

Annual Governance Statement 2016/17

What is Governance?

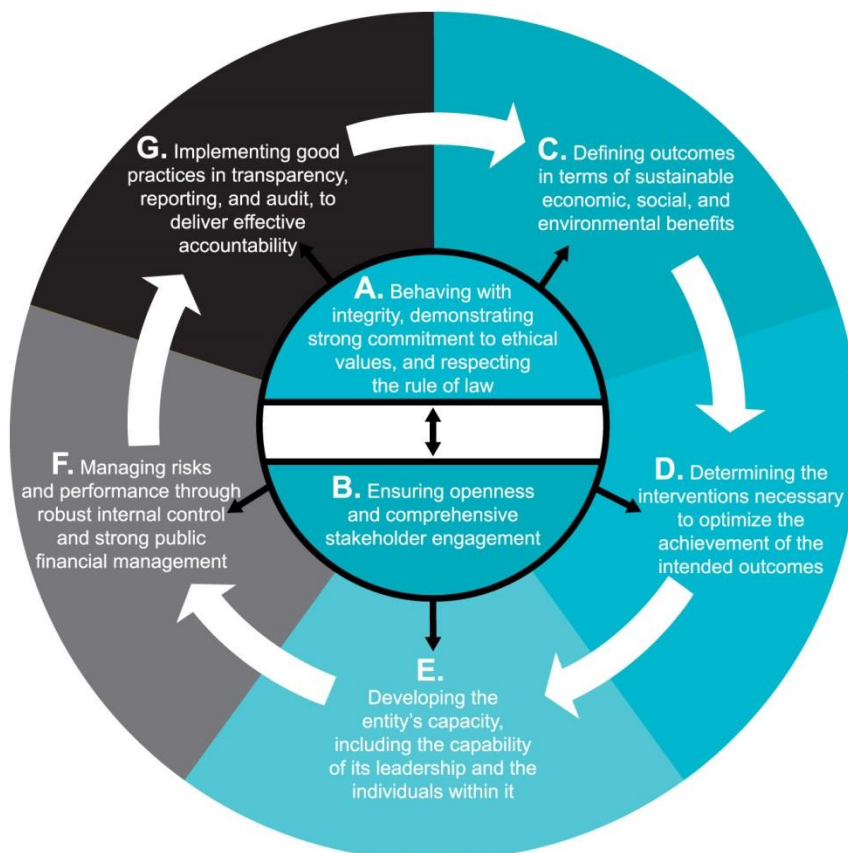
Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

To deliver good governance in the Authority, both governing bodies (Members) and individuals working for the Authority must try to achieve the Authority's objectives whilst acting in the public interest at all times.

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

The Core Principles of Good Governance

The diagram below, taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC. 2014) (the "International Framework"), illustrates the various principles of good governance in the public sector and how they relate to each other.



Responsibility

The Authority is responsible for ensuring that its business is completed in line with the law and statutory legislation, and that public money is spent wisely and properly accounted for. We will ensure that we continually improve the way we provide our services whilst taking into account value for money.

We will ensure that we put in place proper arrangements to ensure our risks are managed, and that controls and the governance process are in place.

We have approved and adopted a Code of Corporate Governance which is consistent with principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. The Code demonstrates the supporting principles which underpin the core principles and identifies the assurance as outlined in the Framework. It also demonstrates what level of assurance we get and thus, identifies any areas for improvement. This forms the assurance framework for good governance and demonstrates that we know our governance arrangements are working. Links to all supporting evidence identified in the assurance framework are contained within the Code of Corporate Governance and are not repeated in this statement.

Our Outcomes

Our desired outcomes for 2017-20 are detailed in the **Corporate Plan**. The Corporate Plan details our Vision and sets out our Thematic Priorities.

Our Vision is:

“One Tamworth, Perfectly Placed – Open for business since the 7th century AD”

Our thematic priorities are:

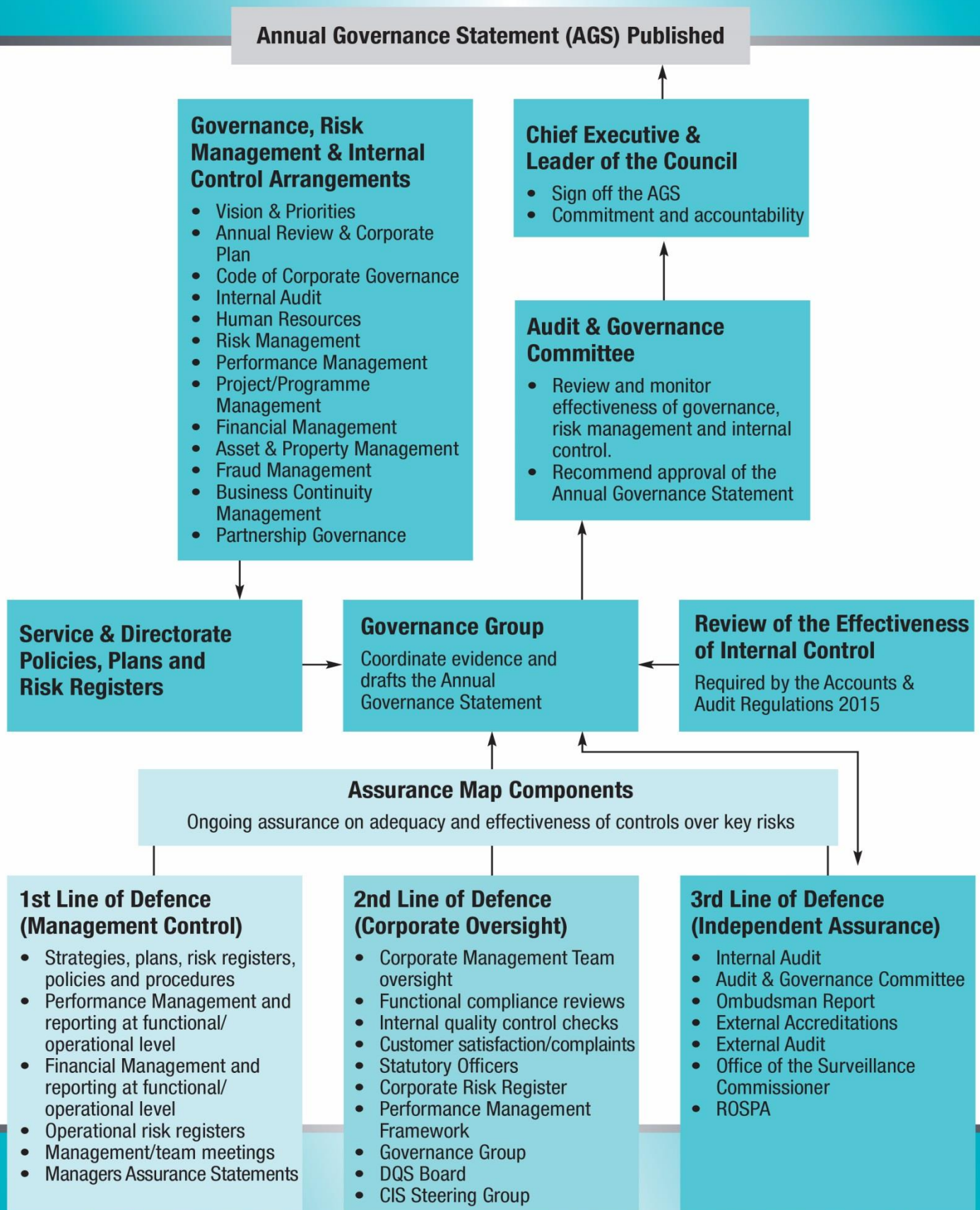
Living a Quality Life in Tamworth
Growing Stronger Together in Tamworth
Delivering Quality Services in Tamworth.

Under each thematic priority, we detail our ambitions and how we are going to realise these. All outcomes we aim to achieve, along with changes we want to see and supporting information are detailed in the Corporate Plan.

For each activity or process we complete, we ensure that the appropriate governance arrangements are in place.

The Assurance Framework

The diagram below shows how the Assurance Framework is made up



What have we done to monitor and evaluate the effectiveness of our governance arrangements during 2016/17.

The Authority has the responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control.

The review of the effectiveness of the system of internal control is informed by:

- The work of internal audit which is detailed in the Head of Internal Audit Services Annual Report;
- Responsibility of Corporate Management Team for the development and maintenance of the internal control environment;
- Reports received from our External Auditors and any other review agencies or inspectorates.

During 2016/17, the following actions have contributed to the evaluation of the effectiveness of the governance arrangements;

- The Governance Group has reviewed and updated against the Code of Corporate Governance in line with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*;
- Both the CIPFA Statement on the Role of the Chief Finance Officer and the CIPFA Statement on the Role of the Head of Internal Audit were reviewed and updated. Both officers comply with expected roles;
- The Head of Internal Audit Services reports to the Audit & Governance Committee on a quarterly basis and provides an opinion on the overall effectiveness of the system of internal control based upon the work completed. The statement for the 2016/17 financial year is as follows:

“I am satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation’s risk management, control and governance processes. Overall in my opinion, based upon the reviews performed during the year, the Authority has:

- adequate and effective risk management arrangements;
- adequate and effective governance; and
- has adequate and effective control processes.

- From the 1st April 2013, Internal Audit is required to comply with the Public Sector Internal Audit Standards. As part of this requirement, Internal Audit are required to complete an annual self-assessment against the Standards and produce a Quality Assurance & Improvement Programme(QAIP) which identifies areas for improvement both to ensure compliance with the Standards and other quality areas. The self-assessment against the standards and the QAIP are reported to the Audit & Governance Committee. An external verification of the self-assessment has been completed in 2016/17 and confirms that the service complies with the Standards;
- Our External Auditor’s report to each Audit & Governance Committee. In their Annual Audit Letter, they gave an unqualified opinion on the Statement of

Accounts, an unqualified conclusion in respect of the Authority securing economy, efficiency and effectiveness, and an unqualified opinion on the production of the Whole of Government Accounts;

- The Ombudsman report on the enquiries and complaints they received in 2015/16 was reported to the Audit & Governance Committee;
- Managers Assurance Statements have been completed by Directors and Heads of Service and have not identified any significant control issues;
- The Corporate Risk Register is owned and reviewed on a quarterly basis by the Corporate Management Team and reported in the Quarterly Healthcheck to Cabinet and also reported in the risk management update to the Audit & Governance Committee. There are no significant risks on the Corporate Risk Register;
- The Performance Management Framework ensures that the Financial Healthcheck is reported to Cabinet on a quarterly basis and made readily available on the Authority's website;
- The Authority retained The Code of Connection Certificate after completing an annual assessment against the Code which included assessments against governance, service management and information assurance conditions. Compliance with the Code of Connection ensures access to the Public Services Network;
- In July 2014, the Office of the Surveillance Commissioner completed an assessment of the Authority's RIPA policy and procedures, the results of which were reported to Council. In May 2015, staff were issued the Policy for acceptance and understanding. The Policy was reviewed and updated and approved by full Council in February 2016. A quarterly update report is presented to the Audit & Governance Committee on the use of RIPA powers. During the 2016/17, no RIPA authorisations were made;
- Financial Regulations, Contract Standing Orders and Financial Guidance are reviewed on a regular basis with the last review being approved by the Audit & Governance Committee in March 2016 and issued to staff;
- No issues were raised through the Counter Fraud and Corruption and Whistleblowing Policies;
- There were no data security breaches/lapses during the financial year;
- To assist in a more co-ordinated approach to managing projects, a Corporate Project Management template and process has been devised and made available to Officers;
- The governance framework for Information Services has been reviewed and updated;

- We have put in place an action plan for the introduction of the General Data Protection Rules which come into force in 2018;
- A self-assessment of the Audit & Governance Committee's effectiveness was completed on the 30th March 2017;
- The Chairs of the Audit & Governance and Scrutiny Committees submitted their Annual Reports to Full Council;
- The Authority complies with the Transparency Code;
- Counter fraud work continues to be completed with the retained expertise of in-house staff to investigate corporate fraud;
- Internal Audit completes an annual assessment of the risk of fraud which is reported to the Audit & Governance Committee. Assessments against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, the Fighting Fraud & Corruption Strategy & Checklist have been completed. Having considered all of the principles, we are satisfied that the Authority has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud;
- The Authority has both a moral and legal obligation to ensure a duty of care for children and adults with care and support needs across its services. We are committed to ensuring that all children and adults with care and support needs are protected and kept safe from harm whilst engaged in services organised and/or provided by the Council. We do this by:
 - Having a Safeguarding Children & Adults at Risk of Abuse & Neglect Policy and procedures in place;
 - Having Safeguarding Children & Adults Processes which give clear, step-by-step guidance if abuse is identified;
 - Safeguarding training programme in place for staff and members;
 - Carrying out of the appropriate level of Disclosure and Barring Service (DBS) checks on staff and volunteers;
 - Working closely with Staffordshire Safeguarding Children's Board & Staffordshire & Stoke-on-Trent Adult Safeguarding Partnership.
- The Authority recognises that it has a responsibility to take a robust approach to slavery and human trafficking. In addition to the Authority's responsibility as an employer, it also acknowledges its duty as a Borough Council to notify the Secretary of State of suspected victims of slavery or human trafficking as introduced by section 52 of the Modern Slavery Act 2015. The Authority is committed to preventing slavery and human trafficking in its corporate activities and to ensuring that its supply chains are free from slavery and human trafficking. The Authority has included modern slavery and human trafficking information within the corporate safeguarding policy and training. The Council will continue to develop and strengthen its approach to modern slavery and trafficking in 2017/18.

Declaration

We have been advised on the implications of the result of the review of the effectiveness of the Governance Framework by the Audit & Governance Committee and that the arrangements continue to be regarded as fit for purpose. The significant governance issues highlighted in the 2015/16 Annual Governance Statement still remain the significant issues during 2016/17 and are detailed at **Annex 1** with actions completed to date to address the issues. Other minor issues highlighted through the assurance gathering process have been noted with planned actions to address these issues. Monitoring of the completion of all these issues will be completed through reporting to the Audit & Governance Committee.

We propose over the coming year to take steps to address those matters raised to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operations as part of our next review.

Signed

D Cook

A E Goodwin

Leader

Chief Executive

Date

On behalf of the Authority

This information can be produced on request in other formats and languages. Please contact Internal Audit Services on 01827 709234 or email enquiries@tamworth.gov.uk

This is an electronic copy without an electronic signature. The original was signed as dated above and a copy can be obtained from the Executive Director Corporate Services

Significant Governance Issues 2016/17

The significant governance issues identified in relation to the Authority achieving its vision in 2016/17 are:

| No | Issue | Action 2015/16 | Update 2016/17 |
|----|---|---|---|
| 1 | <p>Medium Term Financial Strategy (MTFS)</p> <p>Whilst actions have been taken to ensure that the MTFS remains balanced, this is still a significant risk to the Authority. Revenue Support grant will be removed around 2020. Opportunities and risks associated with the 100% Business Rates Retention will need to be identified. The increasing demands of our customers also need to be considered.</p> | <p>Review on a regular basis the plans in place to deliver the MTFS to ensure that plans remain realistic and achievable including development of the Sustainability Strategy to address future financial constraints.</p> <p>Work with the Local Government Association (LGA) responses to the Department for Communities & Local Government (DCLG) on how the Business Rate Retention Scheme will work.</p> | <p>Sustainability Strategy savings targets approved as part of the Policy Changes on an annual basis are reviewed as part of the MTFS and Budget setting process each year.</p> <p>Quarterly updates are also provided to Cabinet as part of the Performance Management Framework and include the delivery of planned savings, additional National Non Domestic Rates (NNDR) income and government grants.</p> <p>The development of the 100% Business Rate Retention scheme is progressing – with regular briefings / meetings held with the LGA and DCLG.</p> <p>Technical consultations are expected during 2017/18. The impact for the Council will become clear when the scheme is finalised during 2018 (in preparation for implementation from 2019/20).</p> |

| No | Issue | Action 2015/16 | Update 2016/17 |
|----|--|---|---|
| 2 | <p data-bbox="271 284 600 355">Regeneration/Capital Projects</p> <p data-bbox="271 395 710 614">The Authority needs to ensure that capital projects are managed effectively to ensure that they are delivered and grant monies are spent appropriately and timely.</p> <p data-bbox="271 654 710 794">There is a risk that developers will not develop timely in accordance with the Local Plan need.</p> | <p data-bbox="728 395 1279 536">Maintain and review project plans on a regular basis to ensure that they can be delivered in accordance with the Capital Programme.</p> | <p data-bbox="1310 395 2049 614">Cabinet have received updates on the Commercial Investment Strategy (CIS), and have approved a steering group be formed comprising Members and Officers to oversee the implementation of projects delivered within the CIS. The initial meeting of this group is in May 2017.</p> <p data-bbox="1310 654 1982 794">Cabinet have also received regular updates on projects that sit outside of the CIS such as the Tinkers/Kerria regeneration and the Enterprise Quarter project.</p> <p data-bbox="1310 834 2049 943">Work has commenced on an inward investment strategy which will assist in encouraging growth and development within the borough.</p> |

| No | Issue | Action 2015/16 | Update 2016/17 |
|----|--|--|---|
| 3 | <p>Better Care Fund & Disabled Facilities Grants</p> <p>There is a risk that the Authority will not be fully funded to deliver the need for Disabled Facilities Grants.</p> | <p>Assessment of needs to be linked to the grant money received.</p> | <p>Staffordshire County Council undertook to fund the final year of the HIA Contract until 31.03.2017 as part of the Supporting People arrangements.</p> <p>A fundamental Review of the DFG Allocation process is scheduled to be reported back to Leaders and CEOs in April 2017.</p> <p>Staffordshire County Council has been informed by DCLG that it does not have the powers to top slice DFG Funding.</p> <p>The Council agreed to support a 12 month extension of the HIA Contract in order to facilitate the review of DFG Allocations. This review included 'assessment of need' as a fundamental consideration.</p> |