7.2.9 The Commissioners' report also states the significant amount of work still to be done, but confirms the commissioners' view that the Council will be able to make the progress required to ensure it can improve and meet its corporate priorities, including those relating to the safeguarding of children and vulnerable adults.

The Corporate Improvement Plan and progress reports can be found at www.rotherham.gov.uk

7.3 Taxi Licensing

7.3.1 Under the guidance of Commissioner Ney, the Council has carried out a comprehensive review of its taxi-licensing policy and its administration arrangements. The Council has introduced a new, stronger, policy involving a 'fit and proper person' test that will be applicable to all existing licence-holders as well as new applicants. CCTV will be required in all taxis within 3 months, and taxi drivers will be required to obtain a Business and Technology Education Council Level 2 academic qualification within 12 months.

7.3.2 In addition to the policy improvements, internal administration structures and processes, including quality assurance arrangements, have been strengthened and an independent review into performance and practice is being carried out.

7.4 Adult Social Care

7.4.1 The Council's Adult Social Care, although not the subject of any whole service inspection, has undertaken a self-assessment using a Local Government Association assessment tool. This exercise was completed in May and has been reviewed and commented on by an independent peer reviewer. The results of this exercise have been combined with a desk top analysis of available performance and financial data and a development programme has been launched in June 2015 to address the findings that arose from this work.

7.4.2 A self-assessment of Adults' Safeguarding has been undertaken, again using the Local Government Association assessment tool. This has been reviewed by an external peer reviewer who examined documentation and spent two days interviewing appropriate staff from the Council and partners. This exercise was completed in June 2015 and an action plan to implement improvement opportunities has been developed by the Adult Safeguarding Board and this will now be implemented during 2015. In addition, a strategy for Safeguarding Adults in Rotherham will be developed through a workshop involving the Board. This will be consulted upon and a strategy will be in place later in 2015.

7.4.3 The Health and Wellbeing Board approved the Better Care Fund proposals in May 2015.

7.5 Local Elections

7.5.1 Local elections of a third of Council seats in May 2015 led to 16 councillors being elected who had not served before that date. This is more than 25% of the Council. Further, 'all-out' elections are planned for May 2016. There is now an Advisory Cabinet of 5 councillors working closely with senior staff and commissioners.

8 LEADER AND MANAGING DIRECTOR STATEMENT 2014/15

8.1 This Annual Governance Statement fairly reflects the position at Rotherham Metropolitan Borough Council during the year and up to the date of signing.

8.2 During the year the Council was subject to an inspection of its arrangements for Child Sexual Exploitation (the Jay Review), an Ofsted inspection of its Children's Services and a Corporate Governance Inspection (The Casey Review). These found significant and serious failings in the Council's arrangements for protecting vulnerable children.

8.3 The Casey Review concluded the Council overall was not fit for purpose; it was failing to meet the needs of residents, users and businesses in an efficient and effective way (i.e. it failed to meet its Best Value duty). The Council has not had satisfactory governance arrangements in place that could have avoided the very serious weaknesses highlighted in the inspection reports.

8.3 The Casey Review concluded that the Council could not tackle the serious weaknesses itself. As a result, the Secretary of State for Communities and Local Government and the Secretary of State for Education issued directions to the Council on 26 February 2015 which require the Council to rebuild the governance capacity of the Authority, to restore public trust and confidence and to secure as soon as practicable that all the Authority's functions are exercised in conformity with the best value duty. The Directions also included the appointment of five commissioners to lead the Council's improvement.

8.4 Improvement plans have been put in place and some early progress is being made. However, the scale of the challenge is substantial and there are still major challenges ahead. . We have established ambitious plans with the aim of achieving rapid, effective and sustainable improvements. We have put in place arrangements for monitoring and reporting progress to the relevant Government Departments, Council, Public and other stakeholders.

8.5 Councillors, commissioners and senior staff are working together to achieve this change.

Signed

Councillor Chris Read, Leader, Rotherham MBC

Signed

Stella Manzie CBE, Commissioner and Managing Director, Rotherham MBC

Date: 23 September 2015

COMMISSIONERS APPOINTED TO ROTHERHAM COUNCIL

The following commissioners were appointed to Rotherham Council by the Secretary of State for Communities & Local Government and the Secretary of State for Education:

Lead Commissioner: Commissioner Sir Derek Myers, former joint Chief Executive of the London Borough of Kensington and Chelsea and Hammersmith and Fulham.

Commissioner and Managing Director: Stella Manzie CBE, a former Chief Executive of Barking and Dagenham, Coventry, Redditch and West Berkshire councils. As Managing Director, Commissioner Manzie who has taken on the role of the day to day running of all services until the Commissioners appoint a new permanent chief executive.

Children's Social Care Commissioner Malcolm Newsam: Commissioner Newsam has worked at executive director level in Peterborough City Council, Kent County Council, Essex County Council and Bedfordshire County Council. He has acted as Doncaster Borough Council's Programme Director setting up the Doncaster Children's Services Trust and was appointed Children's Social Care Commissioner in Rotherham in October 2014.

Commissioner Mary Ney: Commissioner Ney retired from being Chief Executive of the Royal Borough of Greenwich in 2014. Commissioner Ney was assistant inspector to Louise Casey's inspection of Rotherham, where she led the partnership working strand of the inspection.

Commissioner Julie Kenny CBE: Commissioner Kenny is a commissioner at the UK Commission for Employment and Skills and a Board Member of Sheffield City Region Local Enterprise Partnership