

## Summary Sheet

### Council Report:

Audit Committee 19<sup>th</sup> April 2017

### Title:

Annual Governance Statement Review for 2016-17

### Is this a Key Decision and has it been included on the Forward Plan?:

No

### Strategic Director Approving Submission of the Report:

Shokat Lal (*Assistant Chief Executive*)

### Report Author(s):

Simon Dennis (*Corporate Risk Manager*)

Assistant Chief Executive's Department

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### Ward(s) Affected:

None

### Executive Summary:

The Council is required to produce an Annual Governance Statement (AGS) for the 2016/17 financial year alongside the Council's financial statements. The report sets out for the Committee the process that is currently being followed to construct this year's AGS.

The 2015/16 AGS referred to six areas of concern which were:

- Sheffield City Region
- Service Planning and Performance Management
- Risk Management
- Major Project Developments
- Procurement and Contracts Management
- Information Governance

In addition, the 2015/16 AGS identified a number of other matters which had been referred to in the 2014/15 AGS but still had action outstanding at the point that the 2015/16 AGS was completed. These related to:

- Taxi Licensing
- Adult Social Care

For these eight areas in total, this report provides a brief summary of the progress in each.

The 2015/16 AGS also referred to a range of other issues connected to the reviews carried out by Professor Alexis Jay and Louise Casey in 2014 and 2015 respectively. This report does not cover the content of the Council's response to those reviews as that is reported as part of the overall "fresh start" improvement plan. However, the 2016/17 AGS will include full information on the progress of the Council's "Fresh Start" improvement programme.

**Recommendations:**

- **The Audit Committee is asked note the updates provided**

**Background Papers:**

"Delivering Good Governance in Local Government", published by CIPFA (the Chartered Institute of Public Finance and Accountancy) and SOLACE (the Society of Local Authority Chief Executives) in April 2016.

Audit Committee Report 8<sup>th</sup> February 2017 "Local Code of Corporate Governance"

**Consideration by any other Council Committee, Scrutiny or Advisory Panel:**

No

**Council Approval Required:**

No

**Exempt from the Press and Public:**

No

**Title:**

Annual Governance Statement review for 2016-17.

**1. Recommendations:**

- **The Audit Committee is asked note the updates provided**

**2. Background**

- 2.1 The Accounts and Audit Regulations require the Council to produce an Annual Governance Statement alongside its Statement of Accounts in each financial year. It is currently intended that the 2016-17 Annual Governance Statement will be published in draft and presented to the Audit Committee at its July meeting. A process to gather assurances and evidence from Strategic Directors and Heads of Service is currently underway. This process is being led by the Head of Internal Audit, the Corporate Risk Manager and the Insurance and Risk Manager.
- 2.2 The assurance and evidence process underway will identify any new issues for inclusion in the 2016-17 Annual Governance Statement. In addition to any new issues, the 2016-17 Statement will include an update on the matters included in the 2015-16 Statement. As a result, the process is also seeking evidence around the actions taken to address issues in the previous year.
- 2.3 As noted in the Executive Summary, the following issues were highlighted in the 2015-16 Statement which require follow up in 2016-17:
- Sheffield City Region
  - Service Planning and Performance Management
  - Risk Management
  - Major Project Developments
  - Procurement and Contracts Management
  - Taxi Licensing
  - Adult Social Care
- 2.4 Additionally, the 2015-16 AGS also referred to a range of other issues connected to the reviews carried out by Professor Alexis Jay and Louise Casey in 2014 and 2015 respectively. This report does not cover the content of the Council's response to those reviews as that is reported as part of the overall "fresh start" improvement plan.

### **3. Process to construct the 2016-17 AGS**

- 3.1 In constructing the AGS for 2016-17, the Council needs to assemble sufficient evidence to support the statements that it will make. To achieve this, a Statement of Assurance is to be completed and signed by each Strategic Director. These Statements have been issued and all are expected to be returned by mid-April. Each Statement is expected to either state that there are no issues or to highlight the issues from the Directorate that need to be included in the AGS.
- 3.2 In order to construct the signed Statement, self-assessments are being completed in each Directorate. A self-assessment checklist on the seven governance principles set out in the Council's Local Code of Corporate Governance has been sent to each Assistant Director for completion before the Statement of Assurance from the Directorate is completed.
- 3.3 Strategic Directors are expected to gather the self-assessments from each Assistant Director and use them to form their conclusion when signing their Statement of Assurance.
- 3.4 In addition, for the various issues raised in the 2015-16 AGS, a further request has been sent to Strategic Directors alongside the Statement of Assurance, asking for a report on the progress that has been made.
- 3.5 Once these reports have been received, they will be included in the evidence pack supporting the final Annual Governance Statement for 2016-17.

### **4. Updates of individual issues from 2015-16**

- 4.1 The following paragraphs provide a brief summary and update on reported progress throughout 2016-17. In each case, management will provide a fuller summary by the end of April so that more information can be included in the 2016-17 AGS.

#### *Sheffield City Region*

- 4.2 The 2015-16 AGS reported that the Sheffield City Region (SCR) governance arrangements were subject to a review at the current time, in reflection of its changing and growing role and, for example, a proposed new Strategic Economic Plan for the City Region.
- 4.3 Governance arrangements for the SCR have continued to develop during 2016-17. Specifically, at its meeting on 22<sup>nd</sup> March 2017 the SCR approved a new Assurance and Accountability Framework which

will form the basis of governance for the SCR as it continues to develop in the coming year.

#### *Service Planning and Performance Management*

- 4.4 The 2015-16 AGS said that while arrangements were in place in key areas for 2015-16, for example Children's Services, there was not an overall corporate framework or consistent arrangements in place across all Council services. The development of service planning and performance management arrangements was to be a priority for 2016-17.
- 4.5 Following the approval of the Corporate Plan and the Performance Management Framework in the early part of 2016-17, Corporate Performance management arrangements are now embedded with public reporting in each quarter of the financial year throughout 2016-17. Service Plans have recently been completed for all service areas and will be monitored throughout the 2017-18 financial year.

#### *Risk Management*

- 4.6 The 2015-16 AGS reported that whilst Risk Management arrangements and detailed corporate and service risk registers were now in place and subject to regular review, a priority for 2016-17 was to embed the refreshed arrangements and demonstrate the effectiveness of the arrangements in place.
- 4.7 The revised Risk Management Policy and Guide includes all elements of current operational risk management practice. Extensive Risk Management training has taken place throughout the Council and Risk Champions are now in place who ensure that Risk Management arrangements are adhered to. A recent Internal Audit report gave "Reasonable Assurance" on the controls operating around the Council's Risk Management process.

#### *Major Project Development*

- 4.8 The 2015-16 AGS referred to the Council having a series of substantial and major projects in progress to improve systems and the services they support. Two specific examples, implementation of a new social care system and a new integrated housing management system were referred to and it was noted that audit work revealed various process weaknesses that needed to be addressed through stronger project and programme management.

- 4.9 The immediate priorities were addressed and there has been some development of the Council's approach and arrangements for major project management. A more detailed report will be included in the 2016-17 AGS.

#### *Procurement and Contracts Management*

- 4.10 The Council gathered information to update its contracts register during 2015-16 and this was reported in the AGS. This revealed significant weaknesses in the forward planning and establishing of contracts to ensure the Council complied effectively with relevant procurement rules and achieved best value from its procurement of goods and services.
- 4.11 An Internal Audit review carried out in 2016-17 reported that there was now "reasonable assurance" on the controls in place around procurement and contracts management and the actions from this work are currently being implemented.

#### *Taxi Licensing*

- 4.12 The 2015-16 AGS stated that Internal Audit follow up work during 2015-16 identified the need for improvements in relation to the issuing of licences and the processes for investigating complaints. It also stated that the Commissioners had agreed that the Council was in a position to have its Licensing functions returned to its control.
- 4.13 In the course of 2016-17 these powers were returned to the Council following extensive improvements to the service.

#### *Adult Social Care*

- 4.14 The 2015-16 AGS reported the details of the Council's self-assessment of Adult Social Care Services. It reported that the exercise had concluded that the Care Act statutory guidance had not been fully implemented and a number of areas required action, development and change. These recommendations formed the basis of an action plan to implement improvement opportunities, developed by the Adult Safeguarding Board, which was implemented during 2015/16.
- 4.15 The Council has also produced a new vision and strategy describing the outcomes that it is seeking to achieve for all adults with disabilities and older people and their carers in the borough. The delivery of this strategy is being closely monitored and the Council's powers relating to this function have been returned

#### *Information Governance*

4.16 The 2015-16 AGS reported that significant weaknesses had been highlighted in relation to the Council's management of information, including information security, from incidents arising / reported during 2015-16.

4.17 Since the completion of the 2015-16 AGS there have been significant changes in the structure of the Council's Customer, Information and Digital Services Service as well as in the Information Governance Group. Both of these developments have helped to respond to the issues set out in the 2015-16 AGS.

## **5. Options considered and recommended proposal**

5.1 As this paper only considers the process being followed for completion of the AGS for 2016-17 and provides feedback on the progress to date. As a result, no specific options have been considered.

## **6. Consultation**

6.1 All Strategic Directors have been asked for their input into the 2016-17 AGS process through the submission of signed Statements of Assurance.

## **7. Timetable and Accountability for Implementing this Decision**

7.1 The Corporate Risk Manager, the Insurance and Risk Manager and the Head of Internal Audit will ensure that the issues outlined in this report are addressed and updated as part of the completion of the Annual Governance Statement for 2016-17.

## **8. Financial and Procurement Implications**

8.1 There are no direct financial and procurement implications in relation to this report. Completion of the AGS for 2016-17 will identify any financial or procurement implications and these will be reported as appropriate.

## **9. Legal Implications**

9.1 There are no direct legal implications arising from this report, although it is a statutory requirement for an AGS to be published alongside the Council's Financial Statements. This report endeavours to set out how the Council intends to comply with that requirement.

## **9. Human Resources Implications**

9.1 There are no Human Resources implications directly associated with the paper.

## **10. Implications for Children and Young People and Vulnerable Adults**

10.1 No direct implications for Children and Young People are expected from the completion of the 2016-17 AGS.

## **11. Equalities and Human Rights Implications**

11.1 There are no direct implications expected from the completion of the 2016-17 AGS for Equalities and Human Rights.

## **12. Implications for Partners and Other Directorates**

12.1 None expected.

## **13. Risks and Mitigation**

13.1 The AGS is expected to be completed each year to sit alongside the Financial Statements. The risk of failing to produce an AGS has been considered and, although this is a remote risk resources are in place to ensure that a complete and accurate AGS is delivered on time.

## **14. Accountable Officer:**

14.1 Shokat Lal (*Assistant Chief Executive*)

Approvals Obtained from:-

Strategic Director of Finance and Customer Services: Judith Badger

Director of Legal Services: Stuart Fletcher

Simon Dennis  
Corporate Risk Manager

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