

Audit & Standards Committee

11 September 2014

Annual Governance Statement 2013/2014

Recommendation

That the Committee endorses the Annual Governance Statement for 2013/14 prior to submission to Cabinet and Council.

1.0 Key Issues

- 1.1 The Accounts and Audit (England) Regulations 2011 require the authority to conduct a review, at least once in a year, of the effectiveness of its system of internal control. The findings of the review must be considered by a committee, and following the review, the committee must approve the annual governance statement (AGS).
- 1.2 The results of the review and resulting AGS was considered at the June meeting of the Committee in order that a proposed AGS could be made available to the external auditors. The draft statement was endorsed by the committee. Feedback from external auditors has been positive and no changes are required to the draft statement endorsed by the Committee in June.
- 1.4 The Committee is asked to confirm that the proposed AGS (**Appendix 1**) continues to be appropriate taking into account the results of the external audit and the content of the Authority's accounts which are also on the agenda for this meeting. This process is in accordance with legal advice that the annual governance statement is considered at the same time as the accounts. Following endorsement by the Committee the AGS will be submitted to Cabinet on 18 September and to Council on 25 September.

2.0 Background Papers

- 2.1 There are no background papers to this report.

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Annual Governance Statement

Year ended 31 March 2014



Annual Governance Statement 2013/2014

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Annual Governance Statement 2013/2014

1. What are we responsible for?

We are responsible for carrying out our business in line with the law and proper accounting standards, and for using public money economically, efficiently and effectively, and accounting for it properly. We also have a duty under the Local Government Act 1999 to continually review and improve the way we work, while at the same time offering value for money and an efficient and effective service.

To meet our responsibility, we have put in place proper governance arrangements for overseeing what we do. These arrangements are intended to make sure that we do the right things, in the right way, for the right people, in a timely, inclusive, open and accountable manner. These arrangements consist of all the systems, processes, culture and values which direct and control the way in which we work and through which we account to, engage with and lead our communities.

We have approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. You can obtain a copy of the Code from our website:

<http://www.warwickshire.gov.uk/corporategovernance>

This statement explains how the Council has complied with the code and also meets the requirements of the Accounts and Audit (England) Regulations 2011.



2. The aim of the governance framework

The governance framework is basically the systems and processes, and the culture and values, by which we are controlled and how we account to, engage with and lead the community. The framework allows us to monitor how we are achieving our strategic aims and ambitions, and to consider whether they have helped us deliver appropriate services that demonstrate value for money.

The system of internal control is an important part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failing to achieve our policies, aims and objectives, so it can only offer reasonable assurance and not absolute assurance of effectiveness. The system of internal control is based on continuing processes designed to:

- identify and prioritise the risks that could prevent us from achieving our policies, aims and objectives;
- assess how likely it is that the identified risks will happen, and what will be the result if they did; and
- manage the risks efficiently, effectively and economically.

The framework underpins our Code and set out the commitments we have made about the way that we work. The governance framework has been in place at the Council for the year ended 31 March 2014 and up to the date of approval of the annual report and statement of accounts.

3 The Governance framework

Core Principle 1: Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users

During 2013/14 our Vision continued to be "Working in Partnership to put Customers First, Improve Services and Lead Communities". This forms the centrepiece to our Strategic Delivery Framework and provides strategic direction to the Council. We have in place seven ambition areas, each linked to a set of aims which we seek to deliver through the Corporate Business Plan. The Vision is reviewed annually as part of our strategic planning process. <http://www.warwickshire.gov.uk/strategicdirection>

During 2013/14 we commenced work on developing a policy led single organisational plan 2014-18 which sets out our agreed core purpose, priorities and our outcomes and which sits alongside the medium term financial plan. This was approved by Council on 25th February 2014 and the business outcomes that will support the delivery of our core purpose were agreed by Cabinet in March 2014. The approach we have taken fully integrates the corporate and financial planning processes, <http://wccshapingthefuture.wordpress.com/>

Both the Vision and the new One Organisational Plan were informed by an extensive programme of consultation with the public and based on the Quality of Life Report which provides a comprehensive assessment of a range of indicators and trends in local conditions experienced by the residents of Warwickshire. The key messages identified in the analysis aid the decision making and priority setting processes; providing the context for our business planning and the evidence base for our policy development. The report has been published on our website: <http://www.warwickshire.gov.uk/qualityoflife>

The Vision, Aims and Ambitions and Intended Outcomes were communicated to citizens through the publication of the Corporate Business Plan which was made available through a range of media including our website and, increasingly, social media: <http://www.warwickshire.gov.uk/businessplan>

Work is underway to publicise the approved One Organisational Plan using a range of different channels to increase its accessibility and transparency.

Reviewing the authority's vision and its implications for the authority's governance arrangements

We adopted a Corporate Governance Code of Conduct in October 2004. This was revised in 2007/08 to reflect new CIPFA/SOLACE guidance. The Code identifies our commitment to corporate governance and supports our Vision and Aims and Ambitions. The Code underlines the critical role governance has in the delivery of objectives, stating that 'good governance is essential for the Authority to improve the quality of its services and has a significant impact on the public's level of trust in the services that the Authority delivers'. The Code can be found on our website: <http://www.warwickshire.gov.uk/corporategovernance>

Translating the vision into objectives for the authority and its partnerships

The Strategic Delivery Framework "Achieving our Ambitions" applied during 2013/14 and pulled together the key elements of a number of different existing corporate plans and documents. <http://www.warwickshire.gov.uk/strategicdirection>

This framework was supported by the following documents:

- **The Corporate Business Plan** sets out the Council's aims. These are grouped around seven ambition areas which explain what we hope to achieve. <http://www.warwickshire.gov.uk/businessplan>
- **Framework for Transformation and Development** sets out the ways in which we will change and develop the way in which we work over the next 3-5 years. The framework brings together the strategy for Organisational Development which promotes, develops and sustains organisational success and a coherent plan which provides a route map to strengthening the organisation through its people and workforce planning.
- **Medium Term Financial Plan** outlines how we intend to use and raise the resources needed to deliver our services and priorities over the medium term. This includes a detailed three year savings plan. <http://www.warwickshire.gov.uk/financeplan>
- **Quality of Life Report** provides information and intelligence about Warwickshire and its people and helps provide the evidence base for the Strategic Delivery Framework, outlining how the quality of life in Warwickshire compares with elsewhere and how it changes over time. <http://www.warwickshire.gov.uk/qualityoflife>
- **Corporate Risk Register** sets out the risks that we have to manage to help us achieve our objectives.
- **Corporate Asset Management Plan** outlines our intentions for each of our non-school buildings and assets which we either occupy or own to ensure the efficient and effective use of all assets over the short, medium and long term.

Our future direction and priorities are contained in the recently approved One Organisational Plan.

Measuring the quality of services for users, ensuring they are delivered in accordance with the authority's objectives and that they represent the best use of resources and value for money

Our approach to performance management during 2013/14 is set out in the Performance Management Framework. The Corporate Business Plan and Business Unit plans all have performance measures which enable us to monitor progress in the achievement of our aims, objectives and intended outcomes. Organisational health reports which integrate finance, performance and risk are presented to Cabinet on a quarterly basis. The Finance and Performance Working Group, made up of members, scrutinise, monitor and review these reports quarterly. The Working Group engages with Cabinet through the identification of key areas for improvement and by submitting recommendations aimed around improving the Council's service delivery and financial stability. Copies of organisational health reports are available on our website: <http://www.warwickshire.gov.uk/performance-report>

The proposed reporting arrangements for the One Organisational Plan will be considered by Cabinet in June 2014.

We produce a leaflet each year which details our services and outlines how we spend Council Tax income. The leaflet for the current and previous financial years can be viewed on our website: <http://www.warwickshire.gov.uk/counciltaxspending>

Core Principle 2: Members and officers working together to achieve a common purpose with clearly defined functions and roles

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication in respect of the authority and partnership arrangements

Elected members are collectively responsible for the governance of the Council. Decision making and scrutiny of member decisions has been separated through the executive arrangements introduced by the Local Government Act 2000. Responsibilities for decision-making, the role of individual members, the Council, Cabinet, and committees are defined in the Constitution.

Following the County Council elections in May 2013 we have a minority Conservative administration and the Council's governance arrangements have been updated to reflect the new political structure. The proposed changes have been adopted by the new Council and reflected in the Constitution.

The roles and responsibilities of the Head of Paid Service, Monitoring Officer and Chief Finance Officer, delegation of statutory powers and executive functions, and Protocols on member / officer relations are defined and documented within our Constitution which can be found on our website: <http://www.warwickshire.gov.uk/constitution>.

Ensuring effective management of change and transformation

A systematic review of all Council services as part of our "Transformation through Strategic Commissioning" programme commenced in January 2012 and was completed by March 2014.

The relevant Cabinet Portfolio Holder was engaged throughout the process and progress updates on the overall programme and service reviews was reported to the Corporate Services Overview and Scrutiny Committee. A report outlining all of the outcomes following the conclusion of the strategic commissioning process is to be presented to Cabinet and Corporate Board in May 2014.

Ensuring the authority's financial management arrangements conform with the governance requirements of the *CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)* and, where they do not, explain why and how they deliver the same impact

Arrangements are in place to ensure that we fully comply with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). They include the following:

- The Head of Finance is actively involved in the financial implications of all material business decisions, leads on promoting good financial management, is professionally qualified and suitably experienced and leads and directs a finance function fit for purpose.
- Although he is not a Strategic Director, he is entitled to attend at and offer advice to meetings of the Corporate Board and Cabinet/Corporate Board in relation to any item which he considers raises financial issues.
- Within the Financial Regulations of the Authority he has the responsibility to advise Strategic Directors as necessary on financial arrangements and has access to all documents concerned with finance.

Ensuring the authority's assurance arrangements conform with the governance arrangements of the *CIPFA Statement on the Role of Head of Internal Audit (2010)* and, where they do not, explain why and how they deliver the same impact

The Council has delegated responsibility for maintaining an adequate internal audit function to the Strategic Director for Resources. A programme of risk based audits is carried out by the Risk and Assurance Service. A summary of audit work is reported to the Audit and Standards Committee which has responsibility for oversight of probity and audit issues and meets four times a year.

Arrangements are in place to ensure that we fully comply with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010). In particular the head of audit has regular formal meetings with the Strategic Director for Resources, Head of Finance and Head of Law and Governance and does not take any part in any audit of risk management or insurance. Work is underway to ensure we fully comply with the Public Sector Internal Audit Standards (PSIAS) which were launched in April 2013, superseding the 2006 Cipfa Code of Practice for Internal Audit in Local Government in the United Kingdom. We have created an Internal Audit Board and updated the Audit Charter. Compliance with PSIAS is mandatory and will be confirmed by an external assessment in due course. More information can be found on our website:

<http://www.warwickshire.gov.uk/audit>

Ensuring effective arrangements are in place for the discharge of the monitoring officer function

The Monitoring Officer has arrangements in place to ensure that all reports to member bodies are checked by qualified lawyers within the Authority and to ensure compliance with legislation, corporate policies and procedures. All decision making member bodies are supported by a legal advisor who attends meetings. In addition, the Monitoring Officer receives weekly briefings from senior lawyers in the Authority highlighting if there are any:

- cases or potential cases where questions arise as to the Council's power to take action
- cases or potential cases of breaches of law or internal regulations, especially standing orders, contract standing orders or financial regulations
- proposals to act contrary to corporate policy or legal advice
- new legislation, statutory instruments or government proposals affecting areas of work carried out by the Authority

The Monitoring Officer has responsibility for reviewing and investigating complaints about elected member conduct (including co-opted members).

Ensuring effective arrangements are in place for the discharge of the head of paid service function

The Chief Executive is designated as the Head of Paid Service and fulfils the responsibilities of the role. The functions of the Head of Paid Service and group structures that have been put in place are contained within the Constitution which can be found on our website:

<http://www.warwickshire.gov.uk/constitution>

Undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees: Practical Guidance for Local Authorities*

The Audit and Standards Committee operates to an agreed terms of reference which defines its core functions, roles and responsibilities. The terms of reference is contained within the Constitution which can be found on our website: <http://www.warwickshire.gov.uk/constitution>

Incorporating good governance arrangements in respect of partnerships and other joint working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in the authority's overall governance arrangements

A partnership governance toolkit is in place. The purpose of the toolkit is to help the Council and other agencies involved in partnership working to identify the key governance issues that need to be addressed when considering new partnership arrangements or running existing partnerships.

The toolkit contains a number of tools designed to help build a partnership framework including partnership objectives, structures, governance arrangements (including performance, financial and risk management arrangements, customer engagement protocols and exit strategies).

Core Principle 3: Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

Our Code of Corporate Governance is supported by a programme of governance training for officers and a range of internal audits. The expectations for the behaviour of elected and co-opted members are published in the Member's Code of Conduct contained within the Constitution. This was revised and adopted by full Council in July 2012 to take into account changes arising from the Localism Act 2011. Standards of behaviour for staff are defined in the Officers Code of Conduct contained within the Constitution found on our website: <http://www.warwickshire.gov.uk/constitution>.

New members of staff are made aware of codes of conduct as part of their induction. Staff codes of conduct are available through the HR pages on our website: <http://www.warwickshire.gov.uk/conduct>

Ensuring effective counter-fraud and anti-corruption arrangements are developed and maintained

We have a good record in preventing and identifying fraud but cannot afford to be complacent. We have an Anti-Fraud and Bribery Policy and Strategy outlining our commitment to creating an anti-fraud culture and maintaining high ethical standards in its administration of public funds. This was reviewed during 2012 to incorporate changes in best practice and legislation, including the Bribery Act 2010. These documents were reviewed and approved by the Audit and Standards Committee and Cabinet in December 2012 and published on our website: <http://www.warwickshire.gov.uk/antifraud>

We participate in the National fraud Initiative and counter-fraud activities take place throughout the year including articles published on the intranet to raise fraud awareness.

Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful

Key roles in relation to ensuring compliance with policies, procedures, laws and regulations are performed by the Monitoring Officer and the Section 151 Officer.

Financial Standing Orders were reviewed during 2013 and have been replaced by Financial Regulations. These were approved by full Council on 26th September 2013 and work is underway to develop a supporting suite of procedures. A structured approach to contract management is set out in Contract Standing Orders (CSOs). These provide guidance on managing our finances, ensuring compliance with legislation and value for money is considered in all purchasing activities. The current set of Contract Standing Orders was agreed by full Council on 21st March 2013 and became effective 1 April 2013. A revision was approved by full Council in September 2013 in relation to the approval of contracts over £500,000 but below £1 million. Financial Regulations and CSOs can be found on our website: <http://www.warwickshire.gov.uk/constitution>.

In addition, external audit and external inspection agencies contribute to the review of the Authority's compliance with internal policies and procedures, and relevant laws and regulations. External reviews completed during 2013-14 include:

- Care Quality Commission review of the Reablement Service North Team completed in October 2013. The review found we have an effective system in place to monitor the quality of care and support that people receive and actions are taken to improve the quality of the service.
- Ofsted thematic inspection on Early Help in January 2014. This examined arrangements to provide support to children and families as soon as a problem emerges. A final report is due to be published later this year.
- Inspections of schools as part of the Ofsted inspection programme.
- An Operational Assessment Peer Review of the Fire and Rescue Service completed in November 2013. This was a review performed by accredited peers from other fire services that reviewed operational assurance in governance, finance and operations. Following the review an action plan has been developed to manage and action recommendations made during the review.

We have commissioned a Local Government Association sponsored corporate peer review which is scheduled to commence in September 2014. The review will be tailored to reflect our local needs and specific requirements, and used as a tool to drive improvement for the Authority.

Whistleblowing, and receiving and investigating complaints from the public

The Whistleblowing Policy outlines procedures for staff members wishing to raise a concern, the response they can expect from the Authority and the officers responsible for maintaining and operating the code (which is essentially all managers). The Strategic Director (Resources Group) has overall responsibility for the maintenance and operation of this policy. A confidential register of concerns raised and the subsequent outcome of investigations is held by the Resources Group. Details of whistleblowing arrangements have been published on our website:

<http://www.warwickshire.gov.uk/whistleblowingreporting>

Complaints from members of the public are addressed according to the 'Corporate Complaints Procedure' ('making sure positive or negative customer feedback is valued and used to improve services') and managed corporately by the Customer Service business unit. Extensive guidance is available to staff through our intranet site, to the public on our website and through written publications: <http://www.warwickshire.gov.uk/complaints>

Core Principle 4: Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Reviewing the effectiveness of the decision making framework, including delegation arrangements, decision making in partnerships and robustness of data quality

The Constitution sets out how the Council operates, how decisions are made, who makes decisions, how citizens, businesses and other organisations

can participate, and the procedures which are followed to ensure that the Council is efficient, transparent and accountable to local people. Responsibilities for decision-making, the role of individual members, the Council, Cabinet, Committees and the process for determining the Authority's Key Decisions are defined in the Constitution. Delegations are detailed so that the functions of full Council, Cabinet, Cabinet members, Committees and Officers are specified. The Council is reviewing all main policies and procedures through its Corporate Frameworks Programme.

We have a forward plan which provides information about all of the decisions that the Council has scheduled. Formal agendas, reports and minutes for all committee meetings are published on our website. Where a report is considered in private, the reason for that is set out in the description of the decision: <https://democratic.warwickshire.gov.uk/cm15/>

The Overview and Scrutiny Committees act as a critical friend and hold Cabinet to account for its decisions. The terms of reference for all O&S Committees are defined in the Constitution: <http://www.warwickshire.gov.uk/scrutiny>

In compliance with the Freedom of Information Act 2000 procedures for requesting access to information are in place. Our publication scheme guide is available on our website: <http://www.warwickshire.gov.uk/foi>

Reviewing the effectiveness of the framework for identifying and managing risks and demonstrating clear accountability

Risk management is an integral part of good management and corporate governance and is therefore at the heart of what we do. It is essential to our ability to deliver public services and as a custodian of public funds. Our approach to managing risk is explained in the Risk Management Strategy which has been approved by Cabinet and is available on our website: <http://www.warwickshire.gov.uk/riskmanagementstrategy>.

This strategy is being reviewed as part of the corporate frameworks programme.

Core Principle 5: Developing the capacity and capability of members and officers to be effective

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

The development and training of elected members is managed by the Law & Governance Business Unit. At the beginning of their term of office, each elected member undergoes an induction programme which includes corporate governance training. A member development programme is agreed each year to ensure core development needs of members aligned to their respective roles are met and to take account of new and emerging issues. Democratic Services maintain a database of the training received by and planned for members.

Our approach to workforce planning both at a Corporate and a Business Unit level ensures that we can identify and address the necessary workforce

implications of our transformation activity and that we can anticipate and tackle current and future workforce challenges. Business Units develop robust workforce plans and identify learning and development priorities alongside the development of their business plans. This ensures that Warwickshire has a fit for purpose workforce and staff resources are deployed most effectively in the delivery of the aims and ambitions as set out in the Corporate Business Plan. Business unit workforce plans are co-ordinated to ensure consistency, and are consolidated to form the Corporate Workforce Plan.

The Corporate Learning and Organisational Development team offers a range of services to address the learning and development needs of all employees across the organisation, also offering specialist advice and guidance to individuals, teams and Groups. The team works closely with HR Business Partners as part of the Business and Workforce planning process to develop Learning and Development plans that reflect and support current organisational priorities. During 2013 we launched a new learning management system. The new system enables us to capture all learning and development activity taking place across the whole of the council, host e-learning, monitor, track and produce reports and enable staff to create their own personal development record. <http://www.warwickshire.gov.uk/gatewaytolearning>

The Working for Warwickshire Framework details the knowledge, skills, and qualities we need from our staff. Initially rolled out to Managers during 2012/13 this is being made available to all staff from April 2014. This ensures that all staff are clear what is expected of them. It also clarifies to all staff the knowledge, skills and qualities expected from their manager. As part of this framework, new elements have been introduced to ensure managers are being supported effectively. A self-assessment tool has been developed which all managers across the organisation use when reviewing performance and agreeing development needs as part of their appraisals and 1:1 sessions. <http://www.warwickshire.gov.uk/w4w>

The Chief Executive conducts appraisals of each of the three Strategic Directors and the Chief Fire Officer and they in turn appraise their respective Heads of Service. The corporate staff appraisal process applies to all staff across the organisation and is used as a tool to identify individual objectives and development needs: <http://www.warwickshire.gov.uk/corporateappraisal>

Core Principle 6: Engaging with local people and other stakeholders to ensure robust public accountability

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

We undertake consultation on a wide range of topics to help us engage with the public to inform decision making and to assess the quality of services we provide. Our Consultation and Engagement Framework provides staff with guidance and tools for planning and conducting consultation activities. As part of our approach to consultation the Ask Warwickshire website is a portal for consultation exercises taking place within Warwickshire. We use a variety of methods to undertake consultation including public meetings, public and staff roadshows, strategic meetings with partners and online consultation surveys. This enables us to engage with a greater number of citizens on a wide range of consultation topics and to provide results of completed consultation activities: <http://askwarks.wordpress.com/>

As part of the development of the One Organisational Plan we have conducted an extensive programme of public consultation. The public were invited to engage with members about what is important to them, and the leader embarked upon a programme of 'Let's talk' roadshows across the county. The roadshows were streamed live on the internet and supported by a dedicated twitter feed. After each event, a summary of issues discussed was posted on our website to keep people up to date. During the course of the consultation we used MORI 'You Choose' budget simulation software to help gather the views of the local community to help shape the medium term financial plan for 2014-18. <http://askwarks.wordpress.com/2014/01/07/feedback-from-the-lets-talk-public-engagement/>

A Public Engagement in Overview and Scrutiny Toolkit has been developed to support Members with engaging and involving the public in scrutiny activity. The Toolkit was approved by the Corporate Services Overview and Scrutiny Committee in October 2013: <http://warksdemocracy.wordpress.com/2013/10/28/greater-public-involvement-in-overview-and-scrutiny/>

Equality and Diversity is an integral part of consultation. Equality Impact Assessments are used as a tool to identify the potential impact of strategies, policies, services and functions on customers and staff. It is an evidence based assessment tool, to ensure and evidence that services do not unlawfully discriminate. This is supported by equality guidance for public consultation and engagement activity which is available to staff online: <http://www.warwickshire.gov.uk/staffequalityanddiversity>

The Petitions Scheme enables citizens to raise and formally present petitions to members and committees. This also provides for debates where petitions have a sufficient number of signatories. Petitions can be submitted by post or online: <http://www.warwickshire.gov.uk/petitions>

Our Locality Working Strategy outlines the objectives and working arrangements for engaging with the community alongside our partners and improving working with locality groups. This can be found on our website. <http://www.warwickshire.gov.uk/localityworkingstrategy>

We operate a network of thirty Community Forums across the county, each of which meets on a minimum of four occasions per year. These are run in partnership with the District/Borough Councils, Warwickshire Police, and Health Service and provide the opportunity for the public to engage with Councillors and public service providers about their concerns and priorities. Agendas and minutes of community forum meetings are available on our website: <http://www.warwickshire.gov.uk/communityforums>

One of the biggest changes to the way that we organise and deliver social care services in Warwickshire is increasing the level of involvement of customers both in the commissioning of new services across the county and also reviewing our existing services to ensure they are meeting the needs of all our customers. The Transformation Assembly contributes to this by involving customers and carers in shaping future adult social care services. Highlight reports are produced which report on the contribution made by assembly members to projects and differences made as a result of their input. Information about the Transformation Assembly and highlight reports can be found on our website: <http://www.warwickshire.gov.uk/transformationassembly>

We undertake an annual pupil survey which covers a wide range of issues including pupils' happiness, safety, physical activity, awareness of different issues and accessing help and information. Over 5,500 young people responded to the 2013 survey, representing 43 different schools and colleges

across the county. The findings from the survey are used to support future service planning. We published the results of the survey in May 2013 and a copy of the report summarising the key findings can be accessed on the Warwickshire Observatory website: <http://warksobservatory.wordpress.com/2013/05/07/2013-annual-pupil-survey/>

Enhancing the accountability for service delivery and effectiveness of other public service providers

We are members of a number of sub-regional partnerships and groups. These have member and / or officer representation. Each partnership has its own governance arrangements in place. <http://www.warwickshire.gov.uk/partnerships>

The Police Reform and Social Responsibility Act 2011 established the arrangements for Police and Crime Commissioners (PCCs) and for Police and Crime Panels. The Police and Crime Panel is a joint committee of the County Council and the five district and borough councils. The Panel's role is to review or scrutinise the decisions and actions of the PCC but in a way that supports the effective exercise of the functions of the PCC. The Panel first sat in December 2012 when the terms of reference were agreed. <http://www.warwickshire.gov.uk/policeandcrimepanel>

Governance arrangements are in place for scrutinising health services:

- The Health and Wellbeing Board is an executive function that has statutory responsibility for developing joint health and wellbeing strategies. The Board reports to Cabinet and Council every 6 months and is subject to independent scrutiny by the Adult Social Care and Health Overview & Scrutiny Committee.
- We have commissioned Healthwatch Warwickshire to undertake an independent role in the provision of information on local health and social care services to the public and also to enable public engagement with health providers. Healthwatch launched in April 2013 and a Memorandum of Understanding has been agreed setting out the framework for the working relationship between Warwickshire Health and Wellbeing Board, Healthwatch Warwickshire, Children and Young People Overview & Scrutiny Committee and Adult Social Care and Health Overview & Scrutiny Committee. The MoU was ratified by all groups during October and November 2013. <http://healthwarwickshire.wordpress.com/>

4. Review of effectiveness

We have responsibility for conducting, at least annually, a review of the effectiveness of our governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by external auditors and other review agencies and inspectorates.

The review of effectiveness was co-ordinated by an evaluation panel consisting of representatives from each group, the Head of Internal Audit and chaired by the Head of Law and Governance. In carrying out their review, the evaluation panel:

- considered the approach of the Authority to establishing its principal statutory obligations and organisational objectives;
- considered the approach of the Authority to identifying principal risks to the achievement of those obligations and objectives;
- identified the key control frameworks that the Authority has in place to manage its principal risks;
- obtained assurance from managers on the operation of key control frameworks and on the results of relevant external or internal inspection; and
- evaluated the assurances provided and identified gaps.

The evaluation panel scrutinised a series of assurance statements prepared by executive managers. These statements describe and provide evidence of the control frameworks and, where appropriate, referred to the results of reviews carried out by external agencies during the year including the external audit of the accounts. The work of the evaluation panel was scrutinised by the Monitoring Officer and the Section 151 Officer before being submitted to the Audit and Standards Committee for further scrutiny and reported to Cabinet and Council.

The Authority's governance arrangements have been reviewed throughout 2013/14 in a number of ways including:

- a review of the Constitution following the County Council elections in May 2013;
- a review of key corporate policies and strategies contained within the Corporate Framework commenced in 2012 and is ongoing;
- a review of Contract Standing Orders;
- a fundamental review of Financial Standing Orders with them being replaced by Financial Regulations;
- scrutiny reviews; and
- risk based reviews by Internal Audit.

The results of the Internal Audit work were reported to the Audit and Standards Committee throughout the year and the individual reviews feed into the overall Internal Audit Annual Report. This report concludes that the Authority's control environment provides moderate assurance that the significant risks facing the Authority are addressed. The internal audit findings were duly considered in the preparation of this statement by the evaluation team and the Audit and Standards Committee.

5. Governance issues

We have been advised on the implications of the result of the review of effectiveness of the governance framework by Cabinet and the Audit and Standards Committee. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

We have not experienced any significant governance failures during the last year. However the following have been identified as major challenges for the Authority going forward, each carrying significant risks for the County Council. The governance challenges recorded in this statement are reflected in the organisation's Strategic Risk Register and have accompanying actions. The Risk Register already highlights the significant actions taken and successes achieved in addressing the challenges of the past 12 months. A prime purpose of the governance framework is to minimise the occurrence of strategic risks and to ensure that any such risks arising are highlighted so that appropriate mitigating action can be taken. We are satisfied that the challenges

identified are addressed by service business plans and that the actions identified in those plans will address the issues highlighted in our review of effectiveness.

Governance Challenges for 2014/15 and beyond

Government policies, new legislation and sustained austerity measures present immediate challenges and further significant imposed savings over the medium term.

The outlook for Local Government remains demanding with a number of central government policies combined with the national economic situation presenting significant challenges to us. Statements from the Treasury reiterate that the period of austerity for public services will continue for some years. General Elections are scheduled for May 2015 and in the run up to this we will need to maintain a watching brief of political manifestos to identify any potential policies which may have a significant impact for local government.

In this continuing climate for public finances we are looking at further significant savings of £92 million over the next four years in order to balance the budget over the medium term and to secure growth. These financial pressures mean that the organisation faces a significant challenge to meet its aims and objectives. We have responded to this by producing a medium term financial plan for the period 2014-18. As the Council continues to navigate the changing economic circumstances it is imperative that at the organisational level we have a clear focus on the issues which matter to us and a resolute focus on our organisation's priorities. Therefore we have developed a One Organisational Plan for the County Council which incorporates the medium term financial plan. The approach we have taken integrates the corporate and financial planning processes, resulting for the first time in a policy-led single Organisational Plan for 2014-18.

In recognition of the economic challenges facing Warwickshire the principles of 'Going for Growth' have been incorporated within the One Organisational Plan. One of the core outcomes within the plan is that 'our economy is vibrant, residents have access to jobs, training and skills development'. We have a number of projects including faster broadband that are designed to pump prime the economies of our towns and businesses, and the challenge is to ensure that economic benefits to Warwickshire are delivered.

The introduction of the Community Infrastructure Levy will also have an impact on how the Authority receives funding from developers to fund the infrastructure and services required as a result of housing/business growth across the county. The County Council is working proactively with the district/borough councils on the implementation locally. The implications have been built into the medium term financial plan and details will be refined once local schemes are approved.

Arising from consultation undertaken for the One Organisational Plan and Medium Term Financial Plan we have opened up a debate on the feasibility of moving to unitary local government for Warwickshire. There is a large amount of partnership working that occurs within the county and across the sub region and we need to ensure that we maintain positive working relationships across all tiers of government. We are committed to being a good partner in order to advance the economic benefits and obtain the best outcomes for the sub-region.

Governance Challenges for 2014/15 and beyond

The savings plans that we have in place are challenging and will result in a significant impact on the level and quality of services that we can provide to the public. The major focus for us in the coming year is to:

- Ensure that there is sufficient capacity and skills to manage transformational change and delivery of budget savings;
- Continue to address the challenges we face in moving to a commissioning role;
- Ensure that there is continuity and stability of management to deliver our planned objectives and savings;
- Manage the impact of changes to services that we provide to the public and the effect this may have on partners, other authorities and the voluntary sector;
- Ensure that there is effective and appropriate consultation and communication of change to all customers, stakeholders and staff;
- Manage our budgets in a clear and prudent manner;
- Ensure that good governance, sound project and partnership management and standards of control are in place and strictly upheld during the transformation process to ensure that risks are managed and we achieve the right outcomes.

Continuing pressure on Adult Social Services resources.

Against a backdrop of increasing demographic, quality and cost pressures there are a number of proposed major legislative changes that will have a fundamental impact on the funding and provision of adult social care services in Warwickshire. The Care and Support Bill contains provisions covering adult social care and support reform, care standards (and the government's response to the Francis Inquiry), and health education.

A report was presented to the Health and Wellbeing Board on 26th March 2014 outlining the potential implications for Warwickshire. The current national plans indicate that the Care Bill will be enacted by 2016. Scoping work continues locally and the next step is an estimate of the local financial impact of the Care Bill and the creation of an implementation plan. This work will need to be integrated with the ongoing work associated with the One Organisational Plan in due course.

The Better Care Fund is a central government driven initiative to further integrate health and social care services in order to deliver better services to older and disabled people, keeping them out of hospital and avoiding long hospital stays. Clinical Commissioning Groups and the Council will need to jointly agree plans for how the money will be spent and these plans must meet certain requirements and from 2015/16 the fund will be put into pooled budgets under Section 75 agreements. The better care template and plan has been approved by the Health and Wellbeing Board and submitted to NHS England. The proposed governance structure and draft partnership agreement, for a Joint Commissioning Board that will progress the integration of NHS, social care, public health and related services has also been considered by the Board.

Governance Challenges for 2014/15 and beyond

Safeguarding Children and Vulnerable Adults in our community

In light of high profile safeguarding cases at a national level, we cannot be complacent about protecting children and vulnerable adults from harm and providing appropriate services for children in need. Responding to ever increasing levels of referrals against the backdrop of financial austerity will require careful judgements to be made both in terms of managing our exposure to risk and the associated increase in costs.

Recommendations arising from the Gemma Hayter Serious Case Review have been implemented. The action plan was independently reviewed and went to Warwickshire Safeguarding Adults Board on 29th January 2014, where it was accepted in full.

We received our first inspection from Ofsted under their new framework in January 2014. This was a thematic review which examined early help arrangements focusing on how the local authority children's social care services contribute to and support multi-agency early help work. A final report is due to be published in the summer of 2014.

The Children and Families Act 2014 received royal assent in March 2014. During the course of the next year we will take forward and implement changes arising from the Act so that we continue to improve services for vulnerable children and support strong families.

Keeping information safe.

Information security is a key issue for all public sector organisations in the light of well publicised data losses affecting many public bodies. A robust process for investigating data losses is in place and the Authority continues to protect the data of its staff, customers and business activities and ensure that it is stored securely, legally and in accordance with Council policy. We have reviewed our information security guidance as a method of increasing overall awareness, and signposting staff to our array of more detailed advice and guidance in this arena. To improve awareness, and ensure that all members of staff understand their information security responsibilities, we have required staff to formally accept their responsibilities.

Data loss remains an inherent risk for the Authority and we continue to place emphasis on improving awareness and practices in relation to information security and strengthening the security infrastructure of our networks. We will continue to review and develop training and guidance during the course of the next year including reviewing our e-learning facilities for all staff.

Coventry and Warwickshire Local Enterprise Partnership (CWLEP) and City Deal

CWLEP is a partnership and strategic body that plays a central role in determining local economic priorities and undertaking activities to drive economic growth and the creation of local jobs. The purpose of the partnership is to create a successful, thriving economy within Coventry and Warwickshire.

Governance Challenges for 2014/15 and beyond

The Government is supporting LEPs by increasingly providing funding and decision making to LEPs allowing them to decide and prioritise on the allocation of funding to deliver their economic strategies. This includes the Regional Growth Fund, Growing Places Fund, City Deal and local major transport schemes.

We are committed to being a good partner in order to advance the economic benefits of the partnership and obtain the best outcomes for Coventry and Warwickshire. The next year will be vital in implementing the measures previously put in place to ensure that planned objectives and agreed outcomes for the partnership are delivered. A new chairman has been appointed for the LEP from April 2014 and we will continue to work to alongside our business and political partners to ensure that planned objectives for the partnership are achieved that deliver agreed outcomes. Over the next year CWLEP is undertaking a number of major pieces of work in which we will have a stake. These include supporting the:

- implementation of proposals agreed as part of City Deal including further work on developing Governance arrangements.
- growth deal negotiations which are expected to take place in June/July 2014 following appraisal of the Strategic Economic Plan by the Government.

Future delivery of Warwickshire Fire & Rescue Service.

The Fire and Rescue Service is currently reviewing its arrangements for delivering front line services as part of its Integrated Risk Management Plan (IRMP) and savings plans. Views are being sought from the public, stakeholders and other organisations to the changes to policy and location of firefighters and fire engines. The consultation ends in June 2014 and a report outlining final recommendations will be presented to Council in September 2014.

The Fire and Rescue Service is exploring the feasibility and potential benefits of collaboration with Hereford and Worcester Fire and Rescue Service. A joint project team has been formed by officers from both services to explore and evaluate options. This is overseen by a joint Project Board comprising of officers and members from each service and Fire Authority. Within Warwickshire cross party member involvement and consultation is undertaken through regular meetings of a WCC Member Fire Reference Group. A report will be presented to Council in September outlining the recommended options. As part of our work we need to maintain a watching brief for any official response that the Government may issue to the Review of Efficiencies and Operations in Fire and Rescue Authorities in England undertaken by Sir Ken Knight in May 2013.

Development of Business Continuity Plans and procedures.

Warwickshire County Council is a Category One Responder as outlined in the Civil Contingencies Act 2004 and has a statutory duty to have business continuity plans which ensure that critical services can continue in the event of an emergency or disruption and to fully recover all services as soon as possible.

Governance Challenges for 2014/15 and beyond

To ensure our Business Continuity approach is appropriate a business continuity development plan has been agreed by Corporate Board and plans and processes are currently being systematically reviewed. The corporate business continuity policy and plan have both been revised and signed off by Corporate Board and business continuity plans have been drafted for all key services in People Group and the Fire and Rescue Service. The challenge over the next year is to complete the development of business continuity plans and to develop a testing and maintenance programme.

Driving improvement across all schools in the County.

The Government's change agenda for schools has brought about a significantly different educational landscape in Warwickshire, with increasing numbers of schools leaving the Authority's control having been granted academy status. We have a statutory responsibility for school improvement and we are continuing to build and maintain relationships with schools. Our priorities are to promote the welfare of all children in education in Warwickshire and to work in partnership with all schools, regardless of status, in order to ensure high levels of academic achievement and improvement.

In recognition of this and reductions in the budget to support school improvement we are working with schools to develop a peer to peer support model. By developing groupings or 'consortia' of schools, the Council is creating a platform to share good practice so that schools and educational providers are able to support each other. The model will empower schools collectively to take responsibility for the improvement of the support model. The model builds on established collaborative arrangements between schools to create a number of consortia formalising the roles of the schools, nominated consortia leads and the Council. In September 2013 Cabinet approved the phased implementation of the new delivery model for School Improvement.

High Speed 2 (HS2)

HS2 is a significant national infrastructure project, which will have an enormous impact on Warwickshire and its communities whilst being constructed. We have a strong relationship with the Warwickshire action groups and the 51m group of local authorities. Members and officers have worked closely with communities to help them develop mitigation proposals and we will continue working with community groups to respond to the future challenges of HS2. It is imperative that the Council continues to provide detailed scrutiny of HS2 to ensure that the impact on Warwickshire is as minimal as possible, maximum benefits are gained and communities are fairly compensated where necessary. The County Council will remain engaged with HS2 Ltd including responding to consultations and co-operating with work on design and mitigation to ensure that the interests of the County are protected if HS2 proceeds. We will continue to lobby MPs and make representations to Parliament as the HS2 Bill goes through its parliamentary stages.

6. Certification

We propose over the coming year to take steps to address each of the above matters to further enhance our governance arrangements. We are satisfied that the issues we have identified are addressed by the detailed action plans included in each of the service business plans across the Council, and that the actions identified will address the need for improvements that were highlighted in our review of effectiveness. These actions are monitored on a quarterly basis and reported to members and Corporate Board. A review of progress in addressing the challenges identified will be undertaken by the Audit and Standards Committee at their November meeting and we will monitor their implementation and operation as part of our next annual review.

Signed:
Jim Graham
Chief Executive

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Councillor Izzi Seccombe
Leader of the Council

Date: