

## Annual Governance Statement 2017/18

### What is Governance?

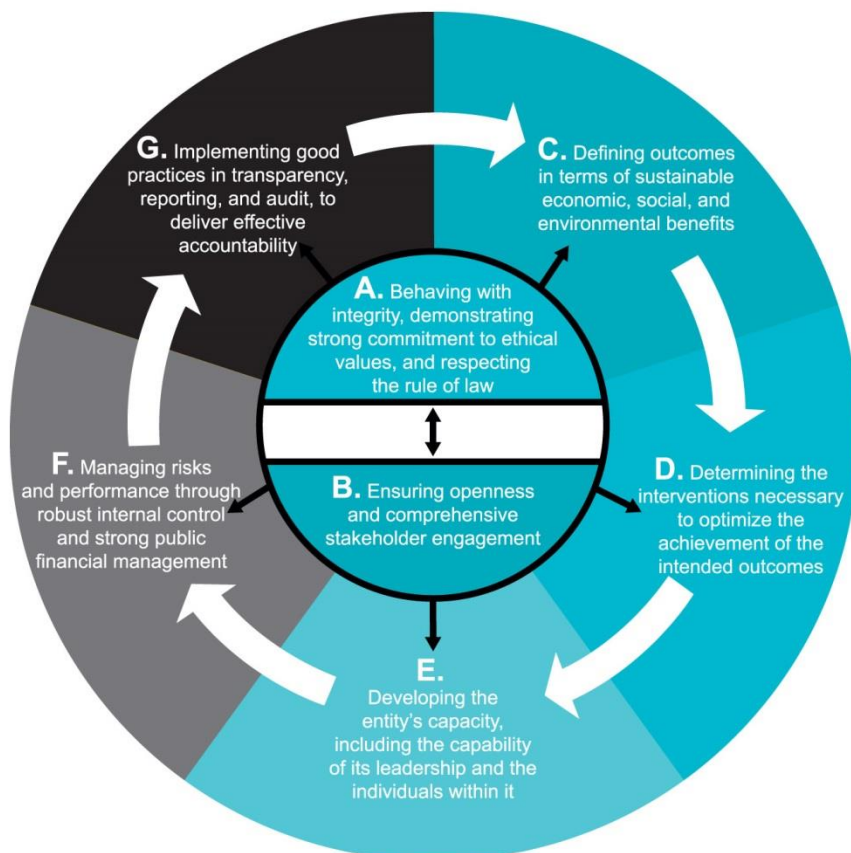
*Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.*

*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. The Code of Corporate Governance document is available on the Council's website.

## 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 7<sup>th</sup> century AD”

Our thematic priorities are:

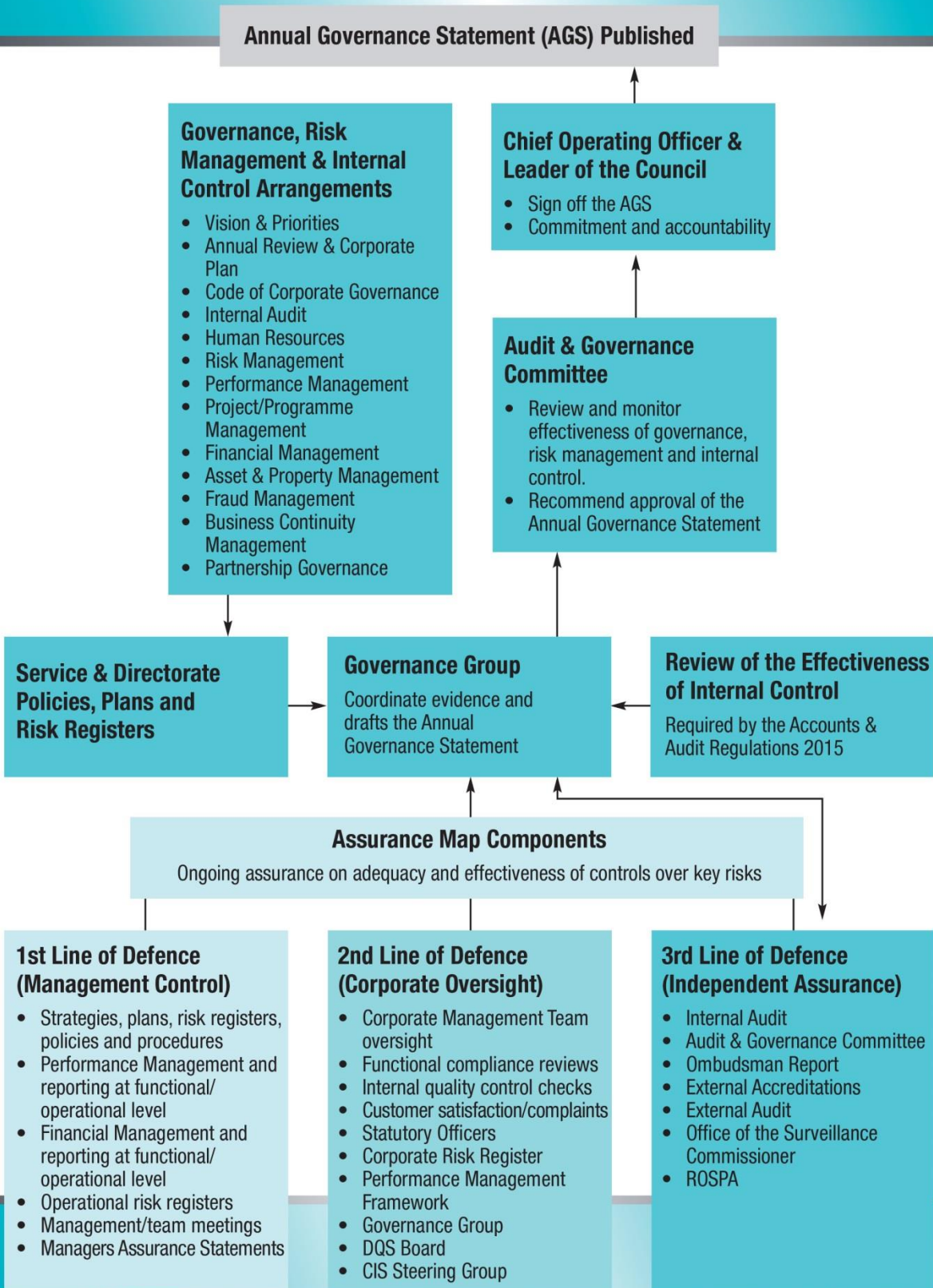
Living a Quality Life in Tamworth  
Growing Stronger Together in Tamworth  
Delivering Quality Services in Tamworth.

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 2017/18 .**

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; and
- Reports received from our External Auditors and any other review agencies or inspectorates.

During 2017/18, 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 2017/18 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 1<sup>st</sup> 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;

- Our External Auditors 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 2016/17 was reported to the Audit & Governance Committee in October 2017;
- 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 2017, the Office of the Surveillance Commissioner completed an assessment of the Authority's RIPA policy and procedures, the results of which were reported to the Audit & Governance Committee in October 2017. The Policy was reviewed and updated and approved by the Audit & Governance Committee in February 2018. A quarterly update report is presented to the Audit & Governance Committee on the use of RIPA powers. During 2017/18, 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 2018 and made available 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 May 2018;
- A self-assessment of the Audit & Governance Committee's effectiveness was completed on the 28<sup>th</sup> March 2018;
- 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 Anti-Money Laundering Policy was reviewed and approved by the Audit & Governance Committee in February 2018;
- The Diversity & Equalities Scheme 2015-19 was approved by Cabinet in July 2017; The Pay Policy 2017 was approved by Appointment & Staffing Committee in February 2017;
- In the last eighteen months, activity has progressed around the implementation of the organisation's response to the General Data Protection Regulations (GDPR). This has seen a project group formed to manage the implementation and a Corporate Information Governance Group representing all services within the organisation. Awareness has been raised through corporate communications, distribution of merchandise such as stationery and desk calendars and delivery of information through InfoZone. Specialist staff have been trained to practitioner level to ensure local knowledge for the implementation and subsequent maintenance. These officers have also been formally nominated as Data Protection Officer and Deputy Data Protection Officer. An Information Asset Register has been developed internally which holds details of approximately 500 datasets held by the organisation. This register will produce information such as retention schedules and disposal logs. Mandatory training is being developed for all staff and will take the form of a combination of e-learning, classroom sessions and information dissemination through InfoZone. Staff not under-taking this mandatory training will have their access to the organisation's network suspended following agreement at CMT and with Trade Unions Liaison Group. A notification

process has been developed to ensure that staff can recognise potential and actual security breaches and ensure that notifiable incidents are handled appropriately. Web pages are being redesigned based on feedback from the organisation that the original pages weren't appropriate. These pages will be available by mid-April. An Information Security Policy is being developed which will be disseminated through NetConsent in 2018;

- Partnership working arrangements continue to strengthen and further develop with both our statutory and community and voluntary sector partners. A number of projects and new ways of working have been developed in 2017/18. The Place Based Approach continues to grow and further develop; this is a collaborative partnership approach that uses multi skilled teams, universal services, voluntary sector organisations, and communities at the right time to improve outcomes for children, young people, vulnerable people and our community. As part of this Place Based Approach we have been working in partnership to identify community and voluntary sector organisations that can offer children, families and vulnerable people help and support at the earliest opportunity. We are currently exploring the most effective ways to share this information with our partners and communities. We value our community and voluntary sector and the work they do within our community. We contribute to the sector through funding projects that support the vision and corporate priorities of the Council. In 2017/18 we awarded a total of 34 grants through our Community and Voluntary Sector Grant Programme and our Arts Grant Programme; the total value of this funding was £17,766.02;
- Work is continuing on a number of actions to address the financial position in future years:
  - Delivering Quality Services project – the demand management approach to shift demand to more efficient methods of service delivery – online and automation (Interactive Voice Response). A savings target of £100k p.a. has already been included within the MTFS together with reduced CRM costs of £62k p.a. from 2019/20;
  - Recruitment freeze – where possible, temporary 12 month appointments are now only being made; there is a robust challenge / re-justification process in place for all vacant posts with a requirement to investigate alternative options including restructuring to fill vacancies / looking at what we can stop doing.
  - Spend freeze – Managers have previously been required to restrict / limit spending to essential spend only (there was a £1.6m underspend in 2016/17 – although the majority was windfall income, c. £0.57m was lower level underspend). Savings of over £150k p.a. have been included within the MTFS;
  - Alternative investment options arising from the Commercial Investment Strategy (as well as the Treasury Management Investment Strategy, including any prudential borrowing opportunities) to generate improved returns of c. 5% p.a. (plus asset growth) including:

- Set up of trading company to develop new income streams;
  - Local investment options – Lower Gungate / Solway Close development including the potential to drawdown funding from the Local Growth Fund / Local Enterprise Partnerships (GBS and Staffordshire);
  - Investments in a Diversified Property Fund;
- Review of reserves / creation of fund for transformation costs (if needed), and
- Targeted Savings – to identify potential areas for review in future years;
- 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; and
- 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 2018/19. The Tamworth Vulnerability Partnership continues to meet each morning to ensure that partner organisations are working together to coordinate efforts to support children, young people, families and vulnerable people across Tamworth.



## 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 2016/17 Annual Governance Statement still remain significant issues during 2017/18 with additional governance issues highlighted during 2017/18 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 Barratt

Leader

Chief Operating Officer

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](mailto: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 2017/18

The significant governance issues identified in relation to the Authority achieving its vision in 2016/17 remain significant issues for 2017/18 and are detailed below:

No	Issue	Action 2016/17	Update 2017/18
1	<p><b>Medium Term Financial Strategy (MTFS)</b></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>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 (NDR) income and government grants.</p> <p>We await an update from the Government on the revised timetable on the 100% Business Rate Retention.</p>	<p>Work is continuing on a number of actions to address the financial position in future years:</p> <ul style="list-style-type: none"> <li>• Delivering Quality Services Project – the demand management approach to shift demand to more efficient methods of service delivery – online and automation (Interactive Voice Response). A savings target of £100k p.a. has already been included within the MTFS together with reduced CRM costs of £62k p.a. from 2019/20;</li> <li>• Recruitment freeze – where possible, temporary 12 month appointments are now only being made; there is a robust challenge / re-justification process in place for all vacant posts with a requirement to investigate alternative options including restructuring to fill vacancies / looking at what we can stop doing.</li> </ul>

No	Issue	Action 2016/17	Update 2017/18
			<p>This means we have the opportunity to increase the vacancy allowance from 5% to 7.5% c. £45k p.a. year on year for the General Fund (£14k p.a. – HRA); It should be noted that staffing in some services e.g. planning, are key to the delivery of the Council’s economic growth agenda and have significant demand from the public and local businesses but can also experience severe recruitment difficulties – which may lead to the use of market supplements to attract staff.</p> <ul style="list-style-type: none"> <li>• Spend freeze – Managers have previously been required to restrict / limit spending to essential spend only (there was a £1.6m underspend in 2016/17 – although the majority was windfall income, c. £0.57m was lower level underspend). Savings of over £150k p.a. have been included within the MTFS;</li> <li>• Alternative investment options arising from the Commercial Investment Strategy (as well as the Treasury Management Investment Strategy, including any prudential borrowing opportunities) to generate improved returns of c. 5% p.a. (plus asset growth) including: <ul style="list-style-type: none"> <li>○ Set up of trading company to develop</li> </ul> </li> </ul>

No	Issue	Action 2016/17	Update 2017/18
			<p>new income streams;</p> <ul style="list-style-type: none"> <li>○ Local investment options – Lower Gungate / Solway Close development including the potential to drawdown funding from the Local Growth Fund / Local Enterprise Partnerships (GBS and Staffordshire);</li> <li>○ Investments in a Diversified Property Fund;</li> </ul> <p>Note: these would represent long term investments of between 5 – 10 years (minimum) in order to make the necessary returns (after set up costs).</p> <ul style="list-style-type: none"> <li>● Review of reserves / creation of fund for transformation costs (if needed), and</li> <li>● Targeted Savings – to identify potential areas for review in future years.</li> </ul> <p>Uncertainty remains over the work progressing with regard to business rates retention (and the associated impact on the Council's business rates income and associated baseline and tariff levels) – it has recently been announced that Councils will be able to retain 75% of business rates collected from 2020/21 rather than 100% as previously planned. In addition, the</p>

No	Issue	Action 2016/17	Update 2017/18
			<p>Government are also consulting on a review of the distribution methodology, the 'Fair Funding Review' as well as the planned Business Rates Reset (when a proportion of the growth in business rates achieved since 2013/14 will be redistributed) - both of which will also take effect from 2020/21. <b>There is a high risk that this will have a significant effect on the Council's funding level from 2020/21;</b></p>
2	<p><b>Regeneration/Capital Projects</b></p> <p>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>There is a risk that developers will not develop timely in accordance with the Local Plan need.</p>	<p>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 last meeting of this group was May 2017.</p> <p>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>Work has commenced on an inward</p>	<p>Significant re-profiling of capital scheme spend is forecast for 2017/18 into 2018/19 – c.£20m relating mainly to Housing Regeneration Schemes, works to High Rise flats and the works at the Assembly Rooms.</p> <p>The majority of this is beyond the control of the Council and has been forecast with the reasons understood.</p> <p>It is anticipated that this spend will now occur during 2018/19 with firm plans in place for such but the situation will be closely monitored and any potential issues will be highlighted at the earliest opportunity.</p> <p><b>Review of Asset Holdings and Asset Management Plan</b></p>

No	Issue	Action 2016/17	Update 2017/18								
		investment strategy which will assist in encouraging growth and development within the Borough.	<p>The Council's Asset Management Plan will be reviewed on an ongoing basis. This will identify any assets held by the Council that are no longer either required or fit for purpose and appropriate recommendations made regarding retention for alternative use or disposal.</p> <p>The Corporate Asset Management Strategy was last updated in 2015 relating to the following assets:</p> <table border="1" data-bbox="1317 687 2078 884"> <thead> <tr> <th data-bbox="1317 687 1832 762">Asset Description</th> <th data-bbox="1832 687 2078 762">Value (31/03/15)</th> </tr> </thead> <tbody> <tr> <td data-bbox="1317 762 1832 804">Investment Properties</td> <td data-bbox="1832 762 2078 804">£14,588,052</td> </tr> <tr> <td data-bbox="1317 804 1832 844">Land and Buildings</td> <td data-bbox="1832 804 2078 844">£6,537,500</td> </tr> <tr> <td data-bbox="1317 844 1832 884"><b>Total</b></td> <td data-bbox="1832 844 2078 884"><b>£21,125,552</b></td> </tr> </tbody> </table> <p>It details an estimated 10 year maintenance cost for each asset (<b>totalling c.£8m</b>) based on the inspections that had been undertaken.</p> <p><b>Long Term Strategic Plan</b></p> <p>It has been identified that the Council, through the Corporate Capital strategy and through the development of a long term strategic plan, needs to take a longer-term view of the assets required to deliver its Corporate Plan priorities and to support its</p>	Asset Description	Value (31/03/15)	Investment Properties	£14,588,052	Land and Buildings	£6,537,500	<b>Total</b>	<b>£21,125,552</b>
Asset Description	Value (31/03/15)										
Investment Properties	£14,588,052										
Land and Buildings	£6,537,500										
<b>Total</b>	<b>£21,125,552</b>										

No	Issue	Action 2016/17	Update 2017/18
			Medium Term Financial Strategy (MTFS), including spend required (and associated potential funding streams) to address the identified maintenance and repairs backlog for corporate assets.
3	<p><b>Disabled Facilities Grants</b></p> <p>There is a risk that the Authority will not be fully funded to deliver the need for Disabled Facilities Grants.</p>	<p>The pan-Staffordshire position in respect of the transfer of DFG Funding from the Better Care Fund (BCF) held by the County Council has not been fully resolved and is currently be reviewed through the Chief Executive Group.</p> <p>Progress has been made on the 'whole systems' review of the DFG processes. We are currently working in a Partnership Board with Districts and County to progress the equitable distribution. .</p> <p>For 2017/2018 allocation, we are currently working with the County Council on a 'Pass Through Agreement' for the forthcoming year. We have a statement from the County</p>	<p>The contract for delivery of the pan-Staffordshire delivery of DFG's has now been tendered, evaluated and the contract awarded for delivery commencing 1<sup>st</sup> April 2018.</p> <p>The pan Staffordshire Partnership Board has been set up which meets quarterly.</p> <p>The allocation of funding for 2018/19 will follow the same principles as for the previous year while the new contract beds in, and will be reviewed in time for 2019/20.</p>

No	Issue	Action 2016/17	Update 2017/18
		<p>Council identifying the current years distribution, but there are a number of deductions – Minor Works and the pro-rata contribution towards the Project Management costs of the ‘whole systems review’. At the Chief Executive Officer Group meeting on 13<sup>th</sup> July, 2017 the CEO of Staffordshire County Council undertook to take back these issues and to press for a resolution ASAP.</p>	



## Significant Governance Issues 2017/18

No	Issue	Action 2017/18
1	<p><b>Senior Management Review</b></p> <p>The Authority has commenced the first phase of the Senior Management Review. This has meant that the most senior managers in the organisation have been offered the option to explore voluntary redundancy. This is because we need to reduce the number of senior managers in order to meet budget deficits. All applications for voluntary redundancy together with the supporting business cases will be considered to see what impact they will have on the organisation which will help to shape a potential new leaner senior management structure. However, we have recognised there is a risk in the capacity to deliver services with a</p>	<p>The Authority will continue to monitor and assess the capacity to deliver services taking into account Delivering Quality Services.</p>

No	Issue	Action 2017/18
	reduction in staffing numbers.	
2	<p><b>GDPR</b></p> <p>Whilst activity has progressed around the implementation of the organisation's response to the General Data Protection Regulations (GDPR), there are still significant risks around potential data loss resulting in a significant fine and reputational damage.</p>	<p>A Project Group has been formed to manage the implementation of GDPR. Awareness has been raised through corporate communications, specialist staff have been trained to practitioner level to ensure local knowledge for the implementation and subsequent maintenance. Mandatory training is being developed for all staff.</p>
3	<p><b>Welfare &amp; Benefit Reform</b></p> <p>There is a risk of reduced income corporately due to welfare reform changes (including council tax support scheme and Universal Credit with further austerity measures from the Welfare reform Act 2015). As well as the potential for reduced income and an increase in bad debts, there are additional impacts arising</p>	<p>The Authority will continue to proactively manage and monitor corporate income levels on a monthly basis and report this to CMT. Staff will be trained to deal with the impact and we will be commissioning 3<sup>rd</sup> sector support as well as providing additional resources in key service areas. In addition, we will provide financial advice and support for vulnerable clients.</p>

No	Issue	Action 2017/18
	from increased needs in services – eg homelessness, requirement for additional support to vulnerable people, increased issues of ASB etc meaning an increase in demand on 3 <sup>rd</sup> sector and statutory agency services.	

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